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LOAN NUMBER 1122 CH

# Guarantee Agreement

(Telecommunications Project)

BETWEEN

REPUBLIC OF GHANA

AND

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

DATED JUNE 10, 1975

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## **GUARANTEE AGREEMENT**

AGREEMENT, dated June 10, 1975, between REPUBLIC OF GHANA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith between the Bank and Posts and Telecommunications Corporation (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twenty-three million dollars (\$23,000,000), 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 hereinafter provided; 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 parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated March 15, 1974, with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements being hereinafter called the General Conditions).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in 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, 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, promptly to cause the Borrower to be provided with such funds as are needed to meet such expenditures.

### ARTICLE III

#### Other Covenants

Section 3.01. (a) It is the policy of the Bank, in making loans to, or with the guarantee of, its members not to seek, in normal circumstances, special security from the member concerned but to ensure that no other external debt shall have priority over its loans in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of such member. To that end, if any lien shall be created on any public assets (as hereinafter defined), as security for any external debt, which will or might result in a priority for the benefit of the creditor of such external debt in the allocation, realization or distribution of foreign exchange, such lien shall, unless the Bank shall otherwise agree, *ipso facto* and at no cost to the Bank, equally and ratably secure the principal of, and interest and other charges on, the Loan, and the Guarantor, in creating or permitting the creation of such lien, shall make express provision to that effect; provided, however, that, if for any constitutional or other legal reason such provision cannot be made with respect to any lien created on assets of any of its political or administrative subdivisions, the Guarantor shall promptly and at no cost to the Bank secure the principal of, and interest and other charges on, the Loan by an equivalent lien on other public assets satisfactory to the Bank.

(b) The foregoing undertaking shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) As used in this Section, the term "public assets" means assets of the Guarantor, of any political or administrative subdivision thereof and of any entity

owned or controlled by, or operating for the account or benefit of, the Guarantor or any such subdivision, including gold and other foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Guarantor.

Section 3.02. The Guarantor shall discuss with the Bank the qualifications of the person or persons being considered for appointment to the position of Director-General or Deputy Director-General of the Borrower.

Section 3.03. The Guarantor shall take all steps necessary to ensure that the amounts owed to the Borrower from time to time on account of telecommunications services rendered to any of the Guarantor's departments, agencies and instrumentalities will be paid to the Borrower promptly when due.

Section 3.04. (a) The Guarantor shall ensure that only such part of the annual profits (if any) of the Borrower shall be paid to the Guarantor (including its consolidated fund) as shall remain after a reasonable provision has been made to cover out of such profits future expenditures for fixed or capital assets.

(b) For the purposes of this Section, the term "annual profits" means gross revenues from all sources accountable to any fiscal year less operating and administrative expenses (including adequate maintenance and taxes, if any), adequate provision for depreciation, repayment of debt in excess of depreciation, interest and other charges on debt, provision for bad and doubtful debts, and contributions to staff and superannuation funds and for other contingencies, accountable to the same fiscal year.

Section 3.05. The Guarantor shall ensure that the Borrower operates its postal service on sound commercial lines. The Guarantor shall cause the Borrower to be provided with such funds as are needed to meet any deficit incurred by the Borrower on account of its postal service to the extent that such deficit cannot be met out of a transfer of funds generated by the Borrower's telecommunications service permitted under Section 5.06 of the Loan Agreement.

#### ARTICLE IV

##### Representative of the Guarantor; Addresses

Section 4.01. The Senior Principal Secretary, Ministry 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:

The Principal Secretary  
Ministry of Economic Planning  
P.O. Box M76  
Accra, Ghana

Cable address:

ECONOMICOM  
Accra

For the Bank:

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

Cable address:

INTBAFRAD  
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, 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 GHANA

By /s/ Samuel E. Quarm

*Authorized Representative*

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ R. Chaufournier

*Regional Vice President  
Western Africa*