

CONFORMED COPY

LOAN NUMBER 3222 CY

(Limassol-Amathus Sewerage and Drainage Project)

between

REPUBLIC OF CYPRUS

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated September 12, 1990

LOAN NUMBER 3222 CY

GUARANTEE AGREEMENT

AGREEMENT, dated September 12, 1990, between REPUBLIC OF CYPRUS (the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor and Sewerage Board of Limassol-Amathus (the Borrower), having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to the Loan Agreement, have requested the Bank to assist in the financing of the Project; and

(B) by the Loan Agreement of even date herewith between the Bank and the Borrower, the Bank has agreed to extend to the Borrower a loan in various currencies equivalent to twenty-five million dollars (\$25,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as provided in this Agreement; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to

guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth in the Loan Agreement (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions, in the Preamble to this Agreement and in the Preamble to and Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

ARTICLE II

Guarantee; Provision of Funds

Section 2.01. Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan, and the premium, if any, on the prepayment of the Loan, and the punctual performance of all the other obligations of the Borrower, all as set forth in the Loan Agreement.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes: (a) to provide to the Borrower promptly, as and when needed, in the form of a loan or loans an aggregate amount equivalent to \$13,600,000 to enable the Borrower to meet its obligations under the Loan Agreement; and (b) in addition to its obligations pursuant to paragraph (a) of this Section, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

ARTICLE III

Other Covenants

Section 3.01. The Guarantor shall: (a) by June 30, 1992, carry out a twelve-month study on the environmental impact of the sea outfall at Moni on the basis of terms of reference satisfactory to the Bank; and

(b) by September 30, 1992, furnish to the Bank for review and comment the conclusions and recommendations of such study.

Section 3.02. The Guarantor shall, by December 31, 1990, enter into arrangements with the Borrower, satisfactory to the Bank, for the consolidation and repayment of the principal amount withdrawn and outstanding, including repayment of the accrued interest on such principal amount, under loans made by the Guarantor to the Borrower through December 31, 1990.

Section 3.03. The Guarantor shall take all measures necessary to ensure that the industrial enterprises in the urban area of Limassol-Amathus follow practices for waste water discharge that are consistent with the requirements applicable thereto.

ARTICLE IV

Representative of the Guarantor; Addresses

Section 4.01. The Minister of Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Ministry of Finance
Nicosia
Cyprus

Cable address:	Telex:
MINFINANCE Nicosia	3399

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:
INTBAFRAD Washington, D.C.	197688 (TRT), 248423 (RCA), 64145 (WUI) or 82987 (FTCC)

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

REPUBLIC OF CYPRUS

By /s/ Michael Sherifis
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ P. Nouvel
Acting Regional Vice President
Europe, Middle East and North Africa

