

LAW
ON GUARANTEE BY THE REPUBLIC OF MACEDONIA UNDER THE LOAN
AGREEMENT FOR REALIZATION OF THE SMALL AND MEDIUM SIZE
ENTERPRISES PROJECT FROM THE CREDIT BANK FOR RECONSTRUCTION
("KfW")

Article 1

The Republic of Macedonia, as guarantor, shall assume the obligation to settle the liabilities under the Loan Agreement for the Small and Medium Size Enterprises Project, to be concluded between the Macedonian Bank for Development Promotion and the Credit Bank for Reconstruction ("KfW") from Federal Republic of Germany, in the amount of EUR 15 million under the terms and conditions set in the Loan Agreement if the Macedonian Bank for Development Promotion fails to repay the loan.

The Government of the Republic of Macedonia and the Macedonian Bank for Development Promotion shall conclude Loan Agreement.

Article 2

The Loan of Article 1 of this Law shall be repaid by the Macedonian Bank for Development Promotion.

Loan servicing shall be executed with the funds to be established with the loan repayment by the final beneficiaries.

Article 3

The proceeds of the loan from the Credit Bank for Reconstruction ("KfW") shall be used for financing the development of the small and the medium size enterprises.

The realization of the loan shall be carried out through selected commercial banks from the Republic of Macedonia, which are authorized and meet the conditions and the criteria determined by the Credit Bank for Reconstruction ("KfW") from Federal Republic of Germany, and the Macedonian Bank for Development Promotion shall conclude agreements for disbursement of the proceeds of the loan.

Article 4

Repayment period for the loan referred to in Article 1 of this Law shall be 11 years, including three-year grace period.

The interest rate on the loan shall be determined on the day the funds from the loan are disbursed, depending on which interest rate is more favourable (fixed or floating), plus 1.85% fee.

The loan shall be repaid in equal semi-annual instalments, the first instalment out of which shall be due 36 months following the signing of the Loan Agreement.

Default interest in the amount of 2% per year shall be paid for the amount of the loan not being paid within the determined deadlines.

Article 5

Should the Republic of Macedonia as a guarantor, on behalf of the Macedonian Bank for Development Promotion as borrower, pay the due annuities, within the deadlines set in the Loan Agreement, the Minister of Finance shall, following 30 days after the day the liability was settled, but not later than 60 days, issue an order to the payment operations performer to transfer from the beneficiary's account to the revenue account of the Budget of the Republic of Macedonia an amount in denars equal to the paid amount, plus the calculated interest and the expenditures.

Article 6

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