

LAW

On Guarantee by the Republic of Macedonia under the Loan Agreement for Railways Reform Project, to be concluded between JP Makedonski Zeleznici (Public Enterprise "Macedonian Railways) and the International Bank for Reconstruction and Development

Official Gazette of the Republic of Macedonia no. 109 dated 14th November 2005

Article 1

The Republic of Macedonia shall guarantee the settlement of the liabilities and fulfilment of the provisions under the Loan Agreement for the Railways Reform Project to be concluded between JP Makedonski Zeleznici and the International Bank for Reconstruction and Development, in the amount of EUR 15,000,0000, under terms and conditions set under the Loan Agreement, only in the cases when JP Maledonski Zeleznici fails to fulfil and service the liabilities under the Loan Agreement.

Article 2

Conditions and the manner of utilization of the loan referred to in Article 1 of this Law shall be set under the Loan Agreement between JP Makedonski Zeleznici and the International Bank for Reconstruction and Development.

Article 3

All financial liabilities arising from the Loan Agreement referred to in Article 1 of this Law, as well as the loan servicing shall be made by JP Makedonski Zeleznici from the revenues it generates, under the terms and conditions set in the Loan Agreement.

Article 4

The repayment period of the loan referred to in Article 1 of this Law shall be 17 years including five-year grace period and annual interest rate LIBOR plus 0,75%.

The loan shall be repaid in 24 semi-annual annuities, starting from 15th April 2011 until 15th October 2022.

In the amount of EUR 635,000.

During the 5-year grace period, which is also project implementation period, only the loan interest will be paid.

Article 5

On the date of effectiveness of the Loan Agreement referred to in Article 2 of this Law or immediately thereafter, one-off fee shall be paid– a cost amounting to 1% of the loan amount. The amount of the one-off fee may also be less than 1% on the basis of previously adopted decision by the International Bank for Reconstruction and Development – the World Bank.

Commitment fee shall be paid of 0,75% annually. The commitment fee shall be set by the International Bank for Reconstruction and Development – the World Bank.

The fee referred to in paragraph 2 of this Article shall be paid semi-annually on 15th April and on 15th October each year.

Article 6

In the case the liabilities due on the basis of interest and principal are paid by the Republic of Macedonia, on behalf of the JP Makedonski zeleznici and within the periods set in the Loan Agreement, JP Makedonski zeleznici shall be obliged within 30 as of the day the liability was settled, to transfer to the budget revenue account of the Republic of Macedonia, an amount in denars equal to the paid amount, plus the calculated interest and the costs incurred with regard to the respective transaction.

Minister of Finance may issue an order to the Public Revenue Office to block the resources of JP Makedonski Zeleznici on the basis of VAT refund so as to settle the due liabilities towards the creditor, i.e. to compensate to the state the amount in denars equal to the payment made, plus the calculated interest and the costs incurred with regard to the respective transaction.

Article 7

To the end of regulating the mutual rights and obligations arising from the Loan Agreement and the Guarantee Agreement, the Ministry of Finance and JP Makedonski Zeleznici shall conclude separate agreement.

Article 8

This Law shall enter into force on the eighth day from the day it is published in the "Official Gazette of the Republic of Macedonia".