

20101182291

**PARLIAMENT OF THE REPUBLIC OF MACEDONIA**

Pursuant to Article 75, paragraphs 1 and 2 of the Constitution of the Republic of Macedonia, the President of the Republic of Macedonia and the President of the Parliament of the Republic of Macedonia shall issue the following

**DECREE**

**ON PROMULGATION OF THE LAW ON GUARANTEE BY THE REPUBLIC OF MACEDONIA UNDER THE LOAN AGREEMENT, INTENDED FOR FINANCING THE PROJECT “REHABILITATION OF SIX HYDROPOWER PLANTS” TO BE CONCLUDED BETWEEN THE KfW AND AD ELEM**

Law on Guarantee by the Republic of Macedonia under the Loan Agreement, intended for financing the Project “Rehabilitation of Six Hydropower Plants”, to be concluded between the KfW and AD ELEM, adopted by the Parliament of the Republic of Macedonia at its session held on 1<sup>st</sup> September 2010 shall be promulgated.

No. 07-3613/1  
1<sup>st</sup> September 2010  
Skopje

President  
of the Republic of Macedonia,  
**Gorge Ivanov**, in his own hand

President  
of the Parliament of the Republic  
of Macedonia,  
**Trajko Veljanoski**, in his own hand

**LAW ON GUARANTEE BY THE REPUBLIC OF MACEDONIA UNDER THE LOAN AGREEMENT, INTENDED FOR FINANCING THE PROJECT “REHABILITATION OF SIX HYDROPOWER PLANTS” TO BE CONCLUDED BETWEEN THE KfW AND AD ELEM**

Article 1

The Republic of Macedonia shall guarantee the settlement of the liabilities the fulfillment of the provisions under the Loan Agreement, to be concluded between the KfW and AD ELEM, intended for implementation of the Project “Rehabilitation of Six Hydropower Plants” in the amount of EUR 27,100,000, within the deadlines and under the conditions envisaged in the Loan Agreement, if AD ELEM fails to meet and services the liabilities under the Loan Agreement.

## Article 2

Conditions and manner of using the loan referred to in Article 1 of this Law shall be determined under Loan Agreement, to be concluded between the KfW and AD ELEM for the Project "Rehabilitation of Six Hydropower Plants".

## Article 3

All liabilities arising from the Loan Agreement referred to in Article 1 of this Law, as well the loan servicing, shall be settled by AD ELEM from the revenues it generates, under the terms and conditions and deadlines set in the Loan Agreement.

## Article 4

Repayment period of the loan referred to in Article 1 of this Law shall be 15 years including 5-year grace period.

Interest rate shall be variable interest rate, 6-month EURIBOR minus 0.3 % annually and it shall not be lower than 0%. Interest rate shall be determined for each loan tranche separately, on the day of disbursement of the loan by AD ELEM.

Loan shall be repaid in semi-annual installments, falling due on 30<sup>th</sup> June and 30<sup>th</sup> December.

## Article 5

One-time lump sum management fee amounting to 0.5%, of the loan amount shall be paid to the KfW prior to the first disbursement of the loan amount,

Commitment fee, amounting to 0.25% of the loan amount annually shall be paid to the KfW.

The fee referred to in paragraph 2 of this Article shall be paid semi-annually, on 30<sup>th</sup> June and 30<sup>th</sup> December each year.

Default interest in the amount of the base interest rate of the Deutsche Bundesbank, increased by 3% annually, shall be paid for the amount of the loan not being paid within the determined deadlines.

In case of untimely or incomplete disbursement of loan by the envisaged deadline, certain amount of funds shall be paid as compensation of the costs of the KfW, pursuant to the Agreement referred to in Article 1 of this Law.

## Article 6

To the end of regulating the mutual rights and obligations arising from the Loan

Agreement and the Guarantee Agreement, Ministry of Finance and AD ELEM shall be committed to conclude separate agreement.

Article 7

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