

No. 6772

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

**Guarantee Agreement—*Power Projects—1962* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Yugoslav Investment Bank). Signed at Washington, on 11 July 1962**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 11 June 1963.*

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

**Contrat de garantie — *Projets relatifs à l'énergie électrique* — 1962 (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, le 11 juillet 1962**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 11 juin 1963.*

No. 6772. GUARANTEE AGREEMENT<sup>1</sup> (*POWER PROJECTS -1962*) BETWEEN THE FEDERAL PEOPLE'S REPUBLIC OF YUGOSLAVIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 11 JULY 1962

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AGREEMENT, dated July 11, 1962, 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,<sup>2</sup> 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,<sup>2</sup> 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.

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<sup>1</sup> Came into force on 28 November 1962, upon notification by the Bank to the Government of Yugoslavia.

<sup>2</sup> See p. 152 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 Guar-

antor, 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 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 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 the Federal People's Republic of Yugoslavia  
Economic Department  
2410 California Street, N.W.  
Washington 8, D.C.  
United States of America

Alternative address for cablegrams and radiograms :

Ambayugoslav  
Washington, D.C.

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—1962)

AGREEMENT, dated July 11, 1962, 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,<sup>1</sup> 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, an institution established by Decree No. 30 dated July 18, 1956, and operating under the Law on Banks of March 15, 1961.

(b) The term "Borrower" means the Yugoslav Investment Bank. If all the obligations of the Borrower hereunder shall be transferred to any other department or agency of the Guarantor, the term "Borrower" shall mean such department or agency.

(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 to is owned by the Guarantor or a political subdivision of the Guarantor,

<sup>1</sup> 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 :

(a) (i) such amounts as shall have been paid by the beneficiary enterprises for the reasonable foreign exchange cost of goods imported into the territories of the Guarantor for the Projects described in Schedule 2<sup>1</sup> to this Agreement; and (ii) if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments for such goods; and

(b) amounts equivalent to 30% of such amounts as shall be required by it to finance amounts expended by the beneficiary enterprises on the Projects described in Schedule 2 to this Agreement and not included in (a) above;

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 August 1, 1961, 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.* Withdrawals from the Loan Account pursuant to paragraph (b) of Section 2.02 of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

*Section 2.04.* 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.

*Section 2.05.* 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 2.06.* Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per

<sup>1</sup> See p. 168 of this volume.

cent ( $\frac{1}{2}$  of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

*Section 2.07.* Interest and other charges shall be payable semi-annually on June 1 and December 1 in each year.

*Section 2.08.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>1</sup> 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 described in Schedule 2 to this Agreement in the amounts to be determined by agreement between the Bank and the Borrower. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

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

*Section 3.02.* Except as the Bank and the Borrower shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used in the territories of the Guarantor exclusively in the carrying out of the Projects.

*Section 3.03.* For the purposes of this Agreement, the Loan Regulations shall be deemed to be modified as follows :

(a) The second sentence of Section 3.02 of the Loan Regulations shall apply only to withdrawals pursuant to paragraph (a) of Section 2.02 of the Loan Agreement; and

(b) Section 4.01 of the Loan Regulations is deleted.

### 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

<sup>1</sup> See p. 166 of this volume.



out their respective obligations under this Agreement and the Guarantee Agreement 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, including a provision to enable accredited representatives of the Bank to examine such sites, works and construction, and any relevant records and documents relating to expenditures for the Projects or the progress of construction, maintenance and results of 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.

*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, 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<sup>1</sup> 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 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, 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 con-

<sup>1</sup> See p. 144 of this volume.

nection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

*Section 6.06.* Except as the Bank and the Borrower shall otherwise agree, the Borrower shall cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territories of the Guarantor and delivery thereof to the sites of the Projects, and shall be for such amounts as shall be consistent with sound commercial practices. Such insurance shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

### Article VII

#### REMEDIES OF THE BANK

*Section 7.01.* (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) 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 (as amended by Section 7.02 of this Agreement) 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.

*Section 7.02.* For the purposes of this Agreement, Section 5.02 (c) of the Loan Regulations shall be deemed to be amended to read as follows: "A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under the Loan Agreement between the Bank and the Borrower dated February 23, 1961<sup>1</sup> (*Power Projects*) or the related guarantee agreement between the Guarantor and the Bank or the bonds issued thereunder."

### Article VIII

#### MODIFICATION OF LOAN AGREEMENT DATED FEBRUARY 23, 1961

*Section 8.01.* For the purposes of the Loan Agreement dated February 23, 1961, between the Bank and the Borrower, paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank, dated February 15, 1961, is amended to read:

"(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under the Loan Agreement dated July 11, 1962, the Guarantee Agreement of even date therewith, or the Bonds therein provided for.";

<sup>1</sup> United Nations, *Treaty Series*, Vol. 415, p. 91.

and the term " Loan Regulations " as used for the purposes of the said Loan Agreement shall mean Loan Regulations No. 4 of the Bank, dated February 15, 1961, as amended by said Loan Agreement and as further amended hereby.

### *Article IX*

#### EFFECTIVE DATE; TERMINATION

*Section 9.01.* 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 9.02.* 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 9.03.* 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 X*

#### MISCELLANEOUS

*Section 10.01.* The Closing Date shall be October 31, 1966, or such other date as may be agreed upon by the Bank and the Borrower.

*Section 10.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

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.

For the Borrower :

Yugoslav Investment Bank  
1346 Connecticut Ave., N.W.  
Suite 535  
Washington, D.C.  
United States of America

Alternative address for cablegrams and radiograms :

Investbank  
Washington, D.C.

*Section 10.03.* For the purposes of this Agreement, Section 10.01 (11) of the Loan Regulations shall be deemed to be amended as follows : namely, by the deletion of the word "Project" and the substitution therefor of the word "Projects".

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>
December 1, 1966 . . . . .	\$ 360,000	December 1, 1977 . . . . .	\$ 675,000
June 1, 1967 . . . . .	370,000	June 1, 1978 . . . . .	695,000
December 1, 1967 . . . . .	385,000	December 1, 1978 . . . . .	715,000
June 1, 1968 . . . . .	395,000	June 1, 1979 . . . . .	735,000
December 1, 1968 . . . . .	405,000	December 1, 1979 . . . . .	755,000
June 1, 1969 . . . . .	415,000	June 1, 1980 . . . . .	780,000
December 1, 1969 . . . . .	430,000	December 1, 1980 . . . . .	800,000
June 1, 1970 . . . . .	440,000	June 1, 1981 . . . . .	825,000
December 1, 1970 . . . . .	455,000	December 1, 1981 . . . . .	845,000
June 1, 1971 . . . . .	465,000	June 1, 1982 . . . . .	870,000
December 1, 1971 . . . . .	480,000	December 1, 1982 . . . . .	895,000
June 1, 1972 . . . . .	495,000	June 1, 1983 . . . . .	920,000
December 1, 1972 . . . . .	510,000	December 1, 1983 . . . . .	950,000
June 1, 1973 . . . . .	525,000	June 1, 1984 . . . . .	975,000
December 1, 1973 . . . . .	540,000	December 1, 1984 . . . . .	1,005,000
June 1, 1974 . . . . .	555,000	June 1, 1985 . . . . .	1,035,000
December 1, 1974 . . . . .	570,000	December 1, 1985 . . . . .	1,065,000
June 1, 1975 . . . . .	585,000	June 1, 1986 . . . . .	1,095,000
December 1, 1975 . . . . .	605,000	December 1, 1986 . . . . .	1,125,000
June 1, 1976 . . . . .	620,000	June 1, 1987 . . . . .	1,155,000
December 1, 1976 . . . . .	640,000	December 1, 1987 . . . . .	1,185,000
June 1, 1977 . . . . .	655,000		

\* 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 three years before maturity . . . . .	1/2 %
More than three years but not more than six years before maturity . . . . .	1 %
More than six years but not more than eleven years before maturity . . . . .	1 3/4 %
More than eleven years but not more than sixteen years before maturity . . . . .	2 1/2 %
More than sixteen years but not more than twenty-one years before maturity . . . . .	3 1/2 %
More than twenty-one years but not more than twenty-three years before maturity . . . . .	4 3/4 %
More than twenty-three years before maturity . . . . .	5 3/4 %

## SCHEDULE 2

## DESCRIPTION OF THE PROJECTS

The Projects consist of the following :

1. The construction of the Bajina Basta hydroelectric plant (including the procurement of construction equipment therefor) on the Drina River 14 kilometers upstream from the town of Bajina Basta. The main works are described as follows :

(a) A hollow concrete gravity dam, 90 meters high, about 460 meters long, and including : a spillway with five tainter gates, four outlet sluices with two slide gates each, four powerhouse intakes and penstocks 5.75 meters in diameter with roller gates and trashracks, a stilling basin with training walls, an operating roadway, a grouting and drainage system and instruments to measure structural performance.

(b) A semi-outdoor type powerhouse contiguous to the dam described above and containing three vertical Francis type turbines rated at 116,000 horsepower each (with space for a future fourth unit), three 3-phase synchronous vertical shaft generators of 87,000 kva capacity each, two house units with horizontal Francis turbines and 1,000kva generators, a gantry crane of 350 tons capacity, a bridge crane of 25 tons capacity, 13 single phase oil step-up transformers of 29 MVA capacity each and voltage ratio of 15.75/242.3 kv, control and protection equipment, cooling system, drainage system, fire protection system and work shops.

(c) A switchyard to serve the above described powerhouse with a connection to the national transmission network.

2. The construction of transmission line facilities and transformer stations composed of the following :

- (a) In Serbia :
- (i) Kosovo-Skopje 220 kv line, 100 kilometers long.
  - (ii) Bajina Basta-Krusevac 220 kv line, 160 kilometers long.
  - (iii) Expansion of the Beograd III 220/110 kv transformer station by 150 MVA.
  - (iv) Krusevac 220/110 kv transformer station with a capacity of 150 MVA.
- (b) In Slovenia :
- Kidricevo 220/110 kv transformer station with a capacity of 150 MVA.
- (c) In Croatia :
- (i) Medjuric-Virovitica 110 kv line, 60 kilometers long.
  - (ii) Djakovo 220/110 kv transformer station with a capacity of 100 MVA.
  - (iii) Expansion of the Mraclin 220/110 kv transformer station by 150 MVA.
- (d) In Bosnia-Hercegovina :
- Kakanj-Lukavac-Djakovo 220 kv line, 200 kilometers long.
- (e) In Montenegro :
- Titograd-Tivat 110 kv line, 60 kilometers long.
- (f) In Macedonia :
- Skopje 220/110 kv transformer station with a capacity of 150 MVA.

## LETTERS RELATING TO THE LOAN AGREEMENT

### I

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

July 11, 1962

Yugoslav Investment Bank  
1346 Connecticut Ave., N.W.  
Suite 535  
Washington, D.C.  
United States of America

Gentlemen :

We refer to the Loan<sup>1</sup> and Guarantee<sup>2</sup> Agreements (*Power Projects—1962*) of even date herewith.

<sup>1</sup> See p. 152 of this volume.

<sup>2</sup> See p. 144 of this volume.

Section 2.03 of the Loan Agreement provides that withdrawals from the Loan Account pursuant to paragraph (b) of Section 2.02 of said Loan Agreement shall be in dollars or in such other currency or currencies as the Bank shall from time to time reasonably select.

You have expressed to us your preference that withdrawals from the Loan Account be made in U.S. dollars, Pounds sterling, Swiss francs, Deutsche marks or Italian lire. While we are not in a position to specify the currencies which will be used at this stage, we wish to assure you that we shall endeavor to meet your preferences in this matter and that we shall use either U.S. dollars, Pounds sterling, Swiss francs, Deutsche marks or Italian lire or currencies which, at the time of disbursement, are freely convertible by Yugoslavia into U.S. dollars, Pounds sterling, Swiss francs, Deutsche marks or Italian lire.

Very truly yours,

International Bank for Reconstruction  
and Development :

By S. R. COPE

## II

EMBASSY OF THE FEDERAL PEOPLES REPUBLIC OF YUGOSLAVIA  
WASHINGTON 8, D.C.

July 11, 1962

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

Gentlemen :

In connection with the Loan Agreement of even date herewith between your Bank and the Yugoslav Investment Bank, the following statement is given concerning the Yugoslav power industry.

1. With regard to price of electric power, the general attitude of the State organs is that the price of electric power ought to be gradually increased until its economic level is reached. The price should provide for a normal contribution by the power industry to its own capital development.

2. The principles of the new organization of the power industry have been proposed, although they have not been officially accepted as yet. It is anticipated that the new organization will be based on the principle of greater economic autonomy and profitability of the electric power industry. It is proposed to facilitate the combination of stations and transmission grids based on economic criteria into bigger enterprises which would have larger investment funds at their disposal so that the proportionate contribution by the power industry to its own capital development will be increased. It is agreed that the



enterprises for the distribution of power are to be economically independent. They will purchase power from the high voltage grid at prescribed prices and will resell it at prices which will in general avoid losses. That will necessarily cause an increase of retail power prices, particularly the price of power for residential consumption. On the other hand it will facilitate rapid modernization and improve the efficiency of distribution.

It is expected that the Bill will be passed in the course of next year.

Very truly yours,

Federal People's Republic of Yugoslavia :

*By* Marko NIKEZIC  
Authorized Representative