

No. 10549

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

**Guarantee Agreement—*Industrial Projects, 1970* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the Yugoslav Investment Bank). Signed at Washington on 30 January 1970**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on 15 June 1970.*

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

**Contrat de garantie — *Projets industriels, 1970* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et la Banque yougoslave d'investissement). Signé à Washington le 30 janvier 1970**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 15 juin 1970.*

## GUARANTEE AGREEMENT<sup>1</sup>

AGREEMENT, dated January 30, 1970, between SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by the Loan Agreement of even date herewith<sup>2</sup> between the Bank and Yugoslav Investment Bank (hereinafter called the Borrower) the Bank has agreed to make to the Borrower a loan in various currencies equivalent to eighteen million five hundred thousand dollars (\$18,500,000), 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 the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,<sup>3</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modification thereof set forth in Section 1.01 of the Loan Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Guarantee Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

<sup>1</sup> Came into force on 15 May 1970, upon notification by the Bank to the Government of Yugoslavia.

<sup>2</sup> See p. 316 of this volume.

<sup>3</sup> See p. 316 of this volume.

## Article II

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

## 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 agency of the Guarantor, including assets of the National Bank of Yugoslavia or any other institution performing the functions of a central bank for the Guarantor.

If any lien shall be created on any assets of any of the Guarantor’s political subdivisions or of any agency of any such political subdivisions as security for any external debt, the Guarantor, except as the Bank shall otherwise agree, shall give to the Bank an equivalent lien to secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds.

*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, the international balance of payments position of the Guarantor and the economic and fiscal policies of the Guarantor affecting the industrial sector.

(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; 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 3.04.* This Guarantee Agreement, the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor on or in connection with the execution, issue, delivery or registration thereof.

*Section 3.05.* The Guarantor covenants that it will not take or permit any of its agencies to take any action which would prevent or interfere with the performance by the Borrower and the Beneficiary Enterprises of any of the respective obligations of the Borrower and the Beneficiary Enterprises in the Loan Agreement and the Subsidiary Loan Agreements contained, and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Borrower and the Beneficiary Enterprises to perform such obligations.

#### *Article IV*

*Section 4.01.* The Guarantor shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Federal Secretary of Finance

of the Guarantor and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor for the purposes of Section 8.10 of the General Conditions.

*Article V*

*Section 5.01.* The Federal Secretary of Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 10.03 of the General Conditions.

*Section 5.02.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

Embassy of the Socialist Federal Republic of Yugoslavia  
Economic Department  
2410 California Street, N.W.  
Washington, D.C. 20008  
United States of America

Alternative address for cables:

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

Alternative address for cables:

Intbafrad  
Washington, D.C.

*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 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 MIODRAG STOILJKOVIC

Authorized Representative

International Bank for Reconstruction and Development:

By SIMON ALDEWERELD

Vice-President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[Not published herein. See *United Nations, Treaty Series, vol. 691, p. 300.*]

## LOAN AGREEMENT

AGREEMENT, dated January 30, 1970, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and YUGOSLAV INVESTMENT BANK (hereinafter called the Borrower).

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,<sup>1</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions):

The word "Projects" is substituted for the word "Project" in paragraph 12 of Section 2.01.

*Section 1.02.* Wherever used in this Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

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<sup>1</sup> See above.

(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, as amended.

(b) "Beneficiary Enterprises" means

- (i) Zavodi Crvena Zastava, Kraguevaç;
- (ii) Zeljezara Sisak, Sisak; and
- (iii) Industria Poljoprivrednih Masina Zmaj, Zemun.

(c) "Subsidiary Loan Agreements" means the agreements between the Borrower and the Beneficiary Enterprises referred to in Article IV of this Agreement.

## Article II

### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to eighteen million five hundred thousand dollars (\$18,500,000).

*Section 2.02.* (a) 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.

(b) 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 Loan Agreement and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time by further agreement between the Bank and the Borrower.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Loan Account such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) in respect of the reasonable cost of goods or services required for the Projects and to be financed under this Loan Agreement.

*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 withdrawn from time to time.

*Section 2.05.* The Borrower shall pay interest at the rate of seven per cent (7%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

*Section 2.07.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 2 to this Agreement.

### *Article III*

#### USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Loan Agreement to expenditures on the Projects, described in Schedule 3 to this Agreement.

*Section 3.02.* Except as the Bank shall otherwise agree, the goods and services to be financed out of the proceeds of the Loan shall be procured in accordance with the procedures set forth in Schedule 4 to this Agreement.

*Section 3.03.* Except as the Bank may otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Projects.

### *Article IV*

#### SPECIAL PROVISIONS RELATING TO THE BENEFICIARY ENTERPRISES

*Section 4.01.* (a) The Borrower shall enter into Subsidiary Loan Agreements, adequate to protect the interests of the Borrower and the Bank and satisfactory to the Bank, with each of the Beneficiary Enterprises, concerning the relending of the proceeds of the Loan to the Beneficiary Enterprises, the carrying out of the Projects 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 any of the Subsidiary Loan Agreements.

(b) The Borrower shall charge interest on each of the loans made pursuant to the Subsidiary Loan Agreements at a rate not less than eight per cent (8%) per annum.

*Section 4.02.* The Subsidiary Loan Agreements entered into pursuant to Section 4.01 shall include provisions which will enable the Borrower to carry out its obligations under this Agreement and shall confer on the Borrower, 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 carried out and operated with due diligence and efficiency and in accordance with sound engineering and financial standards and practices, including the maintenance of adequate records; and that the Beneficiary Enterprises operate their undertakings and maintain their financial position in accordance with sound business and industrial practices and under the supervision of qualified and experienced management; (iii) the right to require that the Beneficiary Enterprises take out and maintain with responsible insurers or make other provision satisfactory to the Bank and the Borrower for insurance against such risks and in such amounts as shall be consistent with sound practice; (iv) the right to inspect the sites, works and construction included in the Projects, 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 and results of operation of the Projects and of the Beneficiary Enterprises; (v) 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 management, operation and financial condition of the Beneficiary Enterprises; (vi) the right to suspend or cancel further access by a Beneficiary Enterprise to the proceeds of the Loan upon its failure to carry out the terms of the respective Subsidiary Loan Agreement; and (vii) if such failure shall continue after notice thereof shall have been given by the Borrower to the Beneficiary Enterprise, the right to declare the amount of principal then outstanding under the Subsidiary Loan Agreement to be due and payable immediately.

*Section 4.03.* The Borrower shall exercise its rights in relation to the Beneficiary Enterprises in such manner as to fulfill its obligations under this Agreement and 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 VIII of the General Conditions.

*Section 5.02.* The General Manager of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

#### *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 carried out and operated with due diligence and efficiency and in accordance with sound engineering and financial

standards and practices, and to cause each of the Beneficiary Enterprises to operate its undertaking and maintain its financial position in accordance with sound business and industrial practices and under the supervision of qualified and experienced management.

(b) Whenever there is reasonable cause to believe that the funds available to any of the Beneficiary Enterprises will be inadequate to meet the expenditures required for the Project to be carried out by such Beneficiary Enterprise, the Borrower shall 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.

(c) If and as the Bank shall from time to time request, the Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications, contracts and work schedules for the Projects and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

*Section 6.02.* (a) The Borrower shall maintain, or cause to be maintained, records adequate to establish compliance with the procedures for procurement set forth in Schedule 4 to this Agreement, to identify the goods and services financed out of the proceeds of the Loan, to disclose the use thereof in the Projects, to record the progress of the Projects (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Borrower and the Beneficiary Enterprises.

(b) The Borrower shall enable, or take such steps as may be necessary to enable, the Bank's representatives to inspect the Projects, the goods financed out of the proceeds of the Loan, the Beneficiary Enterprises, and any relevant records and documents.

(c) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Projects, the goods and services financed out of the proceeds of the Loan, the Subsidiary Loan Agreements, and the management, operations and financial condition of the Borrower and the Beneficiary Enterprises.

(d) The Borrower shall cause the imported goods financed out of the proceeds of the Loan to be insured 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 Beneficiary Enterprises to replace or repair such goods.

*Section 6.03.* (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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement or by any Beneficiary Enterprise of its obligations under a Subsidiary Loan Agreement.

*Section 6.04.* 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 6.05.* 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 the Loan 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 taxes upon payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by a individual or corporate resident of the Guarantor.

*Section 6.06.* 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 the Loan Agreement, the Guarantee Agreement or the Bonds.

*Section 6.07.* If the Borrower shall cancel any amount to be lent to any of the Beneficiary Enterprises under the respective Subsidiary Loan Agreement, the Borrower shall promptly notify the Bank and the Bank may, at its option,

cancel a corresponding amount of the portion of the Loan allocated to such Beneficiary Enterprise.

*Section 6.08.* Notwithstanding the provision in Section 2.07 of this Agreement, if any of the Beneficiary Enterprises shall repay in advance of maturity, for any reason, all or any portion of the principal amount of the loan made by the Borrower to such Beneficiary Enterprise under the respective Subsidiary Loan Agreement, the Borrower shall, upon receipt of such repayment from the Beneficiary Enterprise, prepay a corresponding amount of the maturities of the Loan then outstanding. All the provisions of the General Conditions relating to repayment in advance of maturity, including the requirement of notice, shall be applicable to any repayment by the Borrower in accordance with this Section; provided, however, that partial payment of the principal amount of any one maturity shall be permitted to the extent required to complete such proportionate repayment.

### *Article VII*

#### REMEDIES OF THE BANK

*Section 7.01.* If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower and the Guarantor declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

### *Article VIII*

#### EFFECTIVE DATE; TERMINATION

*Section 8.01.* The following events are specified as additional conditions to the effectiveness of this Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions:

(a) Each of the Subsidiary Loan Agreements, in terms satisfactory to the Bank, shall have been duly executed and delivered by the Borrower and by the respective Beneficiary Enterprise and shall have become effective in accordance with its terms, subject only to the effectiveness of the Loan Agreement.

(b) Arrangements satisfactory to the Bank shall have been made for the provision of financing (in addition to the loans to be made pursuant to the Subsidiary Loan Agreements) to the Beneficiary Enterprises in amounts sufficient to enable the Beneficiary Enterprises to carry out the Projects.

*Section 8.02.* The following is specified as an additional matter, within the meaning of Section 11.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished the Bank, namely, that each of the Subsidiary Loan Agreements has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and the respective Beneficiary Enterprise and constitutes a valid and binding obligation of each of the parties thereto in accordance with its terms.

*Section 8.03.* The date of May 1, 1970 is hereby specified for the purposes of Section 11.04 of the General Conditions.

### *Article IX*

#### MISCELLANEOUS

*Section 9.01.* The Closing Date shall be June 30, 1973 or such other date as shall be agreed between the Bank and the Borrower.

*Section 9.02.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Bank:

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

Alternative address for cables:

Intbafrad  
Washington, D.C.

For the Borrower:

Yugoslav Investment Bank  
Terazije 9  
Beograd, Yugoslavia

Alternative address for cables:

Investbanka  
Beograd

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 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 SIMON ALDEWERELD

Vice-President

## Yugoslav Investment Bank:

By PAVLE PAVLOVIC

Authorized Representative

## SCHEDULE 1

## ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Zavodi Crvena Zastava (ZCZ) (Equipment for automobile and light truck factory)	10,000,000
II. Zeljezara Sisak (SISAK) (Equipment for steel mill)	6,200,000
III. Industria Poljoprivrednih Masina (ZMAJ) (Equipment for manufacture of automobile and truck wheels)	2,300,000
<b>TOTAL:</b>	<b><u>18,500,000</u></b>

## SCHEDULE 2

## 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>
November 15, 1972	505,000	November 15, 1978	760,000
May 15, 1973	520,000	May 15, 1979	790,000
November 15, 1973	540,000	November 15, 1979	815,000
May 15, 1974	560,000	May 15, 1980	845,000
November 15, 1975	580,000	November 15, 1980	875,000
May 15, 1975	600,000	May 15, 1981	905,000
November 15, 1975	620,000	November 15, 1981	935,000
May 15, 1976	640,000	May 15, 1982	970,000
November 15, 1976	665,000	November 15, 1982	1,005,000
May 15, 1977	690,000	May 15, 1983	1,040,000
November 15, 1977	710,000	November 15, 1983	1,075,000
May 15, 1978	735,000	May 15, 1984	1,120,000

\* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity.....	1¼ %
More than three years but not more than six years before maturity.....	2½ %
More than six years but not more than ten years before maturity.....	4 %
More than ten years but not more than twelve years before maturity.....	5¼ %
More than twelve years before maturity.....	7 %

## SCHEDULE 3

## DESCRIPTION OF THE PROJECTS

1. *Zavodi Crvena Zastava (ZCZ)*

The Project is the expansion of production capacity of automobiles and light trucks to about 183,000 vehicles manufactured annually. It includes the extension of existing buildings, the construction of new machine, press and other shops and the installation of new machinery and equipment.

2. *Zeljezara Sisak (SISAK)*

The Project will increase the production capacity of medium and heavy seamless steel tube from approximately 47,000 metric tons to approximately 105,000 metric tons annually. It consists of:

- (i) the installation of a twin three-stand continuous casting machine; and
- (ii) the separation of the medium and heavy tube mills and the installation of required additional equipment.

3. *Industria Poljoprivrednih Masina (ZMAJ)*

The Project is the increase of the automobile and truck wheel manufacturing capacity from about 700,000 wheels to about 2,300,000 wheels annually. Two new production lines, one for automobile and small truck wheels and the other for tractor and large truck wheels, will be established.

It is expected that the construction of the Projects will be completed by July 1972.

## SCHEDULE 4

## PROCUREMENT

1. Except where it would be impractical for technical reasons, the goods and services to be financed out of the proceeds of the Loan shall be procured on the basis of contracts awarded after the respective Beneficiary Enterprise has obtained quotations from at least three qualified suppliers outside Yugoslavia in member countries of the Bank (and Switzerland). The respective contract shall be awarded to the supplier making the lowest evaluated quotation. For the purpose of determining the lowest evaluated quotation factors other than price, such as the time of delivery, the efficiency and reliability of the equipment, the availability of service and spare parts and the desirability of standardization of equipment, shall be taken into consideration.

2. With respect to contracts for the procurement of goods and services estimated to cost \$1,000,000 equivalent or more:

- (a) A list of firms from which quotations will be invited, requests for quotations, specifications, and conditions of contract will be submitted to the Bank for its review and approval prior to the issuance of requests for quotations.
- (b) After quotations have been received and analyzed, the analysis of the quotations, and the recommendation for award, together with the reasons for such recommendation, will be submitted to the Bank for its review and approval prior to the Beneficiary Enterprise's making any award of contract or issuing any letter of intent.
- (c) If the final contract is to differ substantially from the terms and conditions contained in the respective documents approved by the Bank under paragraphs (a) and (b) above, the text of the proposed changes will be submitted to the Bank for its review and approval prior to the execution of such contract.
- (d) As soon as a letter of intent has been issued or a contract has been executed, a copy thereof will be sent to the Bank.

3. With respect to contracts for the procurement of goods and services estimated to cost less than \$1,000,000 equivalent, the following will be sent to the Bank prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of such contract:

- (i) a copy of the contract; and
- (ii) in the case of contracts amounting to \$100,000 equivalent or more, a copy of the analysis of quotations received by the Beneficiary Enterprise.