Guarantee Agreement

(Road Upgrading and Development Project)

between

FORMER YUGOSLAV REPUBLIC OF MACEDONIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated October 6, 2015
GUARANTEE AGREEMENT

AGREEMENT, dated , 2015, entered into between the Guarantor and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") ("Guarantee Agreement") in connection with the Loan Agreement of same date between the Bank and 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

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; which 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, and as needed to guarantee performance of all the Borrower’s obligations set forth in the Loan Agreement.

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.12
1000 Skopje

Facsimile:
389 23255 721

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: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: (202) 477-6391
AGREED at
above written.

as of the day and year first

Guarantor

Authorized Representative

Name: ZORAN STAVRESKI
Title: DEPUTY PRIME MINISTER AND
MINISTER OF FINANCE

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

Authorized Representative

Name: BOJANA NACEVA
Title: ACTING COUNTRY MANAGER