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**PARLIAMENT OF THE REPUBLIC OF NORTH MACEDONIA**

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

**DECREE ON PROMULGATION OF THE LAW ON GUARANTEE BY THE REPUBLIC OF NORTH MACEDONIA UNDER THE LOAN AGREEMENT FOR FINANCING RENEWABLE ENERGY PROGRAMME ESM - COMPONENT I: REHABILITATION OF HYDRO POWER PLANTS, TO BE CONCLUDED BETWEEN KFW DEVELOPMENT BANK AND AD ELEKTRANI NA SEVERNA MAKEDONIJA (ESM), SKOPJE (JSC POWER PLANTS OF NORTH MACEDONIA)**

Law on Guarantee by the Republic of North Macedonia under the Loan Agreement for Financing Renewable Energy Programme ESM - Component I: Rehabilitation of Hydro Power Plants, to be concluded between KFW Development Bank and AD Elektrani na Severna Makedonija (ESM), Skopje (JSC Power Plants of North Macedonia), adopted by the Parliament of the Republic of North Macedonia at its session held on 21<sup>st</sup> February 2023, is hereby promulgated.

No. 08-973/1  
21<sup>st</sup> February 2023  
Skopje

President  
of the Republic of North Macedonia  
**Stevo Pendarovski**, in his own hand

President  
of the Parliament of the Republic  
of North Macedonia  
**Talat Xhaferi, MA**, in his own hand

**LAW ON GUARANTEE BY THE REPUBLIC OF NORTH MACEDONIA UNDER THE LOAN AGREEMENT FOR FINANCING RENEWABLE ENERGY PROGRAMME ESM - COMPONENT I: REHABILITATION OF HYDRO POWER PLANTS, TO BE CONCLUDED BETWEEN KFW DEVELOPMENT BANK AND AD ELEKTRANI NA SEVERNA MAKEDONIJA (ESM), SKOPJE (JSC POWER PLANTS OF NORTH MACEDONIA)**

**Article 1**

Republic of North Macedonia shall guarantee the settlement of liabilities and the adherence to the provisions in the Loan Agreement for Financing Renewable Energy Programme ESM - Component I: Rehabilitation of Hydro Power Plants in the amount of EUR 25,000,000, to be concluded between KFW Development Bank and AD Elektrani na Severna Makedonija (ESM), Skopje (JSC Power Plants of North Macedonia), should AD Elektrani na Severna Makedonija (ESM), Skopje (JSC Power Plants of North Macedonia) fail to meet and settle the liabilities under the Loan Agreement.

**Article 2**

Terms and conditions and manner of using the Loan shall be determined in the Loan

Agreement referred to in Article 1 of this Law, to be concluded between KfW Development Bank and AD Elektrani na Severna Makedonija (ESM), Skopje (JSC Power Plants of North Macedonia) for Financing Renewable Energy Programme ESM - Component I: Rehabilitation of Hydro Power Plants.

### **Article 3**

All liabilities arising from the Loan Agreement referred to in Article 1 of this Law, as well as the loan servicing, shall be settled by AD Elektrani na Severna Makedonija (ESM), Skopje (JSC Power Plants of North Macedonia), from the revenues it generates, within the deadlines and under the terms and conditions determined in the Loan Agreement referred to in Article 1 of this Law.

### **Article 4**

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

Interest rate shall be determined for each tranche separately on the day of its disbursement.

Upon disbursement of each subsequent tranche, consolidated interest rate shall be calculated and it shall be applied to the disbursed loan amount.

The Loan shall be repaid semi-annually on 30<sup>th</sup> June and 30<sup>th</sup> December.

### **Article 5**

AD Elektrani na Severna Makedonija (ESM), Skopje (JSC Power Plants of North Macedonia) shall pay KfW Development Bank a management fee in the amount of 0.75% of the loan amount before the first disbursement under the Loan, and if within three months period since the signing of the Loan Agreement referred to in Article 1 of this Law, AD Elektrani na Severna Makedonija (ESM), Skopje (JSC Power Plants of North Macedonia) does not make the first disbursement under the Loan, it shall pay KfW Development Bank a management fee in the amount of 0.75% of the loan amount.

AD Elektrani na Severna Makedonija (ESM), Skopje (JSC Power Plants of North Macedonia) shall pay KfW Development Bank commitment fee in the amount of 0.25 % semi – annually, in arrears on 30<sup>th</sup> June and 30<sup>th</sup> December.

AD Elektrani na Severna Makedonija (ESM), Skopje (JSC Power Plants of North Macedonia) shall begin to pay the commitment fee referred to in paragraph 2 of this Article within six months after the signing of the Loan 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 referred to in Article 1 of this Law and the Guarantee Agreement, Ministry of Finance and AD Elektrani na Severna Makedonija (ESM), Skopje (JSC Power Plants of North Macedonia) shall 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 North Macedonia”.