

FINANCING AGREEMENT

SPECIAL CONDITIONS

The European Commission, hereinafter referred to as "**the Commission**", acting on behalf of the European Union, hereinafter referred to as "**the Union**",

of the one part, and

The Republic of North Macedonia, hereinafter referred to as "**IPA II beneficiary**", represented by the Deputy Prime Minister for European Affairs,

of the other part,

Whereas,

- (1) In accordance with Article 14 of Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument For Pre-Accession Assistance (IPA II)¹, the Commission, in its efforts to recognise the achievements in fundamental sector reforms and policy dialogue achieved by the beneficiary country and further enhance the progress in key sectors, estimate that it is necessary to provide the country with additional funds as a performance award.
- (2) In response of the COVID-19 pandemic, the Commission decided to support the efforts of the country to mitigate the negative socio-economic impact of the pandemic.
- (3) Any reference included in this agreement and its annexes to "the former Yugoslav Republic of Macedonia" should read "the Republic of North Macedonia";

have agreed as follows:

Article 1 - The Programme

- (1) The Union agrees to finance and the IPA II beneficiary agrees to accept the financing of the following Programme:

Annual Action Programme for the Republic of North Macedonia for the year 2020 – Objective 2

Global Commitment number (CRIS) IPA/2020/042-747

This Programme is financed from the Union Budget under the following basic act: Instrument for Pre-Accession Assistance, IPA II.²

¹ OJ L 77, 15.3.2014, p. 11.

² Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II), OJ L 77, 15.03.2014, p. 11.

- (2) The total estimated cost of this Programme is EUR 40 000 000 and the maximum Union contribution to this Programme is set at EUR 40 000 000.

No financial contribution is required from the IPA II beneficiary.

- (3) The Programme shall be implemented in accordance with the description provided in Annex I, which is further detailed in Action documents to be agreed on by exchange of letters between the Commission and the IPA II beneficiary.

Article 2 – Execution period and operational implementation period

- (1) The execution period of this Financing Agreement as defined in Article 12 of Annex II (General Conditions) is fixed at 12 years, from the entry into force of this Financing Agreement.
- (2) The duration of the operational implementation period as defined in Article 12 of Annex II (General Conditions) is fixed at 6 years, from the entry into force of this Financing Agreement.

Article 3 – Addresses and Communication

All communication concerning the implementation of this Financing Agreement shall be in writing, shall refer expressly to this Programme as identified in Article 1(1) and shall be sent to the following addresses:

(1) for the Commission

Ms Genoveva Ruiz Calavera
Director D, Western Balkans
DG Neighbourhood and Enlargement Negotiations
15, Rue de la Loi
B -1049 Brussels, Belgium
E-mail: NEAR-D@ec.europa.eu

(2) for the IPA II beneficiary

The Secretariat for European Affairs
Quai Dimitar Vlahov No.,
1000 Skopje, Republic of North Macedonia
Phone: +389 (0)2 3200 105, fax: +389(0)2 31 14 569.
E-mail: cabinet@sep.gov.mk

Article 4 – OLAF contact point

The contact point of the IPA II beneficiary having the appropriate powers to cooperate directly with the European Anti-Fraud Office (OLAF) in order to facilitate OLAF's operational activities shall be:

Mr Fatmir Ademi
Head of Department for Public Sector Financial Inspection and Coordination for Combating Fraud against EU Funds, Ministry of Finance
1000 Skopje, Republic of North Macedonia
E-mail: fatmir.ademi@finance.gov.mk

Article 5 – Framework Agreement

The Programme shall be implemented in accordance with the provisions of the “Framework Agreement between the European Commission and the former Yugoslav Republic of Macedonia on the arrangements for implementation of Union financial assistance to the former Yugoslav Republic of Macedonia under the Instrument for Pre-Accession Assistance (IPA II)” which entered into force on 24 June 2015 (hereafter referred to as “the Framework Agreement”). This Financing Agreement supplements the provisions of the Framework Agreement. In case of conflict between, on the one hand, the provisions of this Financing Agreement and, on the other hand, the provisions of the Framework Agreement, the latter shall take precedence.

Article 6 - Annexes

(1) This Financing Agreement is composed of:

- (a) these Special Conditions;
- (a) Annex I: Annual Action Programme;
- (b) Annex IA: Budget Support “EU for Social and Economic Resilience in North Macedonia”;
- (c) Annex II: General Conditions;
- (d) Annex III: Model Annual Report on the implementation of IPA II assistance as per Article(s) 58 and 59(1) of the Framework Agreement.

(2) In the event of a conflict between, on the one hand, the provisions of the Annexes and, on the other hand, the provisions of these Special Conditions, the latter shall take precedence. In the event of a conflict between the provisions of Annex I and/or Annex IA on the one hand and, the provisions of Annex II, on the other hand, the latter shall take precedence. In the event of a conflict between, the provisions of the Annex I on the one hand, and the provisions of Annex IA, on the other hand, the former shall take precedence.

Article 7 – Provisions derogating from or supplementing Annex II

The foreign exchange transfers will be accounted for under the value date of the incoming forex transfer in the National Bank's correspondent account. The National Bank notifies the beneficiary for the foreign exchange inflow and requests further instructions i.e. whether the funds to be credited on foreign exchange account or to be converted in denar and transferred to denar payment account of the beneficiary. Once the instructions are received and if they include currency conversion, the National Bank will apply the exchange rate for all incoming transfers in line with non-discrimination clause valid on the date when the instructions are received from the beneficiary.

Article 8 – Entry into force

This Financing Agreement shall enter into force on the date on which it is signed by the last party at the latest, 31 December 2021.

This Financing Agreement is drawn up in duplicate in the English language, one being handed to the Commission and one to the IPA II beneficiary.

Signed for and on behalf of the IPA II
Beneficiary:

Deputy Prime Minister for European Affairs and
National IPA Coordinator

Skopje,

Signed for and on behalf of the Commission:



Ms Genoveva Ruiz Calavera
Director for Western Balkans
Directorate-General for Neighbourhood and
Enlargement Negotiations

Brussels, 31/7/2020