

**Law on Borrowing a Loan by the Republic of Macedonia from the Credit Bank for Reconstruction KfW under the Loan Agreement for the Irrigation Programme Southern Vardar Valley II**

**Official Gazette of the Republic of Macedonia no. 133/2009**

**Article 1**

Republic of Macedonia shall borrow a loan from the Credit Bank for Reconstruction - KfW of the Federal Republic of Germany in the amount of EUR 10,250,000, intended for implementation of the Irrigation Programme Southern Vardar Valley II.

**Article 2**

Conditions and manner of using the loan referred to in Article 1 of this Law shall be determined in the Loan Agreement for the Irrigation Programme Southern Vardar Valley II, to be concluded between the Republic of Macedonia and the Credit Bank for Reconstruction – KfW.

Loan Agreement referred to in paragraph 1 of this Article shall be signed, on behalf of the Republic of Macedonia, by the Minister of Finance or a person authorized by him/her..

**Article 3**

Repayment period for the loan referred to in Article 1 of this Law shall be 20 years, including 5-year grace period.

Annual interest rate shall be fixed interest rate and it shall be additionally determined on the day of signing the agreements.

The loan shall be repaid in semi-annual installments falling due on 30<sup>th</sup> June and 30<sup>th</sup> December each year, starting from 30<sup>th</sup> December 2014 until 30<sup>th</sup> December 2029.

**Article 4**

Prior to the first disbursement of the loan, one-off fee of 0.5% of the loan amount shall be paid to the Credit Bank for Reconstruction – KfW.

Commitment fee of 0,25% of the loan amount shall be paid to the Credit Bank for Reconstruction –KfW on annual basis.

Commitment fee referred to in paragraph 2 of this Article shall be paid semi-annually, on 30<sup>th</sup> June and 30<sup>th</sup> December each year.

Default interest or charge in the amount of the base interest rate of the Central Bank of the Federal Republic of Germany, increased by 3% annually shall be paid for the liabilities related to the loan not paid within the envisaged deadlines.

In case of late or incomplete disbursement of the loan within the envisaged deadline, certain amount of funds shall be paid as front-end fee of the Credit Bank for Reconstruction - KfW, in line with the agreement referred to in Article 2 of this Law.

**Article 5**

Water communities shall be beneficiaries of the loan referred to in Article 1 of this Law.

**Article 6**

To the end of regulating the rights and the obligations between the Republic of Macedonia and the beneficiaries of the loan referred to in Article 5 of this Law, the Ministry of Finance shall conclude separate agreements with the final beneficiaries and the Ministry of Agriculture, Forestry and Water Economy.

#### **Article 7**

Beneficiaries of the loan referred to in Article 5 of this Law, shall repay the loan with repayment period of 20 years, including 5- year grace period and 0.75% fixed annual interest rate.

#### **Article 8**

Difference between interest rate referred to in Article 3 and interest rate referred to in Article 7 of this Law shall, until full repayment of the loan towards the Credit Bank for Reconstruction – KfW, be subsidized from the Budget of the Ministry of Agriculture, Forestry and Water Economy.

#### **Article 9**

Republic of Macedonia shall repay the loan referred to in Article 1 of this Law from the funds to be collected with the repayment of the funds borrowed by the beneficiaries of the loan referred to in Article 5 of this Law, in line with the separate loan agreements referred to in Article 6 of this Law and from the Budget of the Ministry of Agriculture, Forestry and Water Economy.

#### **Article 10**

This Law shall enter into force on the day following the day of its publication in the “Official Gazette of the Republic of Macedonia”.