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**LOAN NUMBER 8420-MK**

# **Guarantee Agreement**

**(National and Regional Roads Rehabilitation Project)**

**between**

**FORMER YUGOSLAV REPUBLIC OF MACEDONIA  
(Guarantor)**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT  
(Bank)**

Dated *October 21*, 2014

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**GUARANTEE AGREEMENT**

AGREEMENT, dated *October 21*, 2014, entered into between the Guarantor and the Bank ("Guarantee Agreement") in connection with the Loan Agreement of same date between the Bank and the Public Enterprise for State Roads ("Borrower") ("Loan Agreement"). The Guarantor and the Bank hereby agree as follows:

**ARTICLE I – GENERAL CONDITIONS; DEFINITIONS**

Section 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.

Section 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Loan Agreement.

**ARTICLE II – GUARANTEE; PROVISION OF FUNDS**

Section 2.01. The Guarantor declares its commitment to the objectives of the Project. To this end, without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of all Loan Payments payable by the Borrower pursuant to the Loan Agreement, and the punctual performance of all the other obligations of the Borrower set forth or referred to in the Loan Agreement.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, promptly to provide the Borrower with the funds needed to meet such expenditures.

Section 2.03. The Guarantor further specifically undertakes to:

- (a) ensure the Borrower maintains adequate staff and resources and adequate management, in a manner and with terms of reference and a composition satisfactory to the Bank; and
- (b) transfer to the Borrower no less than twenty (20%) per cent of the total excise tax on oil derivatives (as defined in the Guarantor's Law Amending the Law on Public Roads (Official Gazette 168/2012)), collected within each calendar quarter; such transfers shall be made on a regular basis, but in any event at least four times during a calendar year, in intervals not exceeding three calendar months.

**ARTICLE III –REPRESENTATIVE; ADDRESSES**

Section 3.01. The Guarantor's Representative is its Minister of Finance.

Section 3.02. The Guarantor's Address is:

Ministry of Finance  
St. Dame Gruev No.14  
1000 Skopje

Facsimile:

389 2 3106 779

Section 3.03. The Bank's Address is:

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

Cable:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423 (MCI) or  
64145 (MCI)

(202) 477-6391

AGREED at Skopje, Macedonia as of the day and year first above written.

GUARANTOR

By


  
Authorized Representative

Name: ZORAN STAVRESKI

Title: MINISTER OF FINANCE

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND  
DEVELOPMENT

By

  
Authorized Representative

Name: Tatiana Proskuryakova

Title: Country Manager