

No. 9301

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
YUGOSLAVIA

Guarantee Agreement—Belgrade-Bar Railway Project
(with annexed Loan Regulations No. 4, as amended,
and Loan Agreement between the Bank and the
Yugoslav Investment Bank). Signed at Washington,
on 22 March 1968

Official text: English.

*Registered by the International Bank for Reconstruction and Development
on 18 November 1968.*

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
YUGOSLAVIE

**Contrat de garantie — *Projet relatif au chemin de fer
Belgrade-Bar*** (avec, en annexe, le Règlement n° 4 sur
les emprunts, tel qu'il a été modifié, et le Contrat
d'emprunt entre la Banque et la Banque yougoslave
d'investissements). Signé à Washington, le 22 mars 1968

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 18 novembre 1968.*

No. 9301. GUARANTEE AGREEMENT ¹ (*BELGRADE – BAR RAILWAY PROJECT*) BETWEEN THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 22 MARCH 1968

AGREEMENT dated March 22, 1968, between SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement ² 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, the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fifty million dollars (\$ 50,000,000), 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 as amended February 9, 1967 ³, with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 4 being hereinafter called the Loan Regulations).

¹ Came into force on 1 August 1968, upon notification by the Bank to the Government of Yugoslavia.

² See p. 12 of this volume.

³ See p. 12 of this volume.

Section 1.02. Wherever used in this Agreement, the terms defined in Section 1.02 of the Loan Agreement shall have the same meanings as therein set forth.

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 any beneficiary enterprise will be inadequate to meet the estimated expenditures required for carrying out the part of 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 assets of the Guarantor as security for any external 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.

The term "assets of the Guarantor" as used in this Section includes assets of the Guarantor or of any of its political subdivisions or of any agency

of the Guarantor or of any such political subdivision, including assets of the National Bank of Yugoslavia or any other institution performing the functions of a central bank.

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, and free from all restrictions, 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 Guarantor shall cause the Project to be carried out with due diligence and efficiency, shall cause the installations, equipment and other facilities of the Yugoslav Railways to be adequately maintained and operated in accordance with sound railway, engineering and financial standards and practices and shall cause all locomotives, rolling stock and other ancillary equipment to be procured, maintained, renewed and repaired as shall be necessary for the operation of such railway system.

Section 3.06. Except as the Bank shall otherwise agree, the Guarantor shall take promptly as required such action as may be necessary (including,

where appropriate, provision for adjustments in the rates and fares applicable to the Yugoslav Railways, or any part thereof) to enable the Yugoslav Railways to realize revenues, by such date or dates as shall be agreed upon, sufficient to: (i) cover all their operating expenses including depreciation, and (ii) earn an adequate return on the value of their net fixed assets.

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 Secretary 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:

Embassy of the Socialist Federal Republic of Yugoslavia
Economic Department
2410 California Street, N.W.
Washington, 8, D.C.
United States of America

Cable address:

Ambayugoslav
Washington, D.C.

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.

Section 5.02. The Federal Secretary of Finance 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 Secretary of Finance 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 Secretary of Finance 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 to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Socialist Federal Republic of Yugoslavia :

By Mirko BRUNER
Authorized Representative

International Bank for Reconstruction and Development :

By George D. WOODS
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

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

[Not published herein. See United Nations, Treaty Series, Vol. 598, p. 270.]

LOAN AGREEMENT

(BELGRADE - BAR RAILWAY PROJECT)

AGREEMENT, dated March 22, 1968, 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 as amended February 9, 1967¹, with the same force and effect as if they were fully set

¹ See p. 12 of this volume.

forth herein (said Loan Regulations No. 4 being hereinafter called the Loan Regulations).

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

- (a) "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 and Credit Operations of March 15, 1965 of the Guarantor.
- (b) "Beneficiary enterprises" means Zeljeznicko Transportno Preduzece Belgrade, established under the Decision of the Executive Council of Serbia, Number 832/65, dated October 29, 1965, and Zeljeznicko Transportno Preduzece Titograd, established under the Decision of the Executive Council of Montenegro, Number 5467, dated December 31, 1960, and any other entity to which the Borrower shall make available or agree to make available, with the prior approval of the Bank, any portion of the Loan for carrying out the Project.
- (c) "Railway Transportation Enterprises" means the railway transportation enterprises referred to in the Law on the Organization of the Yugoslav Railways of March 27, 1963, as amended April 6, 1965, of the Guarantor and includes any entity or entities to which the assets or operations of any or all of the railway transportation enterprises may be transferred.
- (d) "Yugoslav Railways" means the national railway system of the Guarantor and, as presently organized under the Law on the Organization of the Yugoslav Railways of March 27, 1963, as amended April 6, 1965, of the Guarantor, includes all the lines, properties and operations of the Railway Transportation Enterprises.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower an amount in various currencies equivalent to fifty million dollars (\$ 50,000,000).

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. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

Section 2.03. Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account the equivalent of such percentage or percentages as may be established from time to time by agreement between the Bank and the Borrower of such amounts as shall have been paid, or, if the Bank shall so agree, such amounts

as shall be required to meet payments to be made, by the beneficiary enterprises for the reasonable cost of goods for the Project. For the purposes of this Section, clause (b) of Section 4.01 of the Loan Regulations shall not apply.

Section 2.04. Pursuant to Section 3.02 of the Loan Regulations, withdrawals under Section 2.03 of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time from the Loan Account.

Section 2.06. The Borrower shall pay interest at the rate of six and one-quarter per cent ($6\ 1/4$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on March 1 and September 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 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to expenditures on the Project described in Schedule 2 to this Agreement. The specific allocation of the proceeds of the Loan, and the methods and procedures for procurement of the goods to be financed out of such proceeds shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

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 exclusively in carrying out the Project.

Article IV

SPECIAL PROVISIONS RELATING TO THE BENEFICIARY ENTERPRISES

Section 4.01. The Borrower shall make arrangements, and enter into agreements, adequate to protect the interests of the Borrower and the Bank and satisfactory to the Bank, with the respective beneficiary enterprises concerning the carrying out of the Project and the rights of the Borrower and the Bank with respect thereto. Except as the Bank shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of such arrangements and agreements.

Section 4.02. The arrangements and agreements entered into pursuant to Section 4.01 shall include provisions which will enable the Borrower and the Gua-

rantor to carry out their respective obligations under this Agreement and the Guarantee Agreement and shall confer on the Borrower, without limitation : (i) the right to require that the proceeds of the Loan be used exclusively as provided in this Agreement in the carrying out of the Project ; (ii) the right to require that the Project be carried out with due diligence and efficiency and in accordance with sound engineering and financial standards and practices, including the maintenance of adequate records ; (iii) the right to inspect the sites, works and construction included in the Project, 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 Project or the progress of construction ; (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 administration, operation and financial condition of the beneficiary enterprises ; and (v) the right to suspend or cancel further access by a beneficiary enterprise to the proceeds of the Loan 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 exercise its rights in relation to the beneficiary enterprises in such manner as to protect the interests of the Borrower and the Bank.

Article V

BONDS

Section 5.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of 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 Project to be carried out with due diligence and efficiency and in accordance with sound engineering and financial standards and practices.

(b) Except as the Bank shall otherwise agree, the Project shall be carried out by contractors and suppliers acceptable to the Bank and the Borrower under contracts satisfactory to the Bank and the Borrower.

(c) The Borrower shall, in the carrying out of such parts of the Project as the Bank and the Borrower shall agree upon, cause competent and experienced consultants to be employed.

(d) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications, contracts and work schedules

for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

(e) The Borrower shall maintain, or cause to be maintained, records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof), and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower. 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 the 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, the Project and the operation thereof, the goods, and the administration, operations and financial condition of the Borrower.

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

Section 6.06. Except as the Bank shall otherwise agree, the Borrower shall insure or cause to be insured the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 6.07. (a) The Borrower shall have the financial statements (balance sheet and related statement of revenues and expenses) of the Borrower and of each of the Railway Transportation Enterprises certified annually by the Service of Social Accounting of the Guarantor or other auditors acceptable to the Bank and shall promptly after their preparation and, except as the Bank shall otherwise agree, not later than seven months after the close of the fiscal year to which they relate, transmit, or cause to be transmitted, to the Bank certified copies of such statements and signed copies of the reports of the Service of Social Accounting or other auditors relating to such statements.

(b) The Borrower shall submit, or cause to be submitted, annually to the Bank, not later than four months after the close of the fiscal year to which they apply, (i) the unaudited financial statements of the Borrower and (ii) the unaudited financial statements of each of the Railway Transportation Enterprises as approved by the Workers Council of the respective Railway Transportation Enterprise for submission to the Service of Social Accounting of the Guarantor, together with any internal auditor's report presented to such Workers Council relating to such statements.

Article VII

REMEDIES OF THE BANK

Section 7.01. (i) If any event specified in paragraph (a), 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 a default shall occur in the payment of principal or interest or any other payment required under any other loan agreement between the Bank and the Borrower or under any bond delivered pursuant thereto or under any credit agreement between the Association and the Borrower and such default shall continue for a period of thirty days, or (iii) if a default shall occur in the payment of principal or interest or any other payment required under any loan agreement or under any guarantee agreement between the Guarantor and the Bank or under any bond delivered pursuant to any such agreement or under any credit agreement between the Association and the Guarantor under circumstances which would make it unlikely that the Guarantor would meet its obligations under the Guarantee Agreement and such default shall continue for

a period of thirty days, or (iv) 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(d) of the Loan Regulations : each of the 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 : each of the 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 each beneficiary enterprise and constitutes a valid and binding obligation of each of the parties thereto in accordance with its terms.

Section 8.03. If this Agreement shall not have come into force and effect by July 1, 1968, this Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Article IX

MISCELLANEOUS

Section 9.01. The Closing Date shall be December 31, 1973, or such later date as may be agreed by the Bank.

Section 9.02. 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, D.C. 20433
United States of America

Cable address :

Intbafrad
Washington, D.C.

For the Borrower :

Yugoslav Investment Bank
Terazije 9
Beograd, Yugoslavia

Cable address :

Investbanka
Beograd

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be 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 George D. WOODS
President

Yugoslav Investment Bank :

By Pavle PAVLOVIC
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, 1974	675,000	March 1, 1984	1,245,000
September 1, 1974	695,000	September 1, 1984	1,285,000
March 1, 1975	715,000	March 1, 1985	1,325,000
September 1, 1975	740,000	September 1, 1985	1,365,000
March 1, 1976	760,000	March 1, 1986	1,410,000
September 1, 1976	785,000	September 1, 1986	1,455,000
March 1, 1977	810,000	March 1, 1987	1,500,000
September 1, 1977	835,000	September 1, 1987	1,545,000
March 1, 1978	860,000	March 1, 1988	1,595,000
September 1, 1978	890,000	September 1, 1988	1,645,000
March 1, 1979	915,000	March 1, 1989	1,695,000
September 1, 1979	945,000	September 1, 1989	1,750,000
March 1, 1980	975,000	March 1, 1990	1,805,000
September 1, 1980	1,005,000	September 1, 1990	1,860,000
March 1, 1981	1,035,000	March 1, 1991	1,915,000
September 1, 1981	1,070,000	September 1, 1991	1,975,000
March 1, 1982	1,100,000	March 1, 1992	2,040,000
September 1, 1982	1,135,000	September 1, 1992	2,100,000
March 1, 1983	1,170,000	March 1, 1993	2,165,000
September 1, 1983	1,210,000		

* 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	$\frac{1}{2}$ %
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	2 %
More than eleven years but not more than sixteen years before maturity	3 %
More than sixteen years but not more than twenty-one years before maturity	4 %
More than twenty-one years but not more than twenty-three years before maturity	5 %
More than twenty-three years before maturity	6 $\frac{1}{4}$ %

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project is the completion of the standard gauge, single track, electrified railway line between Belgrade and Bar, including the provision of related equipment.

The Project consists of :

(1) The completion of the construction of the portion of the Belgrade - Bar line between Vreoci and Titograd (approximately 370 km) and the modification of the portions between Resnik and Vreoci and between Titograd and Bar required for the operation of the unified line ;

(2) The installation of final signalling, telecommunication and electric traction equipment over the entire line between Belgrade and Bar (approximately 475 km) ; and

(3) The procurement and putting into operation of motive power and rolling stock required for the efficient operation of the line between Belgrade and Bar during its construction and throughout the first year following its completion.

The Loan will assist in the financing of the portions of the Project described in subparagraphs (1) and (2) above.

The Project is expected to be completed by the end of 1972.
