

CONFORMED COPY

LOAN NUMBER 3922 BUL

Guarantee Agreement

(Railway Rehabilitation Project)

between

REPUBLIC OF BULGARIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated November 8, 1995

LOAN NUMBER 3922 BUL

GUARANTEE AGREEMENT

AGREEMENT, dated November 8, 1995, between REPUBLIC OF BULGARIA (the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor and Bulgarian State Railways (BDZ) (the Borrower), having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to the Loan Agreement, have requested the Bank to assist in the financing of the Project; and

(B) by the Loan Agreement of even date herewith between the Bank and the Borrower, the Bank has agreed to extend to the Borrower a loan in various currencies equivalent to ninety-five million dollars (\$95,000,000), 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 provided in this Agreement; 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

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee

Agreements" of the Bank, dated January 1, 1985, with the modifications set forth in Section 1.01 of the Loan Agreement (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions, in the Preamble to this Agreement and in the Preamble to Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

## ARTICLE II

### Guarantee

Section 2.01. The Guarantor declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, 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 the principal of, and interest and other charges on, the Loan, and the premium, if any, on the prepayment of the Loan, and the punctual performance of all the other obligations of the Borrower, all as set forth in the Loan Agreement.

## ARTICLE III

### Other Covenants

Section 3.01. The Guarantor shall take or cause to be taken all measures as may be required within its powers, including the provisions of funds, facilities, services and other resources, necessary or appropriate to enable the Borrower to carry out the Project and to comply with its other obligations under the Loan Agreement, and shall not take or permit to be taken any action which would prevent or interfere with such performance and compliance.

Section 3.02. Not later than one month prior to submission of the relevant draft law on the state budget to the Guarantor's Parliament for each fiscal year, starting in 1996, the Guarantor shall exchange views with the Bank with regard to the execution of the Contract Plan, the performance of the Guarantor's obligations under the Contract Plan and on the resource requirements and other actions necessary for the subsequent year in order to achieve the objectives stated in the Contract Plan.

Section 3.03. The Guarantor shall ensure that all equipment financed under Part A of the Project remain the property of and in possession of the Borrower and shall not be transferred to the Ministry of Transport of the Guarantor or any division or unit thereof.

## ARTICLE IV

### Representative of the Guarantor; Addresses

Section 4.01. The Minister of Finance of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Ministry of Finance  
102 Rakovski Street  
Sofia 1040  
Republic of Bulgaria

Cable address:

MINISTRY OF FINANCE

Telex:

22 727 BG

Sofia

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.

Telex:

197688 (TRT),  
248423 (RCA),  
64145 (WUI) or  
82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF BULGARIA

By /s/ Snezhana Botusharova

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Christiaan J. Poortman

Acting Regional Vice President  
Europe and Central Asia

