

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
FRANCE**

**Guarantee Agreement — *Algerian Power Project* (with a related letter, Loan Regulations No. 4 and Loan Agreement — *Algerian Power Project* — between the Bank and the Électricité et Gaz d'Algérie [E.G.A.]). Signed at Washington, on 26 August 1955**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 26 July 1957.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
FRANCE**

**Contrat de garantie — *Projet relatif à l'énergie électrique en Algérie* (avec, en annexe, une lettre y relative, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projet relatif à l'énergie électrique en Algérie* — entre la Banque et l'Électricité et Gaz d'Algérie [E.G.A.]). Signé à Washington, le 26 août 1955**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 26 juillet 1957.*

No. 3478. GUARANTEE AGREEMENT<sup>1</sup> (*ALGERIAN POWER PROJECT*) BETWEEN THE REPUBLIC OF FRANCE AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 26 AUGUST 1955

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AGREEMENT, dated August 26, 1955, between REPUBLIC OF FRANCE (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Électricité et Gaz d'Algérie (E.G.A.) (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make a loan in the aggregate principal amount of ten million dollars (\$10,000,000) or the equivalent thereof in other currencies, on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee such loan as hereinafter provided ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, agrees so to guarantee such loan ; and

WHEREAS, by a Decision of the Governor General, dated July 18, 1955, Algeria has agreed to guarantee such loan ;

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

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

*Article II*

*Section 2.01.* Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby uncondi-

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<sup>1</sup> Came into force on 5 June 1956, upon notification by the Bank to the Government of the Republic of France.

<sup>2</sup> See p. 314 of this volume.

<sup>3</sup> See p. 314 of this volume.

<sup>4</sup> See p. 324 of this volume.

tionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

### *Article III*

*Section 3.01.* It is the mutual understanding of the Guarantor and the Bank that, except as otherwise herein provided, the Guarantor will not grant in favor of any external debt any preference or priority over the Loan. To that end, the Guarantor undertakes that, except as otherwise herein provided or as shall be otherwise agreed between the Guarantor and the Bank, if any lien shall be created as security for any external debt of the Guarantor or if any lien shall be created by action of the Guarantor as security for any external debt, such lien shall equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect. This Section shall not apply to the following :

- (a) the creation of any lien on any property purchased at the time of the purchase, solely as security for the payment of the purchase price of such property ;
- (b) any pledge of commercial goods to secure external debt maturing not more than one year after its date and to be paid out of the proceeds of sale of such commercial goods ; or
- (c) any pledge in the ordinary course of banking business to secure any indebtedness maturing not more than one year after its date.

For the purposes of this Section, the expression "debt of the Guarantor" shall include debt as to which the Guarantor has guaranteed payment and the term "Guarantor" as used in such expression shall include any territorial subdivision of the Republic of France which has power to raise revenues by taxation and to charge any of its assets as security for external debt.

*Section 3.02.* (a) The Guarantor and the Bank will cooperate to the fullest possible extent in order to assure that the purposes of the Loan shall be accomplished. To that end, each of them shall from time to time furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank will from time to time and as often as the circumstances shall require exchange views through their accredited representatives with regard to matters relating to the purposes of the Loan, the maintenance

of the service thereof and the Bonds. The Guarantor will promptly inform the Bank of any condition which shall arise that shall prevent, obstruct or interfere with, or threaten to prevent, obstruct or interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor will afford all reasonable opportunity for accredited representatives of the Bank to visit freely any part of the territories of the Guarantor for purposes related to the Loan.

*Section 3.03.* The Guarantor covenants that the principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Guarantor or laws in effect in its territories ; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to an owner thereof (other than the Bank) when such Bond is owned by an individual or corporate resident of the Guarantor.

*Section 3.04.* The Guarantor covenants that this Agreement, the Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

*Section 3.05.* The Guarantor covenants that the principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

#### *Article IV*

*Section 4.01.* The Guarantor agrees to endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

#### *Article V*

*Section 5.01.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Ministère des Finances  
Paris 1<sup>er</sup>, France

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N. W.  
Washington 25, D. C.  
United States of America

*Section 5.02.* The Ambassador of the Republic of France to the United States of America is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of France :  
By Maurice COUVE DE MURVILLE  
Authorized Representative

International Bank for Reconstruction and Development :  
By Eugene R. BLACK  
President

LETTER, DATED 26 AUGUST 1955, FROM THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT TO THE GOVERNOR GENERAL OF ALGERIA

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON 25, D. C.

Office of the President

August 26, 1955

His Excellency Jacques Soustelle  
Governor General of Algeria  
Algiers  
Excellency :

I am happy to receive your letter of July 18, 1955 informing me that you have decided to give the unconditional guarantee of Algeria to the proposed loan of \$10 million to be made by the Bank to Electricité et Gaz d'Algérie. I have noted your Decision bearing the same date and the Resolution No. 55-R-19 of the Algerian Assembly.

It is our understanding that in giving this guarantee your Administration had in mind that the Loan Agreement between the Bank and Électricité et Gaz d'Algé-