



FINANCING AGREEMENT SPECIAL CONDITIONS

Бр.-Нр. 11-228/36
12.12. 2023 год.-внб
СКОПЈЕ - SHKUP 3

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 III beneficiary**", represented by the Secretariat for European Affairs,

of the other part,

have agreed as follows:

Article 1 - The Programme

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

Annual Action Plan in favour of the Republic of North Macedonia for 2022

comprising the following actions:

- Action 1: EU for Improved Border and Migration Management;
- Action 2: EU for Modern Public Administration;
- Action 3: EU Integration Facility;
- Action 4: EU for Modern Wastewater Systems;
- Action 5: EU for Improved Health, Social Protection and Gender Equality;

Global commitment number: JAD.997721

This Programme is financed from the Union Budget under the following basic act: Instrument for Pre-Accession Assistance, IPA III.¹

(2) The total estimated cost of this Programme is EUR 109 120 000 and the maximum Union contribution to this Programme is set at EUR 72 500 000.

This Programme requires financial contributions from both the IPA III beneficiary and the Union. The breakdown of the respective financial contributions is set out in Annex I.

Detailed arrangements for the delivery of the financial contribution of another donor to the Programme shall be set out in Annex I.

(3) The Programme shall be implemented in accordance with the Action documents provided in Annex I.

¹ Regulation (EU) 2021/1529 of the European Parliament and of the Council of 15 September 2021 establishing the Instrument for Pre-accession Assistance (IPA III), OJ L 330, 20.9.2021, p. 1.

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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 set at 12 years from the conclusion of this Financing Agreement.
- (2) The duration of the operational implementation period, as defined in Article 12 of Annex II (General Conditions), is set at 6 years, from the conclusion 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

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 III beneficiary

The Secretariat for European Affairs
Quai Presveta Bogorodica, br.3
1000 Skopje, North Macedonia
Phone: +389 (0)2 3200 105, fax: +389(0)2 3114 569
E-mail: cabinet@sep.gov.mk

Article 4 – OLAF contact point

The contact point of the IPA III 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:

Tatjana Trajkovska
Head of Department for Public Sector Financial Inspection and Coordination for Combating
Fraud against EU Funds, Ministry of Finance
1000 Skopje, North Macedonia
E-mail: tatjana.trajkovska@finance.gov.mk

Article 5 – Financial Framework Partnership Agreement

The Programme shall be implemented in accordance with the provisions of the Financial Framework Partnership Agreement (FFPA) between the European Commission and the Republic of North Macedonia on the arrangements for implementation of Union financial assistance to North Macedonia under the Instrument for Pre-Accession Assistance (IPA III) which entered into force on 9 November 2022 (hereafter referred to as "the FFPA"). This Financing Agreement supplements the provisions of the FFPA. In case of conflict between, on the one hand, the provisions of this Financing Agreement and, on the other hand, the provisions of the FFPA, the latter shall take precedence.

Article 6 - Annexes

(1) This Financing Agreement is composed of:

(a) these Special Conditions;

(b) Annex I: Action documents, detailing the objectives, expected results, activities, methods of implementation and budget;

- Annex I.1 Action 1: EU for Improved Border and Migration Management
- Annex I.2 Action 2: EU for Modern Public Administration
 - Appendix to Annex I.2: Disbursement arrangements, conditions and performance indicators
- Annex I.3 Action 3 : EU Integration Facility
- Annex I.4 Action 4: EU for Modern Wastewater Systems
- Annex I.5 Action 5: EU for Improved Health, Social Protection and Gender Equality

- Annex IA: Budget Table

(c) Annex II: General Conditions;

(d) Annex III: Financial Report template as per Article 61(2)(a) and 61(3) of the FFPA, including the template of forecasts for likely payment requests as per Article 33(3) of FFPA;

(e) Annex IV: Accrual Based Accounting System Minimum Specification.

(2) In the event of a conflict between the provisions of the Annexes and the provisions of these Special Conditions, the latter shall take precedence. In the event of a conflict between the provisions of Annex I and the provisions of Annex II, the latter shall take precedence.

Article 7 – Provisions derogating from or supplementing Annex II

The following shall supplement Annex II:

The foreign exchange transfers will be accounted for under the value date of the incoming forex transfer in the Central Bank's correspondent account. In case of currency conversion, the Central Bank will apply the exchange rate for all incoming transfers valid on the date of instructions by the Ministry of Finance.

The Commission intends to progressively introduce an electronic exchange system for the reporting of contracts under indirect management by IPA III beneficiary ("IPA-APP"). The IPA III beneficiary will be required to register in and use IPA-APP to allow for the e-management of Financing Agreements.

Article 8 – Conclusion and entry into force

(1) This Financing Agreement shall be considered concluded on the date on which it is signed by the last party, and at the latest by 31 December 2023.

(2) This Financing Agreement shall enter into force on the date on which it is signed by the last party.

However, the part of the Financing Agreement concerning entrusted implementation tasks under Indirect management by the IPA III Beneficiary and all of the IPA III Beneficiary's rights and

obligations hereunder are suspended in line with Article 15 FFPA until the conditions of Article 12 FFPA are fulfilled.

- (3) The duration of the operational implementation period as defined in Article 2(2) of the part of the Financing Agreement concerning entrusted implementation tasks under Indirect management by the IPA III Beneficiary shall commence on the date on which the Commission unequivocally decides on the lifting of the suspension concerning the entrusted implementation tasks that is in place at the time of the signature of this Agreement.

This decision shall be communicated in writing. Once a decision on lifting the suspension is reached, the Parties will amend the Financing Agreement to reflect the date on which the operational implementation period shall commence.

The suspension of both this Financing Agreement and of the Parties' rights and obligations hereunder will be lifted at the same moment.

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

For the IPA III beneficiary

Bojan Marichikj, Deputy Prime Minister for
European Affairs and National IPA Coordinator,
Skopje

Date: 21/12/2023

Signature:



For the Commission

Michela Mattiella, Acting Director DG NEAR,
Directorate D,
Brussels

Date: 27/11/2023

Signature:

A handwritten signature in black ink, which appears to read 'Michela Mattiella', written over the signature line.