

No. 5982

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

Guarantee Agreement—*Power Projects* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and Yugoslav Investment Bank). Signed at Washington, on 23 February 1961

Official text: English.

Registered by the International Bank for Reconstruction and Development on 29 November 1961.

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

Contrat de garantie—*Projets relatifs à l'énergie électrique* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque et la Banque yougoslave d'investissement). Signé à Washington, 23 février 1961

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 29 novembre 1961.

No. 5982. GUARANTEE AGREEMENT¹ (*POWER PROJECTS*)
BETWEEN THE FEDERAL PEOPLE'S REPUBLIC OF
YUGOSLAVIA AND THE INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT. SIGNED AT
WASHINGTON, ON 23 FEBRUARY 1961

AGREEMENT, dated February 23, 1961, between FEDERAL PEOPLE'S REPUBLIC OF YUGOSLAVIA (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 Yugoslav Investment Bank (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to thirty million dollars (\$30,000,000), 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

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,² subject, however, to the modifications thereof set forth in the Loan Agreement (said 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.

Section 1.02. The terms defined in the Loan Agreement shall have the same meaning herein.

¹ Came into force on 8 August 1961, upon notification by the Bank to the Government of Yugoslavia.

² See p. 100 of this volume.

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 unconditionally 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.

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 each beneficiary enterprise will be inadequate to meet the estimated expenditures required for carrying out the Project to be carried out by such beneficiary enterprise, to make arrangements, satisfactory to the Bank, promptly to provide such beneficiary enterprise or cause such beneficiary enterprise to be provided with such funds as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any of the assets of the Guarantor or of any of its political subdivisions, or of any Agency, or of the National Bank of Yugoslavia, as security for any external debt, such lien will 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 will be made to that effect ; provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property at the time of purchase thereof, solely as security for the payment of the purchase price of such property ; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods ; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall 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 shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

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

Section 3.03. 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 a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. 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 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 shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Federal State Secretary for Financial Affairs 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 :

Embassy of Federal People's Republic of Yugoslavia
Economic Department
1520 16th Street, N. W.
Washington, D. C.
United States of America

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 5.02. The Federal State Secretary for Financial Affairs of the Guarantor in office at the time in question is designated for the purposes of Section 8.03 of the Loan Regulations.

Section 5.03. In this Agreement any reference to the Federal State Secretary for Financial Affairs of the Guarantor shall include a reference to any official for the time being acting for or on behalf of or performing the duties of the Federal State Secretary for Financial Affairs of the Guarantor.

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.

Federal People's Republic of Yugoslavia :

by Marko NIKEZIC
Authorized Representative

International Bank for Reconstruction and Development :

by W. A. B. ILIFF
Vice-President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 400, p. 212*]

LOAN AGREEMENT

(POWER PROJECTS)

AGREEMENT, dated February 23, 1961, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and YUGOSLAV INVESTMENT BANK (hereinafter called the Borrower).

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The Parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,¹ subject, however, to the modifications thereof set forth in this Agreement (said 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.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule to this Agreement :

(a) The term "Yugoslav Investment Bank" means Jugoslovenska Investiciona Banka established by Decree No. 30 dated July 18, 1956, as amended and supplemented.

(b) The term "Borrower" means the Yugoslav Investment Bank and also includes any department or agency of the Guarantor which may be charged by the Guarantor, upon dissolution of the Yugoslav Investment Bank or otherwise, with the carrying out of the obligations of the Borrower hereunder.

(c) The term "beneficiary enterprise" means any entity to which the Borrower shall make available or agree to make available any portion of the Loan for the construction or operation of a Project.

(d) The term "Agency" means any instrumentality of the Guarantor or of a political subdivision of the Guarantor and shall include any institution or organization which at the time referred is owned by the Guarantor or a political subdivision of the Guarantor,

¹ See above.

or all or substantially all of whose obligations are guaranteed by the Guarantor or a political subdivision of the Guarantor, or the operations of which are conducted primarily in the interest of or for account of the Guarantor or a political subdivision of the Guarantor, as the case may be.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to thirty million dollars (\$30,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. Unless the Bank and the Borrower shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account in dollars or in such other currencies as the Bank shall reasonably select, amounts equivalent to 40 % of such amounts as shall be required by it to finance amounts expended by any beneficiary enterprise on each of the Projects; provided, however, that except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of expenditures prior to June 1, 1960, and total withdrawals shall not exceed at any time the equivalent of amounts spent in the territories of countries which are members of the Bank (and Switzerland) for goods produced in (including services supplied from) such territories.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of five and three-fourths per cent ($5\frac{3}{4}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Interest and other charges shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF LOAN

Section 3.01. (a) The Borrower shall cause the proceeds of the Loan to be applied in accordance with the provisions of this Agreement to expenditures on the Projects

¹ See p. 112 of this volume.

described in Schedule 2¹ to this Agreement in the amounts specified in Schedule 3² to this Agreement.

(b) The Bank and the Borrower may from time to time agree to changes in Schedule 2 and Schedule 3 to this Agreement.

Section 3.02. For the purposes of this Agreement, the Loan Regulations shall be deemed to be modified by the deletion of Sections 3.02 and 4.01.

Article IV

SPECIAL PROVISIONS RELATING TO PROJECTS

Section 4.01. The Borrower shall make arrangements, and enter into loan agreements, adequate to protect the interests of the Borrower and the Bank and satisfactory to the Bank, with the respective beneficiary enterprises concerning the financing, construction and operation of the Projects and the rights of the Borrower and the Bank with respect thereto. Such arrangements and agreements shall not be amended without the consent of the Bank.

Section 4.02. All arrangements and agreements entered into pursuant to Section 4.01 shall include provisions which will enable the Borrower and the Guarantor to carry out their respective obligations under this Agreement and the Guarantee Agreement³ and shall include, without limitation : (i) the right to require that the proceeds of the Loan shall be used exclusively as provided in this Agreement in the carrying out of the Projects ; (ii) the right to require that the Projects be constructed and operated with due diligence and efficiency and in accordance with sound engineering standards, including the maintenance of adequate records ; (iii) the right to inspect the sites, works and construction included in the Projects and the operation thereof ; (iv) the right to obtain all such information as the Bank or the Borrower shall reasonably request relating to any of the foregoing and to the operation and financial condition of the beneficiary enterprises. Such arrangements and agreements shall also include appropriate provisions whereby further access by a beneficiary enterprise to the proceeds of the Loan may be suspended or cancelled by the Borrower, upon failure by such enterprise to carry out the terms of arrangements or agreements entered into pursuant to this Article IV.

Section 4.03. The Borrower shall, immediately upon the preparation thereof, cause the plans, specifications, construction schedules and cost estimates for each Project to be furnished to the Bank in such form and detail as the Bank shall reasonably request and shall promptly cause any material modifications therein to be furnished to the Bank.

¹ See p. 114 of this volume.

² See p. 118 of this volume.

³ See p. 92 of this volume.

Section 4.04. The Borrower shall exercise its rights in relation to each Project in such manner as to protect the interests of the Borrower and the Bank.

Article V

BONDS

Section 5.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 5.02. The General Manager of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article VI

PARTICULAR COVENANTS

Section 6.01. (a) The Borrower shall exercise every right and recourse available to it to cause the Projects to be constructed and operated with due diligence and efficiency and in accordance with sound engineering and financial standards and practices.

(b) The Borrower shall maintain, or cause to be maintained, books, accounts and records adequate to show the expenditure of the proceeds of the Loan ; the current total expenditures on each Project ; the progress of each Project ; and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower and of each beneficiary enterprise. The Borrower shall enable, or take such steps as may be necessary to enable the Bank's accredited representatives to examine the sites, works and construction included in each Project, the operation thereof, and any relevant records and documents ; and shall furnish, or cause to be furnished, to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, each Project and the operation thereof, and the operations and financial condition of the Borrower and of each beneficiary enterprise.

Section 6.02. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

Section 6.03. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt,

such lien will *ipso facto* 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 will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 6.04. The Borrower shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the 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 to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 6.05. The Borrower shall pay or cause to be paid all taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

Article VII

REMEDIES OF THE BANK

Section 7.01. (i) If any event specified in paragraph (a), paragraph (b) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Article VIII

EFFECTIVE DATE ; TERMINATION

Section 8.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations, namely, that each of the loan agreements referred to in Section 4.01 of this Agreement, in terms satisfactory to the Bank, shall have been duly executed and delivered by the Borrower and by each beneficiary enterprise and shall have become effective in accordance with its terms.

Section 8.02. The following is specified as an additional matter, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank, namely, that each of the loan agreements referred to in Section 4.01 of this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and of each beneficiary enterprise and constitutes a valid and binding obligation of each of the parties thereto in accordance with its terms.

Section 8.03. A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article IX

MISCELLANEOUS

Section 9.01. The Closing Date shall be July 31, 1966.

Section 9.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Jugoslavenska Investiciona Banka
Terazije 7-9
Beograd
Yugoslavia

Alternative address for cablegrams and radiograms :

Investbanka
Beograd
Yugoslavia

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan 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.

International Bank for Reconstruction and Development :

by W. A. B. ILIFF

Vice-President

Yugoslav Investment Bank :

by Bozidar INJAC

Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
March 1, 1965	\$362,000	March 1, 1976	\$675,000
September 1, 1965	372,000	September 1, 1976	695,000
March 1, 1966	383,000	March 1, 1977	715,000
September 1, 1966	394,000	September 1, 1977	735,000
March 1, 1967	405,000	March 1, 1978	756,000
September 1, 1967	417,000	September 1, 1978	778,000
March 1, 1968	429,000	March 1, 1979	800,000
September 1, 1968	441,000	September 1, 1979	823,000
March 1, 1969	454,000	March 1, 1980	847,000
September 1, 1969	467,000	September 1, 1980	871,000
March 1, 1970	481,000	March 1, 1981	897,000
September 1, 1970	494,000	September 1, 1981	922,000
March 1, 1971	509,000	March 1, 1982	949,000
September 1, 1971	523,000	September 1, 1982	976,000
March 1, 1972	538,000	March 1, 1983	1,004,000
September 1, 1972	554,000	September 1, 1983	1,033,000
March 1, 1973	570,000	March 1, 1984	1,063,000
September 1, 1973	586,000	September 1, 1984	1,093,000
March 1, 1974	603,000	March 1, 1985	1,125,000
September 1, 1974	620,000	September 1, 1985	1,157,000
March 1, 1975	638,000	March 1, 1986	1,190,000
September 1, 1975	656,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 3 years before maturity	½ of 1 %
More than 3 years but not more than 6 years before maturity	1 %
More than 6 years but not more than 11 years before maturity	1 ¾ %
More than 11 years but not more than 16 years before maturity	2 ½ %
More than 16 years but not more than 21 years before maturity	3 ½ %
More than 21 years but not more than 23 years before maturity	4 ¾ %
More than 23 years before maturity	5 ¾ %

SCHEDULE 2

DESCRIPTION OF THE PROJECTS

The Projects consist of the following :

1. The construction of the Senj hydroelectric plant (including the procurement of construction equipment therefor) which will consist of a storage dam and four diversion dams on the Lika River and the Gacka River in the Velebit Mountains near the town of Senj ; these dams will be connected by means of three tunnels, a pressure shaft and other appurtenant works to an underground powerhouse near the Adriatic Sea. The main works are described as follows :

- a. A double curvature thin arch dam, 76 meters high on the Lika River, at Sklope.
- b. A gated concrete gravity overflow structure, 8 meters high on the Lika River at Seliste.
- c. A tunnel, 3.85 meters in diameter and 10.45 kilometers long and a connecting 280 meters long canal diverting the flow of the Lika River to the Gacka River.
- d. A concrete gated sluiceway and rock fill embankment, 8 meters high, on the Gacka River at Vivoza.
- e. A gated concrete gravity overflow structure, 7 meters high, on the Gacka River at Sumecica.
- f. A tunnel with a gated inlet, a cross-section of 4.7 meters by 5.5 meters and 9.2 kilometers long connected on both sides with canals with a total length of 3.2 kilometers, diverting the water from the Sumecica diversion dam to the Gusic Polje regulating pond.

- g.* A regulating pond created by a gated concrete gravity dam with rock fill embankments 7.5 meters high on the Gacka River at Gusic Polje.
- h.* A tunnel, 5 meters in diameter and 13.58 kilometers long, through the Velebit Mountain Range to Hrmatine.
- i.* An underground surge tank with a 2.8 outer diameter throat, providing for a 37 meters maximum head and a valve house at Hrmatine.
- j.* A steel reinforced pressure shaft, 3.7 meters in diameter and 621 meters long, conducting the water to the underground powerhouse.
- k.* An underground powerhouse located near the town of Senj, equipped with three 72,000 kw generating units driven by Francis type turbines, three 3-phase transformers stepping up the voltage to 110 kv and 220 kv, all necessary auxiliary electrical and mechanical equipment and connection to the 110 kv and 220 kv transmission network.
- l.* A tailrace tunnel with a cross-section of 6 meters by 6.8 meters and 651 meters long discharging the water into the Adriatic Sea.

2. The construction of a transmission system (220 kv) in Serbia composed of the following facilities :

- a.* Bajina Basta switching station.
- b.* Bajina Basta-Zvornik line 90 kilometers long.
- c.* Potpcc-Bajina Basta line 65 kilometers long.
- d.* Srboban transformer station, 150 MVA, with synchronous condenser.
- e.* Srboban-Zvornik line 122 kilometers long.
- f.* Synchronous condenser in the Beograd III transformer station.
- g.* Load and frequency control equipment in Belgrade.
- h.* Automation equipment for system control in Belgrade.

3. The construction of a transmission system (220 kv) in Slovenia composed of the following facilities :

- a.* Mraclin-Kidricevo line 93 kilometers long.
- b.* Synchronous condenser in the Klece transformer station.

4. The construction of a transmission system (220 kv) in Croatia composed of the following facilities :

- a.* Mraclin transformer station, 150 MVA, with synchronous condenser.
- b.* Split-Mraclin line 357 kilometers long.

5. The construction of a transmission system (220 kv) in Bosnia-Hercegovina composed of the following facilities :

- a.* Kakanj transformer station 100 MVA.
- b.* Kakanj-Jajce line 86 kilometers long.
- c.* Titograd-Mostar line 186 kilometers long.

- d.* Mostar switching station.
e. Mostar-Kakanj line 112 kilometers long.

6. The construction of a transmission system (220 kv) in Montenegro composed of the following facilities :

- a.* Titograd transformer station 150 MVA.
b. Titograd-Potpec line 153 kilometers long.

SCHEDULE 3

ALLOCATION OF LOAN

The Projects to which the Loan shall be applied, and the amounts to be applied to each, are as follows :

<i>Project</i>	<i>Amount in Dollars Equivalent</i>
Senj Hydroelectric Plant	16,800,000
220 kv Transmission System in the Republic of Serbia	4,000,000
220 kv Transmission System in the Republic of Slovenia	650,000
220 kv Transmission System in the Republic of Croatia	3,550,000
220 kv Transmission System in the Republic of Bosnia-Herzegovina . .	3,350,000
220 kv Transmission System in the Republic of Montenegro	1,650,000
TOTAL	30,000,000