

LAW

On Guarantee by the Republic of Macedonia under the Loan Agreement intended for the Railways Reform Project, to be concluded between Makedonski Zeleznici Transport AD – Skopje (“Macedonian Railways Transport” Joint Stock Company – Skopje) and the International Bank for Reconstruction and Development

Official Gazette of the Republic of Macedonia no. 17/2008 dated 4th February 2008

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 Makedonski Zeleznici Transport AD – Skopje and the International Bank for Reconstruction and Development, in the amount of EUR 9,030,0000, under terms and conditions set under the Loan Agreement, only in the cases when Makedonski Zeleznici Transport AD – Skopje fails to meet and services the liabilities under the Loan Agreement.

Article 2

The 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 Makedonski Zeleznici Transport AD – Skopje 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 Makedonski Zeleznici Transport AD – Skopje 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. Interest rate upon which, the loan will be serviced shall be LIBOR (for euro currency) plus variable spread. Interest rate may be reduced on the basis of previous decision adopted by the International Bank for Reconstruction and Development.

The loan shall be repaid in 24 semi-annual annuities, each one in the amount of EUR 376,250. Repayment shall be carried out every 15th April and 15th October starting from 15th April 2011 until 15th October 2022.

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

On the disbursement date, the Republic of Macedonia shall pay one-off fee amounting to 1% of the loan amount of the International Bank for Reconstruction and Development. Amount of the one-off fee may be less than 1% on the basis of previous decision adopted by the International Bank for Reconstruction and Development.

Commitment fee shall be paid of 0,75% annually. Amount of this commitment fee may be less than 0,75% on the basis of previously adopted decision by the International Bank for Reconstruction and Development.

The commitment fee referred to in paragraph 5 of this Article shall be paid semi-annually on 15th April and 15th October each year.

Article 5

In the case the liabilities on the basis of interest and principal are paid by the Republic of Macedonia, on behalf of Makedonski Zeleznici Transport AD Skopje and within the periods set in the Loan Agreement, Makedonski Zeleznici Transport AD Skopje shall, within 30 days as of the day the liability was settled, transfer the budget revenue account of the 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.

The Minister of Finance may issue an order to the Public Revenue Office to freeze the resources of Makedonski Zeleznici Transport AD - Skopje 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 the costs incurred with regard to the respective transaction.

Article 6

To the end of regulating the mutual rights and obligations arising from the Loan Agreement and the Guarantee Agreement, the Ministry of Finance and Makedonski Zeleznici Transport AD - Skopje shall be obliged to conclude separate agreement.

Article 7

Law on Guarantee by the Republic of Macedonia under the Loan Agreement for the Railways Reform Project, to be concluded between JP Makedonski Zeleznici and the International Bank for Reconstruction and Development ("Official Gazette of the Republic of Macedonia" no. 109/205) shall cease to be valid on the day on entering into force of this Law.

Article 8

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