

LAW¹

on Borrowing a Loan by the Republic of Macedonia from the Japan Bank for International Cooperation under the Loan Agreement for implementation of the Zletovica Basin Water Utilization Improvement Project

Article 1

The Republic of Macedonia shall borrow a loan from the Japan Bank for International Cooperation in the amount of JPY 9,689,000,000, intended for implementation of the Zletovica Basin Water Utilization Improvement Project.

This loan shall be used to finance 75% of the construction of the first phase of the multi-purpose hydro-system "Zletovica".

Article 2

The conditions and the manner of utilization of the loan referred to in Article 1 of this Law shall be determined in a Loan Agreement between the Government of the Republic of Macedonia and the Japan Bank for International Cooperation.

Article 3

The repayment period of the loan referred to in Article 1 of this Law shall be 25 years including 7-year grace period and 1.5% annual interest rate.

The loan shall be repaid in 37 semi-annual annuities, starting from October 2011. During the 7-year grace period, which is also project implementation period, the interest will be capitalised.

Article 4

One-off service fee shall be paid on the amount of disbursed receipts in the amount of 0.1% at the disbursement of the receipts.

Annual default interest in the amount of 3.5% shall be paid for the outstanding annuities.

Article 5

Final beneficiary of the project loan shall be the public enterprise "Zletovica".

Article 6

The loan shall be repaid from the revenues earned by the public enterprise "Zletovica". The lack of resources for servicing of the liabilities exceeding the revenues earned by the public enterprise „Zletovica“ shall be covered from the Budget of the Republic of Macedonia.

Article 7

In the case the liabilities due on the basis of interest and principal are paid by the Republic of Macedonia, on behalf of the public enterprise "Zletovica" within the periods set in the Loan Agreement, the public enterprise "Zletovica" shall be obliged within 30 as of the day the liability was settled, to 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.

The Minister of Finance may issue order to the Public Revenue Office to freeze the resources of the final beneficiary on the basis of VAT refund so as to settle the due liabilities towards the creditor, i.e. to compensate to the budget the amount in denars equal to the payment made, plus the calculated interest and the costs incurred with regard to the respective transaction.

Article 8

The Ministry of Finance and the Ministry of Agriculture, Forestry and Water Economy shall conclude an agreement with the public enterprise "Zletovica" regulating their mutual rights and obligations for implementation of the Zletovica Basin Water Utilization Improvement Project.

Article 9

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".

¹ Published in the Official Gazette of the Republic of Macedonia no. 72/ 2003