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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 FOR THE LOAN AGREEMENT FOR FINANCING OF THE PREPARATION
OF PROPOSED LUKOVO POLE RENEWABLE ENERGY PROJECT , TO BE CONCLUDED
BETWEEN THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT-
THE WORLD BANK AND AD ELEM**

Law on Guarantee by the Republic of Macedonia for the Loan Agreement for financing of the Preparation of Proposed Lukovo Pole Renewable Energy Project , to be concluded between the International Bank for Reconstruction and Development-the World Bank and AD ELEM, adopted by the Parliament of the Republic of Macedonia at its session held on 6th April 2011 shall be promulgated.

No. 07-1893/1

6th April 2011

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 FOR THE LOAN AGREEMENT
FOR FINANCING OF THE PREPARATION OF PROPOSED LUKOVO POLE RENEWABLE
ENERGY PROJECT, TO BE CONCLUDED BETWEEN THE INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT -THE WORLD BANK AND AD ELEM**

Article 1

Republic of Macedonia shall guarantee the settlement of liabilities and the fulfillment of the provisions under the Loan Agreement for financing of the Preparation of Proposed Lukovo Pole Renewable Energy Project, to be concluded between the International Bank for Reconstruction and Development -the World Bank and AD ELEM in the amount of US\$ 3,000,000 within the deadlines and under the conditions envisaged under the Loan Agreement, if AD ALEM fails to meet and service 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 in Loan Agreement to be concluded between the International Bank for Reconstruction and Development - World Bank and AD MELEM for financing of the Preparation of Proposed Lukovo Pole Renewable Energy Project.

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 carried out by AD ELEM from the revenues it realizes, within the deadlines and under the conditions determined in the Loan Agreement.

Article 4

If Loan Agreement for the Lukovo Pole Renewable Energy Project between AD ELEM and the International Bank for Reconstruction and Development-the World Bank is concluded on or before 29th June 2012, total funds disbursed from the loan referred to in Article 1 of this Law together with the calculated interest shall be repaid to the International Bank for Reconstruction and Development - the World Bank within the deadlines and under the conditions determined in the Loan Agreement for the Lukovo Pole Renewable Energy Project.

If, on or before 29th June 2012, Loan Agreement referred to in paragraph 1 of this Article is not concluded due to any reasons or if it is concluded, and afterwards it is terminated, thus not becoming effective, loan referred to in Article 1 of this Law shall be repaid as follows:

- a) if funds disbursed from the loan referred to in Article 1 of this Law exceed US\$ 50,000, such amount, together with the calculated interest shall be repaid to the International Bank for Reconstruction and Development - the World Bank at once not earlier than 60 days after receiving notification by the International Bank for Reconstruction and Development - the World Bank on the due liability and
- b) if the funds disbursed from the loan referred to in Article 1 of this Law exceed US\$ 50,000 such amount, together with the calculated interest shall be repaid to the World Bank in ten equal semi-annual installments, whereby the first installment shall fall due within no later than 60 days after receiving notification by the International Bank for Reconstruction and Development - the World Bank on the due liability.

Interest rate shall be six-month LIBOR with fixed spread (for USD currency) and it shall be repaid each 15th January and 15th July in the year.

Article 5

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 conclude separate agreement.

Official Gazette of the Republic of Macedonia, no. 45 dated 7th April 2011

Article 6

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