

vol. 551
No. 8035

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT,
CENTRAL AFRICAN POWER CORPORATION
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

Loan Assumption Agreement—*Kariba Project* (with related letter). Signed at Salisbury, on 30 December 1963

Official text: English.

Registered by the International Bank for Reconstruction and Development on 10 January 1966.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT,
CENTRAL AFRICAN POWER CORPORATION
et
ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD**

Contrat de transfert d'emprunt — *Projet de Kariba* (avec lettre y relative). Signé à Salisbury, le 30 décembre 1963

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 10 janvier 1966.

No. 8035. LOAN ASSUMPTION AGREEMENT¹ (*KARIBA PROJECT*) BETWEEN THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE CENTRAL AFRICAN POWER CORPORATION AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND. SIGNED AT SALISBURY, ON 30 DECEMBER 1963

AGREEMENT, dated December 30, 1963, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) of the first part, the CENTRAL AFRICAN POWER CORPORATION (hereinafter called the Corporation), a corporation established by the Federation of Rhodesia and Nyasaland (Dissolution) Order in Council 1963 of the United Kingdom of Great Britain and Northern Ireland, the powers, duties and immunities of such Corporation being established pursuant to such Order in Council, pursuant to an agreement dated November 25, 1963 between the Territory of Northern Rhodesia (hereinafter called the Territory) and the Colony of Southern Rhodesia (hereinafter called the Colony) and pursuant to the Central African Power Ordinance, 1963 of the Territory and the Central African Power Act, 1963, of the Colony, of the second part, and the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (hereinafter called the United Kingdom) of the third part.

WHEREAS (A) Pursuant to a Loan Agreement dated June 21, 1956 between the Bank and the Federal Power Board² (hereinafter called the Board), a corporation established under the Electricity Act, 1956, of the Federation of Rhodesia and Nyasaland (hereinafter called the Federation), the Bank made to the Board a loan (hereinafter called the Loan) in various currencies in an aggregate principal amount equivalent to eighty million dollars (\$80,000,000), on the terms and conditions set forth in the Loan Agreement;

(B) By an Agreement dated June 21, 1956 between the Federation and the Bank³ the Federation agreed to guarantee the Loan as therein provided;

(C) By an Agreement (hereinafter called the United Kingdom Guarantee Agreement) dated June 21, 1956 between the United Kingdom and the Bank⁴ the United Kingdom agreed to guarantee the Loan as therein provided;

¹ Came into force as of the time of the dissolution of the Federation of Rhodesia and Nyasaland, which took place immediately before 1 January 1964, in accordance with article IV.

² United Nations, *Treaty Series*, Vol. 285, p. 326.

³ United Nations, *Treaty Series*, Vol. 285, p. 355.

⁴ United Nations, *Treaty Series*, Vol. 285, p. 317.

(D) In connection with the Project (as defined in the Loan Agreement) the Board also borrowed the following amounts pursuant to loan agreements with the respective lenders : from the Colonial Development Corporation (at the date of these presents named the Commonwealth Development Corporation), a corporation established under the Overseas Resources Development Act, 1948, of the United Kingdom, the sum of fifteen million pounds sterling (£15,000,000) in the currency of the United Kingdom; from Commonwealth Development Finance Company Limited, a company incorporated under the Companies Act 1948 of the United Kingdom, the sum of three million pounds sterling (£3,000,000) in the currency of the United Kingdom; and from the Federation the sum of twenty-eight million Rhodesian pounds (Rh.£28,000,000) in the currency of the Federation;

(E) The Board has repaid pursuant to the Loan Agreement the equivalent of \$2,604,000 of the principal of the Loan and has made all interest payments due on the Loan to and including the payment due on December 1, 1963;

(F) It is planned to dissolve the Federation;

(G) On the dissolution of the Federation the assets and liabilities of the Board are to be transferred to the Corporation and the Corporation has agreed to assume on the date of such transfer the liabilities of the Board including the obligations of the Board under the Loan Agreement and the United Kingdom concurs in the assumption of such obligations;

(H) In addition to the guarantee of the United Kingdom under the terms of the United Kingdom Guarantee Agreement, the obligations assumed by the Corporation to pay principal, interest and other charges as provided in the Loan Agreement and in any bonds issued pursuant to the provisions thereof are to be guaranteed by the Territory and the Colony; and

(I) In agreements with the Commonwealth Development Corporation and the Commonwealth Development Finance Company Limited, respectively, executed prior to or simultaneously with the execution of this Agreement, the Corporation has agreed to assume the obligations of the Board under the agreements with these corporations referred to in Recital (D) above and in agreements with the Territory and the Colony, executed prior to or simultaneously with this Agreement, the Corporation has agreed to assume the obligations of the Board under the agreement with the Federation referred to in Recital (D) above;

NOW THEREFORE it is hereby agreed as follows :

Article I

DEFINITIONS

Section 1.01. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement :

The term "Loan Agreement" means the Loan Agreement dated June 21, 1956 between the Bank and the Board; and such term includes all schedules to such Loan Agreement as amended to the date of this Loan Assumption Agreement and Loan Regulations No. 4 of the Bank dated February 15, 1955, as made applicable to such Loan Agreement.

The term "Northern Rhodesia Guarantee Agreement"¹ means the agreement between the Territory, the Bank and the United Kingdom providing for the guarantee of the Loan.

The term "Southern Rhodesia Guarantee Agreement"² means the agreement between the Colony, the Bank and the United Kingdom providing for the guarantee of the Loan.

The term "dollars" and the sign "\$" mean dollars in currency of the United States of America.

Article II

ASSUMPTION OF OBLIGATIONS UNDER LOAN AGREEMENT

Section 2.01. The Corporation hereby assumes, and agrees to carry out, all the obligations of the Board under the Loan Agreement, and the Bank hereby recognizes the succession of the Corporation to the rights of the Board under the Loan Agreement, with the same effect as though the Corporation were substituted for the Board as a party to such Agreement and as though the word "Corporation" were substituted for the word "Borrower" wherever used therein, subject to the following modifications of the Loan Agreement:

(a) By the deletion of Section 1.01 and the substitution therefor of the following new Section, namely:

"*Section 1.01.* The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1955, subject, however, to the qualifications and modifications thereof set forth in Schedule 3 to the Loan Agreement and to the further qualifications and modifications thereof set forth in the Schedule to the Loan Assumption Agreement (said Loan Regulations No. 4 as so qualified and modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein."

(b) By the deletion of the definition of "Stage 2" in Section 1.02 and the substitution therefor of the following new definition, namely:

"The term "Stage 2" means the progressive carrying out of the Program by the construction of a second transmission line from the Kariba

¹ See p. 120 of this volume.

² See p. 106 of this volume.

dam to Kitwe, the construction of a second power house and the installation (as required) of additional generating units aggregating at least 600,000 KW generating capacity, together with all necessary additional related substations and transmission lines. ”

(c) By the deletion of Section 4.02 and the substitution therefor of the following new Section, namely :

“ *Section 4.02.* The Chairman of the Corporation and such person or persons as he shall appoint in writing are designated as authorized representatives of the Corporation for the purposes of Section 6.12 (a) of the Loan Regulations. ”

(d) By the deletion of Section 5.04 and the substitution therefor of the following new Section, namely :

“ *Section 5.04.* The Corporation shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the United Kingdom, the Federation, the Territory or the Colony on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Loan Assumption Agreement, the United Kingdom Guarantee Agreement, the Northern Rhodesia Guarantee Agreement, the Southern Rhodesia Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond (a) under the laws of the United Kingdom, to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the United Kingdom or (b) under the laws of the Territory or laws in effect in its territories, to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Territory or (c) under the laws of the Colony or laws in effect in its territories, to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Colony. ”

(e) By the deletion of Section 5.11 and the substitution therefor of the following new Section, namely :

“ *Section 5.11.* Except as the Bank and the Corporation shall otherwise agree, the Corporation shall not, in any such manner as would or might adversely affect the interests of the Bank or the financial position or prospects of the Corporation, alter or abrogate, or grant any waiver in respect of, the terms and conditions of any of the agreements made by the Corporation referred to in Recital (I) of the Loan Assumption Agreement; nor shall the Corporation repay prior to maturity all or any part of any loan