

LAW
ON GUARANTEE BY THE REPUBLIC OF MACEDONIA UNDER THE LOAN
AGREEMENTS CONCLUDED BETWEEN NOVA LJUBLJANSKA BANKA D.D.
LJUBLJANA AND JKP STANDARD DEBAR AND BETWEEN NOVA
LJUBLJANSKA BANKA D.D. LJUBLJANA AND JP KOMUNALEC KAVADARCI
FOR REALIZATION OF THE REHABILITATION OF SIX HYDRO POWER PLANTS

Article 1

Republic of Macedonia shall assume obligation to guarantee the settlement of the liabilities under the Loan Agreements under the Project for Construction of Small Hydro power Stations to be concluded between Nova Ljubljanska banka D.D. as Lender and JKP Standard Debar as Borrower in the amount of 236,112.00 deutsche marks and between Nova Ljubljanska banka D.D. Ljubljana as Lender and JP Komunalec Kavadarci as Borrower in the amount of 1,873,856.00 deutsche marks within deadlines and conditions envisaged under the Loan Agreements, only in the cases when the public enterprises JKP Standard Debar and JP Komunalec Kavadarci as borrowers do not repay the loan.

Article 2

Loans referred to in Article 1 of this Law shall be repaid by JKP Standard Debar and JP Komunalec Kavadarci from their revenues, under terms and conditions set in the Loan Agreements.

Article 3

Loans referred to in Article 1 of this Law shall be repaid in the following manner:

JKP Standard Debar in 11 equal semi-annual rates with one-year grace period and with average LIBOR interest rate +2% annually (LIBOR+3.25% annually on the first half of the loan, and LIBOR 0.75% annually on the second half of the loan) and

JP Komunalec Kavadarci in 18 equal semi-annual rates with 18-month grace period and with average LIBOR interest rate +2% annually (LIBOR+3.25% annually for the first half of the loan, and LIBOR 0.75% annually for the second half of the loan)/

Article 4

If the annuities due within the deadlines set in the Agreements, on behalf of the Borrower are paid by the Republic of Macedonia, the Minister of Finance shall, after 30 days from the day the liability was settled, but not later than 60 days, issue order to the Payment Operations Office or the business bank where the loan beneficiary (the borrower) has denar account, to transfer from the borrower account to the revenue account of the Budget of the Republic of Macedonia an amount in denars equal to the paid amount, plus the calculated interest and the costs.

Article 5

Ministry of Finance shall calculate and collect 1% annual fee for the loan amount, for which, guarantee shall be given.

Fee shall be calculated from the day of conclusion of the Loan Agreements, being revenue of the Budget of the Republic of Macedonia.

Fee shall be calculated until the notification by Nova Ljubljanska banka D.D. Ljubljana of the termination of the need for the conditionally of the loan with sovereign guarantee.

Article 6

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