

## **LAW<sup>1</sup>**

### **On Guarantee by the Republic of Macedonia of the Liabilities Under the Loan and Financing Agreement for intensification of the development of small and medium-size enterprises in the Republic of Macedonia, to be concluded between the Macedonian Bank for Development Promotion and the Credit Bank for Reconstruction of the Federal Republic of Germany**

#### **Article 1**

The Republic of Macedonia shall guarantee the settlement of the liabilities upon the Loan and Financing Agreement, focused on intensification of the development of small and medium size enterprises in the Republic of Macedonia, to be concluded between the Macedonian Bank for Development Promotion and the Credit Bank for Reconstruction (“KfW”) of the Federal Republic of Germany, in the amount of EUR 6,184,804.12 million, under the terms and conditions set in the Loan and Financing Agreement, only in the cases when the Macedonian Bank for Development Promotion shall not pay the loan.

#### **Article 2**

The conditions and the manner of utilization the loan referred to in Article 1 of this Law shall be set under the Loan and Financing Agreement between the Macedonian Bank for Development promotion and the Credit Bank for Reconstruction.

#### **Article 3**

All financial liabilities arising from the Loan and Financing Agreement referred to in Article 1 of this Law, as well as the loan servicing shall be made by the Macedonian Bank for Development Promotion the revenues it generates, under the terms and conditions set in the Loan and Financing Agreement.

#### **Article 4**

The loan under the Agreement referred to in referred Article 1 of this Law shall be repaid within 40 years including ten-year grace period, in semi-annual instalments in accordance with the repayment schedule.

Loan shall include two tranches, subject to different interest rate:

- first tranche in the amount of EUR 1,071,885.31 and 0,75% annual interest and
- second tranche in the amount of EUR 5,112,918.81 and 2.00% annual interest rate.

The non-disbursed funds shall be subject to commitment fee of 0,25% annually. The commitment fee shall start to be paid 3 months after the signing of the Loan and Financing Agreement.

Default interest shall be paid for the due and non-disbursed annuities. The default interest shall be at the level of the “base rate” plus 3.00% annually. Base rate shall be the rate published by the Central Bank of the Federal Republic of Germany on the day the annuity falls due.

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Credit Bank for Reconstruction of the Federal Republic of Germany may require compensation of the due and non-disbursed annuities. The reimbursement shall be calculated at the level of default interest, up to the base rate increased by 3.0% annually.

#### **Article 5**

In the case the liabilities due on the basis of interest and principal, under the deadlines set in the Loan Agreement, on behalf of the Macedonian Bank for Development Promotion are paid by the Republic of Macedonia, the Macedonian Bank for Development Promotion shall, within 30 days as of the day the liability was settled, transfer to the budget revenue account 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.

#### **Article 6**

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".