

**PUBLIC DEBT  
LAW  
(Cleared version)**

**I. GENERAL PROVISIONS**

**Scope**

Article 1

This Law shall stipulate public debt management, purposes of the government debt, procedure and manner of borrowing, procedure of issuance, servicing and termination of sovereign guarantees, as well as information on public debt.

**Definitions**

Article 2

Certain terms used in this Law shall have the following meaning:

1. government debt shall comprise all financial liabilities created on the basis of borrowing by the Republic of Macedonia, public institutions established by the Republic of Macedonia and municipalities, municipalities within the City of Skopje and the City of Skopje, excluding debt of public enterprises and companies being fully or predominantly owned by the state, by the municipalities and the debt of National Bank of the Republic of Macedonia;
2. public debt shall comprise government debt and debt of public enterprises being established by the state or by the municipalities, municipalities within the City of Skopje and the City of Skopje, as well as companies being fully or predominantly owned by the state or by the municipalities, municipalities within the City of Skopje and the City of Skopje, the government having issued sovereign guarantee therefore;
3. public debt issuers shall mean the Government of the Republic of Macedonia, public institutions established by the Republic of Macedonia, the municipalities, the municipalities within the City of Skopje and the City of Skopje, public enterprises established by the state or the municipalities, municipalities within the City of Skopje and the City of Skopje, as well as companies being fully or predominantly owned by the state and by the municipalities, municipalities within the City of Skopje or the City of Skopje;
4. borrowing shall mean procedure for incurring financial liabilities by concluding a loan agreement and/or issuance of debt securities by the state or the municipality, municipalities within the City of Skopje and the City of Skopje;
5. short-term borrowing shall mean borrowing with maturity period of up to one year;
6. long-term borrowing shall mean borrowing with maturity period of one year and longer than one year;
7. public debt servicing shall mean all payments on the basis of due interest and principal arising from debt, incurred pursuant to the provisions stipulated in this Law;
8. other costs shall mean costs directly or indirectly incurred on the basis of borrowing by the public debt issuer, other than principal or interest;
9. refinancing shall mean borrowing aimed at providing funds for repayment of existing

public debt;

10. rescheduling shall mean changing the terms and conditions and/or the structure of an existing public debt, without incurring any new debt;

11. sovereign guarantee shall mean contingent liability assumed by the Republic of Macedonia on behalf of the public debt issuer for the account of which the guarantee is issued; and

12. agent shall mean domestic or foreign financial institution that may carry out certain operations, laid down by this Law, on behalf of and for the account of the Ministry of Finance.

### Article 3

Public debt issuers shall borrow in accordance with the criteria and procedures laid down in this Law.

### Article 4

(1) Borrowing by municipalities, public enterprises established by the municipalities, municipalities within the City of Skopje and the City of Skopje, as well as companies being fully or predominantly owned by municipalities, municipalities within the City of Skopje and the City of Skopje shall be made in accordance with this Law and the Law on Local Financing.

(2) Borrowing by municipalities within the City of Skopje, the City of Skopje, public enterprises established by municipalities within the City of Skopje and the City of Skopje, as well as companies being fully or predominantly owned by municipalities within the City of Skopje and the City of Skopje shall be made in accordance with this Law, the Law on Local Financing and the Law on the City of Skopje.

(3) Servicing of debt and other costs incurred on the basis of borrowing by municipalities, municipalities within the City of Skopje and the City of Skopje shall be made by the municipalities, the municipalities within the City of Skopje and the City of Skopje.

### Article 5

Debt of the National Bank of the Republic of Macedonia shall not be considered as public debt.

### Article 6

All financial liabilities assumed by residents of the Republic of Macedonia, other than public debt issuers, shall be considered as private debt.

### Article 6-a

(1) Procedure for borrowing prescribed by this Law shall not apply in the following cases:

- when using letters of credit, bank guarantees and/or leasing,
- short-term borrowing for liquidity needs of the Macedonian Bank for Development Promotion,
- borrowing, without sovereign guarantee, by public enterprises established by the state, as well as companies being fully or predominantly owned by the state.

(2) Public debt issuers shall be obliged to inform the Ministry of Finance, within five business days, on each concluded agreement referred to in paragraph 1.

## II PUBLIC DEBT MANAGEMENT POLICY

### Article 7

(1) Public debt management shall mean set of measures and activities the Ministry of Finance undertakes within the competences set under this or other law.

(2) Public debt management objectives shall be the following:

- financing the needs of the state at the lowest cost, in both medium- and long-term, and sustainable level of risk;
- identifying, monitoring and managing the risks which public debt portfolio is susceptible to; and
- developing and maintaining efficient domestic financial markets.

(3) Public Debt Management Policy shall be set for a period of three years and shall be part of the Fiscal Strategy of the Ministry of Finance.

(4) Public Debt Management Policy shall include the following:

- determining the level of the amount (limit) of public debt in medium term;
- determining the maximum amount of new borrowing in the first year which the Fiscal Strategy refers to; and
- determining the maximum amount of newly issued sovereign guarantees in the first year which the Fiscal Strategy refers to.

### Article 8

(1) Public debt limit shall be determined on the basis of public debt-to-GDP ratio.

(2) Public debt amount denominated in foreign currency shall be calculated in denars, according to the middle exchange rate at the official exchange rate list of the National Bank of the Republic of Macedonia valid on the calculation date.

(3) Debt of municipalities, municipalities within the City of Skopje and the city of Skopje and debt of public enterprises established by the state or the municipalities, municipalities within the City of Skopje and the City of Skopje, as well as companies being fully or predominantly owned by the state and the municipalities, municipalities within the City of Skopje and the City of Skopje shall not be considered as liability of the Budget of the Republic of Macedonia, except in cases of issuance of sovereign guarantee.

### Article 9

Public debt limit shall not pose any constraints for regular servicing of public debt.

Article 10 shall be deleted.

### Article 11

(1) Ministry of Finance shall be assigned the following competences in managing public debt:

- propose the source and the structure of borrowing for budget deficit financing;
- undertake activities related to regular servicing of government debt;
- monitor the timely servicing of public debt by public debt issuers;
- undertake measures for collection of claims from public debt issuers on behalf of which payment was made upon called-up guarantee, i.e. loan agreement;
- undertake measures in relation to the public debt limit;

- prepare Annual Report on Public Debt Management;
- prepare and publish Calendar of Planned Issues of Government Securities for the current year; organize and issue government securities on behalf of the Republic of Macedonia;
- record the issuance of government securities, monitor the transactions with government securities on the secondary market and create conditions for development of the secondary market;
- set the criteria for selection and select authorized participants on the government securities market;
- undertake activities for minimizing the costs related to servicing government debt and issued sovereign guarantees;
- undertake activities for reducing the risk related to public debt structure and sovereign guarantees;
- use financial derivatives to the end of eliminating or reducing financial risks;
- monitor the balance of Treasury Single Account and manage the investment of excess of funds thereon;
- monitor the balance of foreign currency accounts of the state opened and kept with the National Bank of the Republic of Macedonia and manage the excess funds on the account of the Ministry of Finance;
- conclude agreements for exercising the competences laid down under this Law;
- participate in the borrowing procedure of public debt issuers; and
- give recommendations to public debt issuers regarding the borrowing terms and conditions in case of financing projects which require borrowing.

(2) When managing public debt, Ministry of Finance shall also be assigned the following competences, which may be transferred to an agent:

- keep Public Debt Registry,
- keep Registry of Issued Sovereign Guarantees,
- keep Registry of Holders of Government Securities,
- organize and implement activities related to primary government securities market,
- check whether authorized participants on the government securities market fulfill the assessment and selection criteria for authorized participants on the government securities market,
- manage the investment of funds provided under borrowing by the Republic of Macedonia,
- manage the foreign exchange accounts of the state, and
- manage the reinvestment of funds from the revolving funds created by borrowing by the Republic of Macedonia.

(3) Minister of Finance shall prescribe the contents and the manner of keeping and using the data from the Public Debt Registry and the Registry of Issued Sovereign Guarantees.

(4) Ministry of Finance shall transfer the competences referred to in paragraph (2) of this Article to the agent by concluding Agent Agreement.

### III GOVERNMENT DEBT

#### Purposes and Treatment of Government Debt

##### Article 12

(1) Government debt shall be incurred and used for the following:

- financing projects and investments,
- supporting balance of payments,
- supporting foreign currency reserves of the Republic of Macedonia,
- fostering development of financial markets in the Republic of Macedonia,
- budget deficit financing,
- interim financing of liquidity connected with cash flows,
- government debt refinancing,
- financing liabilities assumed by the municipalities, municipalities within the City of Skopje and the City of Skopje,
- payments upon issued sovereign guarantees, and
- protection against and elimination of consequences caused by natural and environmental disaster.

(2) Projects proposed for financing referred to in paragraph (1), indent 1 of this Article shall fulfill the following criteria:

- shall be in compliance with the strategic documents of the Government of the Republic of Macedonia, and
- public debt issuers shall provide co-financing resources to the end of smooth project implementation.

##### Article 13

(1) Claims of creditors on the basis of government debt shall be priority liability of the Budget of the Republic of Macedonia for regular servicing, except for the debt of the municipalities, municipalities within the City of Skopje and the City of Skopje.

(2) All financial liabilities referred to in (1) of this Article shall be equally treated.

##### Article 14

(1) Long-term spending rights for the future fiscal years shall be also set in the Budget of the Republic of Macedonia.

(2) Amount of funds necessary for long-term spending rights shall be determined on the basis of the commitments under concluded loan agreements, commitments on the basis of co-financing, decisions on issuance of government securities and liabilities on the basis of membership acquired by the Republic of Macedonia in international financial institutions.

##### Article 15

Borrowing may be made in the country and abroad and be denominated in both domestic and foreign currency.

## **Borrowing by Concluding Loan Agreement**

### Article 16

(1) Government of the Republic of Macedonia shall conclude loan agreement on behalf of the Republic of Macedonia, while Minister of Finance shall sign such agreement on behalf of the Government of the Republic of Macedonia.

(2) Legislative, judicial and executive branch shall commence the borrowing procedure by submitting a borrowing initiative to the Government of the Republic of Macedonia, which shall mandatory include opinion by the Ministry of Finance.

3) Public institutions established by the Republic of Macedonia and municipalities, municipalities within the City of Skopje and the City of Skopje shall commence borrowing procedure upon consent by the Ministry of Finance.

(3) Public institutions established by the Republic of Macedonia and municipalities, municipalities within the City of Skopje and the City of Skopje shall submit the following to the Ministry of Finance in order to obtain the consent referred to in paragraph (3) of this Article:

– Decision on Borrowing, which shall mandatory include the amount and the purpose of the borrowing;

– request form for borrowing, including information on the project and data on the financial capacity of public institutions established by the Republic of Macedonia and municipalities, municipalities within the City of Skopje and the City of Skopje.

(5) Representatives from the Ministry of Finance and other authorized representatives from the Government of the Republic of Macedonia shall mandatorily participate in the borrowing procedure referred to in paragraphs (2) and (3) of this Article.

(6) Issuers referred to in paragraphs (2) and (3) of this Article shall conclude loan agreements upon adoption of a special law for each new foreign borrowing at foreign lenders.

(7) Minister of Justice shall deliver legal opinion on the legal validity of the loan agreement for each new borrowing by the issuers referred to in paragraph (2) of this Article at foreign lender.

(8) Issuers referred to in paragraphs (2) and (3) of this Article shall conclude loan agreements upon adoption of a decision by the Government of the Republic of Macedonia for each new foreign borrowing at domestic lenders.

(9) The form and the contents of the request form referred to in paragraph (4), indent 2 of this Article shall be prescribed by the Minister of Finance.

### Article 17

(1) Government of the Republic of Macedonia may on-lend the funds under the loan agreements only to public debt issuers.

(2) In case of borrowing referred to in paragraph (1) of this Article, municipalities, municipalities within the City of Skopje and the City of Skopje shall commence borrowing procedure at the Government pursuant to Article 16 of this Law, while public enterprises established by the state or by municipalities, municipalities within the City of Skopje and the City of Skopje, as well as companies being fully or predominantly owned by the state or municipalities, municipalities within the City of Skopje and the City of Skopje shall commence borrowing procedure at the Government pursuant to Articles 25-a and 25-b of

this Law.

(3) Minister of Finance shall conclude loan agreement with public debt issuers, which shall define the terms and the conditions under which the loan funds shall be on-lent.

(4) If public debt issuers fail to timely settle the liabilities arising from the agreement referred to in paragraph (3) of this Article, Ministry of Finance shall have the right to collect the claim, including principal, interest, default interest and other costs therefrom.

(5) If the loan is extended to a municipality, a municipality within the City of Skopje, the City of Skopje, a public enterprise established by municipalities, municipalities within the City of Skopje and the City of Skopje, as well as a company being fully or predominantly owned by municipalities, municipalities within the City of Skopje and the City of Skopje, Ministry of Finance shall be entitled to the following so as to collect the claim referred to in paragraph (4) of this Article:

- to allocate resources from the budget account of the municipality to the account of the Budget of the Republic of Macedonia, up to the amount necessary to collect the claim, and/or

- to keep part of the grants to be distributed to the municipality, up to the amount necessary to collect the claim.

(6) Minister of Finance shall have the right to undertake additional measures so as to collect the amount referred to in paragraph (4) of this Article envisaged in the agreement referred to in paragraph (3) of this Article, as well as other measures pursuant to law.

### **Borrowing by Issuance of Government Securities**

#### Article 18

(1) Borrowing by issuance of government securities shall be carried out by issuance of short-term and long-term securities.

(2) Government securities may be denominated in domestic currency, with or without foreign exchange clause, or in foreign currency.

(3) Government securities can be issued on the domestic or the international capital market.

(4) Government securities on the domestic market shall be issued by the Ministry of Finance, on behalf of the Republic of Macedonia, upon decision adopted by the Government of the Republic of Macedonia, determining the maximum amount of new borrowing through government securities.

(5) Government securities on the international market shall be issued by the Ministry of Finance, on behalf of the Republic of Macedonia, upon decision adopted by the Government of the Republic of Macedonia, determining the maximum amount of new borrowing through government securities.

(6) Minister of Justice shall deliver legal opinion on the legal validity of the issuance of securities on the international financial market.

(7) Minister of Finance shall prescribe the manner and the procedure for issuance and payment of government securities on the domestic financial market.

(8) Minister of Finance shall select an institution for settlement and determination of the primary issue of government securities.

(9) Minister of Finance shall conclude agreements with authorized participants on the government securities market.

#### Article 19

- (1) Securities Depository shall keep Registry on holders of government securities.
- (2) Securities Depository shall be selected by the Minister of Finance.
- (3) Registered holder of government securities shall enjoy all the rights arising from the right to ownership of government securities.
- (4) All government securities shall be issued in dematerialized form.

#### Article 20

- (1) Ministry of Finance shall have the right to redeem government securities at any time prior to their maturity date, depending on the type and the features of government securities.
- (2) Minister of Finance shall decide upon the early redemption referred to in paragraph (1) of this Article.
- (3) Ministry of Finance shall publish invitation for participation in the early redemption referred to in paragraph (1) of this Article.
- (4) Notwithstanding paragraph (3) of this Article, Ministry of Finance shall not submit invitation for participation in early redemption to the holders of government securities, should the prospectus envisage the right of the Ministry of Finance to make early redemption at any time, under the terms and the conditions set in the document.
- (5) Ministry of Finance shall publish the early redemption referred to in paragraph (4) of this Article.

### **Borrowing through issuing securities by municipalities, municipalities in the City of Skopje and the City of Skopje**

#### Article 20-a

- (1) Municipalities, municipalities within the City of Skopje and the City of Skopje shall commence borrowing procedure through issuing securities upon consent by the Ministry of Finance.
- (2) Municipalities, municipalities within the City of Skopje and the City of Skopje shall submit the following to the Ministry of Finance in order to obtain the consent referred to in paragraph (1) of this Article:
  - Decision on Borrowing, which shall mandatory include the amount and the purpose of the borrowing; and
  - request form for borrowing, including information on the project and data on the financial capacity of municipalities, municipalities within the City of Skopje and the City of Skopje, as envisaged in Article 16 of this Law.
- (3) Representatives from the Ministry of Finance and other authorized representatives from the Government of the Republic of Macedonia shall mandatorily participate in the borrowing procedure.
- (4) As regards borrowing by municipalities, municipalities within the City of Skopje and the City of Skopje through issuing securities on the domestic financial market, Government of the Republic of Macedonia shall adopt a decision approving the maximum amount of the new borrowing by the municipality, the municipality within the City of Skopje and the City of Skopje through issuing securities, upon adoption of an approval act by the Securities and Exchange Commission.
- (5) As regards borrowing by municipalities, municipalities within the City of Skopje and the



City of Skopje through issuing securities on the international financial market, Government of the Republic of Macedonia shall adopt a decision approving the maximum amount of the new borrowing by the municipality, the municipality within the City of Skopje and the City of Skopje through issuing securities, upon adoption of an approval act by the competent regulatory authority.

## **Sovereign Guarantees**

### Article 21

Government of the Republic of Macedonia may issue sovereign guarantee on behalf of the Republic of Macedonia in case of borrowing by public debt issuer.

(2) Projects, financing of which requires issuance of sovereign guarantee, shall fulfill the following criteria:

- shall be in compliance with the strategic documents of the Government of the Republic of Macedonia,
- co-financing resources shall be provided to the end of smooth project implementation.

### Article 22

(1) Public debt issuers shall commence borrowing procedure secured with sovereign guarantee pursuant to Article 16, 20-a and 25 of this Law.

(2) Minister of Finance shall sign, on behalf of the Republic of Macedonia, guarantee agreement or guarantee letter to the foreign lenders, as well as agreement on securing the issued sovereign guarantee with the entity on behalf of which it was issued, upon prior adopted law on issuance of sovereign guarantee.

(3) Minister of Finance shall sign, on behalf of the Republic of Macedonia, guarantee agreement or guarantee letter to the domestic lenders, as well as agreement on securing the issued sovereign guarantee with the entity on behalf of which it was issued, upon prior adopted decision by the Government of the Republic of Macedonia.

(4) Minister of Justice shall deliver legal opinion on the legal validity of the issued guarantee referred to in paragraph (2) of this Article.

### Article 23

(1) Public debt issuer, on behalf of which the sovereign guarantee was issued, shall service the debt guaranteed by the Republic of Macedonia and/or the payment of other costs.

(2) Should public debt issuer, on behalf of which the sovereign guarantee was issued, fail to service the debt and/or fail to pay the other costs referred to in paragraph (1) of this Article on the date it falls due, Ministry of Finance shall, on behalf of the Republic of Macedonia, settle the liability due on the basis of sovereign guarantee.

(3) In case Ministry of Finance settles, on behalf of the Republic of Macedonia, the liability on the basis of sovereign guarantee, it shall be entitled to collect the claim, including principal, interest, default interest and other costs incurred due to the inability of the public debt issuer, on behalf of which the sovereign guarantee was issued, to service the debt and/or pay the other costs referred to in paragraph (1) of this Article on the date it falls due.

(4) Public debt issuer, on behalf of which the sovereign guarantee was issued, shall be obliged, within the period specified in the agreements referred to in Article 22, paragraphs (2) and (3) of this Law, to pay the funds paid by the Ministry of Finance on the basis of sovereign guarantee to the account of the Budget of the Republic of Macedonia.

(5) Obligation referred to in paragraph (4) of this Article shall be unconditional and irrevocable.

(6) Should public debt issuer, on behalf of which the sovereign guarantee was issued, be a municipality, municipality within the City of Skopje or the City of Skopje, a public enterprise established by municipalities, municipalities within the City of Skopje and the City of Skopje, as well as a company being fully or predominantly owned by municipalities, municipalities within the City of Skopje and the City of Skopje, Ministry of Finance shall be entitled, as regards collection of claims referred to in paragraph (3) of this Article:

- to allocate resources from the budget account of the municipality, the municipality within the City of Skopje and the City of Skopje to the account of the Budget of the Republic of Macedonia, up to the amount necessary to collect the claim, and/or
- to keep part of the grants to be distributed to the municipality, the municipality within the City of Skopje and the City of Skopje, up to the amount necessary to collect the claim.

(7) Minister of Finance shall have the right to undertake additional measures so as to collect the amount referred to in paragraph (3) of this Article envisaged in the agreement on securing the issued sovereign guarantee referred to in paragraphs (2) and (3) in Article 22 of this Law.

#### Article 24

(1) Issued sovereign guarantee shall cease to be valid in the following cases:

- liabilities upon the debt guaranteed by the Republic of Macedonia have been fully settled by the date it falls due at the latest, or
- period of validity of the issued sovereign guarantee, set in the agreement on issuance of sovereign guarantee, has expired.

(2) Ministry of Finance shall register and record the ceased validity of the issued sovereign guarantee.

### **Ban on Borrowing**

#### Article 24-a

(1) Public enterprises established by the state, as well as companies being fully or predominantly owned by the state and the public institutions established by the Republic of Macedonia, shall not commence a borrowing procedure following the day of adoption of the Decision on Scheduling Parliamentary Elections until the completion of the election of MPs in the Parliament of the Republic of Macedonia.

(2) Municipalities, municipalities within the City of Skopje and the City of Skopje and public enterprises established by municipalities, municipalities within the City of Skopje and the City of Skopje, as well as companies being fully or predominantly owned by municipalities, municipalities within the City of Skopje and the City of Skopje shall not commence a borrowing procedure following the day of adoption of the Decision on Scheduling Local Elections until completion of the election of Mayor or Municipal Council members.

#### Article 24-b

If public debt issuer has outstanding liabilities towards the state on the basis of sovereign guarantee or a loan, it shall not obtain consent for new borrowing pursuant to this Law, until the due liability is settled.

**IV DEBT OF PUBLIC ENTERPRISES AND COMPANIES  
BEING FULLY OR PREDOMINANTLY OWNED BY THE STATE, MUNICIPALITIES,  
MUNICIPALITIES WITHIN THE CITY OF SKOPJE AND THE CITY OF SKOPJE**

**Sovereign Guarantee-Secured Debt**

Article 25

(1) Public enterprise established by the state or municipalities, municipalities within the City of Skopje and the City of Skopje, as well as company being fully or predominantly owned by the state or municipalities, municipalities within the City of Skopje and the City of Skopje, may borrow on long-term basis with an issued sovereign guarantee as follows:

- for financing capital projects and investments,
- for refinancing debt incurred on the basis of borrowing referred to in indent 1 of this Article,
- for financing assumed liabilities and
- for protection against and elimination of consequences caused by natural and environmental disaster.

(2) Public enterprise established by the state or municipalities, municipalities within the City of Skopje and the City of Skopje, as well as company being fully or predominantly owned by the state or municipalities, municipalities within the City of Skopje and the City of Skopje, shall commence the procedure for borrowing with issued sovereign guarantee on the basis of a consent by the Ministry of Finance.

(3) In order to obtain the consent referred to in paragraph (2) of this Article, public enterprise established by the state or municipalities, municipalities within the City of Skopje and the City of Skopje, as well as a company being fully or predominantly owned by the state or municipalities, municipalities within the City of Skopje and the City of Skopje, shall submit the following to the Ministry of Finance:

- Decision on Borrowing, which shall mandatory include the amount and the purpose of the borrowing; and
- request form for borrowing through issuing sovereign guarantee, including information on the project and data on the financial capacity of the public enterprise established by the state or municipalities, municipalities within the City of Skopje and the City of Skopje, as well as company being fully or predominantly owned by the state or municipalities, municipalities within the City of Skopje and the City of Skopje.

(4) The form and the contents of the request form for borrowing through issuing sovereign guarantee referred to in paragraph (3), indent 2 of this Article shall be prescribed by the Minister of Finance.

(5) Representatives from the Ministry of Finance and other authorized representatives from the Government of the Republic of Macedonia, shall mandatorily participate in the procedure for borrowing through sovereign guarantee.

(6) Loan agreement shall be concluded upon adoption of a special law on each borrowing through issuing sovereign guarantee at foreign lenders, i.e. upon adoption of a decision by the Government of the Republic of Macedonia for each borrowing with issued sovereign guarantee at domestic lenders.

(7) Loan servicing and payment of other costs incurred on the basis of borrowing by public enterprises established by the state or municipalities, municipalities within the City of Skopje and the City of Skopje, as well as companies being fully or predominantly owned by the state or municipalities, municipalities within the City of Skopje and the City of Skopje, shall be carried out by the public enterprises established by the state or municipalities, municipalities within the City of Skopje and the City of Skopje, as well as companies being fully or predominantly owned by the state or municipalities, municipalities within the City of Skopje and the City of Skopje.

## **No Sovereign Guarantee-Secured Debt**

### Article 25-a

(1) Public enterprise established by municipalities, municipalities within the City of Skopje and the City of Skopje, as well as company being fully or predominantly owned by municipalities, municipalities within the City of Skopje and the City of Skopje, may borrow on long-term basis without an issued sovereign guarantee as follows:

- for financing capital projects and investments,
- for refinancing debt incurred on the basis of borrowing referred to in indent 1 of this Article,
- for financing assumed liabilities and
- for protection against and elimination of consequences caused by natural and environmental disaster.

(2) Public enterprise established by municipalities, municipalities within the City of Skopje and the City of Skopje, as well as company being fully or predominantly owned by municipalities, municipalities within the City of Skopje and the City of Skopje, shall commence the procedure for borrowing without issued sovereign guarantee on the basis of a consent by the Ministry of Finance.

(3) In order to obtain the consent referred to in paragraph (2) of this Article, public enterprise established by municipalities, municipalities within the City of Skopje and the City of Skopje, as well as a company being fully or predominantly owned by the state or municipalities, municipalities within the City of Skopje and the City of Skopje, shall submit the following to the Ministry of Finance:

- Decision on Borrowing, which shall mandatory include the amount and the purpose of the borrowing; and
- request form for borrowing without an issued sovereign guarantee, including information on the project and data on the financial capacity of the public enterprise established by municipalities, municipalities within the City of Skopje and the City of Skopje, as well as company being fully or predominantly owned by municipalities, municipalities within the City of Skopje and the City of Skopje.

(4) The form and the contents of the request form referred to in paragraph (3), indent 2 of this Article shall be prescribed by the Minister of Finance.

(5) Loan servicing and payment of other costs incurred on the basis of borrowing by public enterprises established by municipalities, municipalities within the City of Skopje and the City of Skopje, as well as companies being fully or predominantly owned by municipalities, municipalities within the City of Skopje and the City of Skopje, shall be carried out by the public enterprises established by municipalities, municipalities within the City of Skopje and

the City of Skopje, as well as companies being fully or predominantly owned by the state or municipalities, municipalities within the City of Skopje and the City of Skopje.

### **On-Lending**

#### Article 25-b

(1) The public enterprise established by the state, as well as company being fully or predominantly owned by the state, shall commence on-lending procedure on the basis of a consent by the Ministry of Finance.

(2) In order to obtain the consent referred to in paragraph (1) of this Article, public enterprise established by the state, as well as company being fully or predominantly owned by the state, shall submit the following to the Ministry of Finance:

- Decision on Borrowing, which shall mandatory include the amount and the purpose of the borrowing; and
- request form for borrowing, including information on the project and data on the financial capacity of the public enterprise established by the state, as well as company being fully or predominantly owned by the state.

(3) The form and the contents of the request form referred to in paragraph (2), indent 2 of this Article shall be prescribed by the Minister of Finance.

(4) Loan servicing and payment of other costs incurred on the basis of borrowing by public enterprises established by the state, as well as companies being fully or predominantly owned by the state, shall be carried out by the public enterprises established by state, as well as companies being fully or predominantly owned by the state.

## **V INFORMATION ON PUBLIC DEBT**

#### Article 26

(1) All public debt issuers, except municipalities, municipalities within the City of Skopje and the City of Skopje, shall be obliged to submit to the Ministry of Finance, by the 15<sup>th</sup> of the month at the latest, monthly information on changes of the stock in any new borrowing from the previous month.

(2) Municipalities, municipalities within the City of Skopje and the City of Skopje, shall be obliged to submit to the Ministry of Finance, 30 days after the quarter expires at the latest, quarterly information on changes of the stock in any new borrowing from the previous quarter, as well as on changes in the stock of issued guarantees.

(3) Information by the municipalities, the municipalities within the City of Skopje and the city of Skopje referred to in paragraph (2) of this Article shall also mandatorily contain data on the debt of public enterprises established by municipalities, municipalities within the City of Skopje and the city of Skopje, as well as companies being fully or predominantly owned by municipalities, municipalities within the City of Skopje and the City of Skopje.

(4) Minister of Finance shall prescribe in more details the type and the contents of the information referred to in paragraphs (1) and (2) of this Article.

(5) Minister of Finance may request additional information on any borrowing, upon which public debt issuers shall have to reply within seven days from the day they received the request, at the latest.

## VI TRANSPARENCY OF PUBLIC DEBT

### Article 27

(1) Annual Report on Public Debt Management shall be considered by the Government of the Republic of Macedonia and submitted, for information purposes, to the Assembly of the Republic of Macedonia.

(2) Ministry of Finance shall publish the data on public debt on its website and in the Bulletin of the Ministry of Finance.

## VII MISDEMEANOUR PROVISIONS

### Article 28

(1) Public enterprise or company – public debt issuer shall be fined for an offence with EUR 2,500 to EUR 5,000 in Denar equivalent should it:

- fail to submit information to the Ministry of Finance pursuant to Article 6-a, paragraphs (2) and Article 26 of this Law;
- fail to pay the funds to the account of the Budget of the Republic of Macedonia pursuant to Article 23, paragraph (4) of this Law.

(2) Responsible person at public debt issuer shall also be fined with EUR 1,000 to EUR 2,000 in Denar equivalent for the offence referred to in paragraph (1) of this Article.

### Article 28-a

(1) Public enterprise or company - public debt issuer shall be fined for an offence with EUR 50.000 to EUR 100.000 in Denar equivalent should it:

- commence negotiations on borrowing without a consent by the Ministry of Finance (Articles 25, 25-a and 25-b);
- commence borrowing procedure contrary to Article 24-a and Article 24-b of this Law.

(2) Responsible person at public debt issuer shall also be fined with EUR 20,000 to EUR 40,000 in Denar equivalent for the offence referred to in paragraph (1) of this Article.

(3) As regards the offence referred to in paragraph (1) of this Article, responsible person may, in addition to the fine, be also pronounced a prohibition to pursue a profession, activity or duty for a period of one to five years.

### Article 29

Fine in the amount to EUR 5,000 to EUR 10.000 in Denar equivalent shall be imposed for an offence to the responsible, i.e. the managing person at the public debt issuer, should he/she:

- fail to submit information to the Ministry of Finance (Article 6-a, paragraph (2) and Article 26),
- commence negotiations on borrowing without prior consent by the Ministry of Finance (Articles 16 and 20-a),
- fail to pay the funds to the account of the Budget of the Republic of Macedonia (Article 23, paragraph (4)) and
- commence borrowing procedure contrary to Article 24-a and Article 24-b of this Law.

### Article 29-a

(1) As regards the offences stipulated under this Law, prior to submitting the request for misdemeanor procedure, settlement procedure shall be initiated pursuant to the Law on

“Official Gazette of the Republic of Macedonia”, No. 165 dated 11<sup>th</sup> November 2014

Misdemeanors.

(2) As regards the offences stipulated under this Law, competent court shall conduct misdemeanour procedure and shall impose misdemeanor sanction.

## **VIII TRANSITIONAL AND FINAL PROVISIONS**

### Article 30

(Article 30 of the Law published in the “Official Gazette of the Republic of Macedonia”, No. 62/2005)

(1) Minister of Finance shall adopt the bylaws envisaged by this Law within six months from the date this Law enters into force.

(2) Provisions referred to in indents 1 and 2, paragraph (2) in Article 11 of this Law shall be applied one year after the day this Law enters into force.

### Article 31

(Article 30 of the Law published in the „Official Gazette of the Republic of Macedonia”, No. 62/2005)

Borrowing by concluding loan agreement, borrowing by issuance of government securities and the issuance, servicing, collection right and termination of sovereign guarantees that began before this Law has entered into force shall continue to be valid in accordance with the provisions of this Law.

### Article 32

(Article 28 of the Law published in the „Official Gazette of the Republic of Macedonia”, No. 139/14)

Borrowing procedures and procedures for issuance, servicing, collection right and termination of sovereign guarantees that began before this Law has entered into force shall continue to be valid in accordance with the provisions of this Law.