

Law
**On Guarantee by the Republic of Macedonia under the Loan Agreement
concluded between the European Bank for Reconstruction and Development
and the JP Elektrostopanstvo na Makedonija for Realization of the Energy
Sector Project**

Official Gazette of the Republic of Macedonia no. 13/2006

Article 1

The Republic of Macedonia shall guarantee the settlement of the liabilities under the Loan Agreement for realization of the Energy Sector Project concluded on 22nd December 1993 between the European Bank for Reconstruction and Development and JP Elektrostopanstvo na Makedonija.

The Loan Agreement referred to in paragraph 1 of this Article was concluded in the initial amount of 46,500,000 Deutsche marks.

On 30th November 1997, 12,594,574.63 Deutsche marks out of the initial amount were cancelled, by which, the indebtedness towards the European Bank for Reconstruction and Development made with the conclusion of Loan Agreement on Guarantee of the Republic of Macedonia shall amount to 33,905,425.37 Deutsche marks.

Article 2

All liabilities on the basis of interest and fee under the Loan Agreement referred to in Article 1 of this law, as well as the servicing of the rest of the principal of the loan in the amount of EUR 5,461,222 shall be settled by AD MEPSO – “Operator of the Electricity Transmission System of Macedonia”, state owned- Skopje joint-stock company for transmission of electricity and management with the energy system, from the revenues it generates, under the terms and conditions, set in the Loan Agreement.

Article 3

Loan referred to in Article 1 of this law shall be repaid in the following manner:

The repayment period shall be 12 years including three-year grace period and variable interest rate- six-month LIBOR plus 1%.

The loan shall be repaid in equal semi-annual instalments, falling due on 10th January and 10th July each year, starting from 10th July 1007 until 10th July 2009.

Article 4

If the due liabilities on the basis of interest and principal, within the deadlines set in the Loan Agreement, on behalf of AD MEPSO are paid by the Republic of Macedonia, AD MEPSO shall, within 30 days from the day the liability was settled, be obliged to transfer to the revenue account of the Budget of the Republic of Macedonia Denar funds in the amount of the executed payment, increased by the calculated interest and the incurred costs related to the respective transaction.

The Minister of Finance can issue an order to the Public Revenue Office to block the funds of AD MEPSO on the basis of VAT refund so as to settle the due liabilities towards the creditor, i.e. to compensate to the state Denar funds in the amount of the executed payment, increased by the calculated interest and the incurred costs related to the appropriate transaction.

Article 5

AD MEPSO shall, each fiscal year, from its own revenues, within the validity period of the Loan Agreement, within the Reserve Fund established for realization of the Development Programme, provide and sort out financial resources for transmission of electricity and management with the energy system.

Article 6

Ministry of Finance and AD MEPSO shall conclude Loan Agreement for securing the guarantee issued towards European Bank for Reconstruction and Development referred to in Article 1 of this Law.

Article 7

Law on Ratification of the Guarantee Agreement between the Republic of Macedonia and the European Bank for Reconstruction and Development (Energy Sector Project), ("Official Gazette of the Republic of Macedonia International Agreements" no.48/94).

Article 8

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