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GOVERNMENT OF THE REPUBLIC OF MACEDONIA

Pursuant to Article 36, paragraph 3 from the Law on the Government of the Republic of Macedonia (Official Gazette of RM, no. 59/2000, 12/2003, 55/2005, 37/2006, 115/2007, 19/2008, 82/2008, 10/2010 and 51/2011) and in connection to Article 10, point 3 from the Law on Macedonian Bank for Development Promotion (Official Gazette of RM, no. 105/2009) the Government of the Republic of Macedonia, on its session held on 12.6.2012 adopted

DECISION FOR THE TERMS AND CONDITIONS FOR REDEPLOYMENT OF FUNDS FROM THE COMPENSATION FUNDS FROM FOREIGN AID

Article 1

Funds from the Compensation Fund accounts for foreign aid Italy, Compensation Fund for foreign aid and Compensation Fund for foreign aid – Japan that constitute the Compensation Fund from foreign aid and the Compensation Fund from other foreign aid (hereinafter: Funds) as at 31 May 2012 shall be transferred to three Macedonian Bank for Development Promotion individual accounts with identified purpose (hereinafter: Bank) with the National Bank of the Republic of Macedonia.

The Bank on behalf and for account of the Government of the Republic of Macedonia under the contracted agreement with the Government of RM shall manage funds and approve loans to legal entities registered in the Republic of Macedonia under terms and conditions set herewith. The Minister of Finance shall sign the Agreement set forth in paragraph 2 of this Article on behalf and for account of the Government of the Republic of Macedonia.

Article 2

Compensation Funds resources shall be extended as loans to:

- Small and medium enterprises dealing with agricultural products processing, and
- Small and medium enterprises dealing with purchase and export of primary agricultural products and their manufactured products.

Funds shall be used for improvement and development of their production capacities, for appearance at the domestic and foreign markets, increase in investments, creating jobs, for productive initial investment and to increase competitiveness.

Small and medium sized enterprises herein denote **small and medium enterprises defined under the [Law on State Aid Control](#)**.

Article 3

The Bank on behalf and for account of the Republic of Macedonia shall conclude loan agreements with the beneficiaries of the funds pursuant to this Decision.

Article 4

Loan beneficiaries should meet the following **criteria**:

- At least 20% own participation in the total investment,
- Satisfactory liquidity level and ability to repay the loan,
- Positive financial results in the last fiscal year, and
- To have settled all matured liabilities towards the state (tax, allowances, etc.).

Article 5

Funds shall be disbursed under the following **terms and conditions**:

1. **Loans for agricultural products processing** may be used for purchasing fixed assets and working capital, such as:
 - equipment for processing agricultural products;
 - building new, purchasing or reconstruction of existing production facilities for processing and storage of agricultural products;
 - purchasing processing input (at least 70% of the principal product that is to be processed should come from domestic origin);
 - purchasing all types of input for production of livestock feed;
 - purchasing components of non-agricultural origin for the needs of the final product (30% of the investment, the most);
 - packing and labelling.Loan amount is EUR 300,000, and by exception, for purchase of products for processing of grapes, wheat, fruit and vegetables the loan amount may exceed up to EUR 500,000. One-off fee of 0.8% of the loan amount shall be charged for approval of the loan. Annual interest rate is 3%. Repayment period is up to 60 months with grace period of 1 year included for fixed assets and up to 18 months for working capital with grace period of 3 months included. During the grace period interest shall be calculated and paid.
2. **Loans for export of primary agricultural products and their manufactured products** intended for financing fixed assets and working capital for the purpose of purchasing and export, such as:
 - cold stores for maintaining the use value of the products until their sale,
 - packaging and calibration machines,
 - building new and purchasing or modernization of existing production facilities for special activities (storage, condition maintaining of products until their sale, calibration, packaging) for fruit and vegetables and milk collection centres,
 - purchase of primary agricultural products intended for export,

- purchase of processed agricultural products intended for export (100% domestic origin),
- package and labelling.

Loan amount is up to EUR 300,000.

One-off fee of 0.8% of the loan amount shall be charged for approval of the loan.

Annual interest rate is 3%.

Repayment period is up to 60 months with grace period of 1 year included for fixed assets and up to 18 months for working capital with grace period of 3 months included.

During the grace period interest shall be calculated and paid.

The beneficiaries shall borrow in denars, and the calculation of the interest rate and payment of the matured obligations shall also be made in denars.

In case of late payment of the obligations within the established tenors of the matured but outstanding obligations a default interest shall be calculated and paid from the date of maturity till the date of payment in an amount defined by the law.

Article 6

Utilization of a loan set forth in Article 5 thereof is realized pursuant to a loan application submitted to the Bank.

Together with the application the applicant is obliged to submit:

- investment programme or business plan,
- information on the current balance of the entity issued by the only trade registry within the Central registry of the Republic of Macedonia,
- evidence for fulfilment of the criteria set forth in Article 4 thereof,
- valid contract for production and purchase with the primary producer regarding loans for purchase of primary agricultural products,
- decision on entry in the appropriate registers for processors and exporters of agricultural products at the Ministry of Agriculture, Forestry and Water Supply,
- ZP form copy (form for signatories on behalf of the firm),
- List of specimen signatures (copy)
- Statement of capital connection,
- Balance sheet and Income statement at least for the last fiscal year (copy),
- Trial balance for the current year including the last date of entry,
- Turnover on the giro-account in the current year or for the last 6 months the minimum (computer listing of card 1000 from the accounting office),
- Analytical table of clients – specification of groups 12, 22, and 25 (buyers, suppliers, and loans) with the same date as the trial balance,
- Auditor's report (refers to companies which by law have obligation to have auditors' report),
- Book of shareholders and Book of stakes,
- Documents showing the market provided for provision of raw materials and sale of final produce (to submit offers and contracts with the potential buyers and suppliers, if any),
- Documents for the possible collateral,
- Pro forma invoice and other documents for the goods to be financed by the loan,
- Statement for borrowed funds from other banks and financial institutions.

Article 7

Bank shall approve disbursement of a loan and shall conclude an agreement with the final beneficiary.

As an integral part to the agreement, the final beneficiary shall submit collateral for the loan, i.e. mortgage of first instance of real estate in ratio 2:1 between the disbursed loan amount and the calculated interest or the bank guarantee on the level of the approved loan and the calculated interest.

Article 8

On beneficiary request, loan funds shall be transferred to its account and used only for the identified purpose they were approved for within 30 days from the disbursement date. In employing funds for identified purpose, the beneficiary shall submit appropriate documents to the Bank within 8 days from the day of payment.

Article 9

In case the Bank establishes that the loan funds have been used for non-identified purposes, the loan shall be deemed fully due.

The Bank shall monitor the restricted use of the loan during the loan life time.

Article 10

As of the day of its entering into force, this Decision shall supersede the Decision on the conditions and criteria for re-employment of Compensation Fund funds of foreign aid (Official Gazette of RM, no. 60/2004) and Decision on re-employment of the Compensation Fund funds from other foreign aid (Official Gazette of RM, no. 28/2005).

Commenced procedures shall be finished according to the decisions they were based on.

The provisions of the decisions below shall apply on the loans approved under the Decision on the conditions and criteria for re-employment of Compensation Fund funds from foreign aid (Official Gazette of RM, no. 42/1995), Decision on the conditions and criteria for re-employment of the Compensation Fund funds from foreign aid (Official Gazette of RM, no. 51/2001), the Decision on the conditions and criteria for re-employment of Compensation Fund funds from foreign aid (Official Gazette of RM, no. 60/2004) and Decision on re-employment of the Compensation Fund funds from other foreign aid (Official Gazette of RM, no. 28/2005) until loan repayment.

Article 11

This Decision shall enter into force on the date of its publishing in the Official Gazette of the Republic of Macedonia.

No. 41-4821/2
12 June 2012
Skopje

Vice-president of the
Government
of the Republic of Macedonia
Zoran Stavreski M.A