

**Law on Borrowing a Loan by the Republic of Macedonia from the
Credit Bank for Reconstruction – KfW under the Loan Agreement for the Water and
Sewerage Programme Macedonia - Phase 1**

Official Gazette of the Republic of Macedonia no. 114 dated 14th September 2009

Article 1

Republic of Macedonia shall borrow a loan from the Credit Bank for Reconstruction – KfW from the Federal Republic of Germany in the amount of EUR 8,635,000, intended for implementation of the Water and Sewerage Programme Macedonia - phase 1.

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 Water and Sewerage Programme Macedonia - phase 1 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 30 years, including 10-year grace period.

Annual interest rate shall be fixed interest rate and it shall amount to 2%.

The loan shall be repaid in semi-annual installments, falling due on 30th June and 30th December each year, starting from 30th December 2019 until 30th December 2039.

Article 4

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 1 of this Article shall be paid semi-annually, on 30th June and 30th December each year.

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

Article 5

Beneficiaries of the loan referred to in Article 1 of this Law shall be municipalities and public utility enterprises established by the municipalities, meeting the requirements for borrowing pursuant to the Law on Public Debt and Law on Financing Local Government Units.

Article 6

Ministry of Finance shall conclude separate loan agreements for regulating the rights and obligations between the Republic of Macedonia and the beneficiaries of the loan referred to in Article 5 of this Law.

Article 7

The Republic of Macedonia shall repay the loan referred to in Article 1 of this Law with the funds to be collected with the repayment of 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.

Article 8

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