



**Government of the Republic of North Macedonia**

- SECRETARIAT FOR EUROPEAN AFFAIRS -

18.03. 2020

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To: Mr. Olivér Várhelyi  
EU Commissioner for European Neighborhood Policy and Enlargement Negotiations

Subject: Possible measures for mitigating COVID-19 crisis

Dear Mr. Várhelyi,

The Republic of North Macedonia has been affected by COVID at the same time as many European countries. Our health system is fragile, but well organised and functioning. The budget of the Ministry of Health adequately addresses challenges in everyday management and meets appropriately the immediate needs for medical supplies and equipment. All Government bodies function in support to the Ministry of Health according to their own responsibilities and mandate.

Expectations are that the situation will aggravate in the next weeks and months, putting an additional strain on the Government, public health and wellbeing of citizens, as well as the economy. The Government's economic team is currently assessing the effects of this outbreak on economic operators and the labour market, making an effort to address all challenges, shortcomings and the same time keep budget liquidity.

Under these circumstances, however, small economies, like the one of North Macedonia, will need assistance in mitigating the socio-economic consequences of the pandemic through the international framework and amendments to existing instruments provided by partners, including the European Union.



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We have been closely following EU's joint actions in order to protect EU citizens and are happy to see the principle of solidarity in motion. It is our hope that the same rationale can be extended to candidate and acceding countries.

In this light, we would like to propose some scenarios where you could assist North Macedonia. It is our belief that assistance will be needed in the short and mid-term, first to ensure the means necessary to fight and prevent the disease, and then help our economy to recover from the crisis.

Namely:

1. The Performance Award for 2020 has been announced by both Commissioners Mr. Hahn and Mr. Varhely in the amount of EUR 50 million. However, we believe that the whole and/or part of the funds could be reallocated to address the present needs of the country, especially those relating to economic recovery. In this regard, should it be mutually agreed, we stand ready to allocate IPA III funds available under 2021 Action Programme for implementation of actions originally planned under the Performance award, such as the Prespa package and/or Air pollution and other initiatives.
2. The Republic of North Macedonia is one of the six participating countries in EU Civil Protection Mechanism and has been using the assistance in the area of civil protection on several occasions. It might happen that in the near future, based on the assessment of all major stakeholders in this crisis, we request a rapid deployment of the emergency support and assistance through the Mechanism. The Protection and Rescue Directorate will follow the situation on the ground and send the request if such need arises.
3. As you might know the Development Bank of North Macedonia signed a contract through COSME to implement a microcredit line to support SMEs. With the new refocusing, announced last Friday in EC's *Communication on Coordinated economic response to the COVID-19 Outbreak*, the Commission proposes facilitation of immediate relief to hard-hit SMEs by lending working capital loans with maturity of 12 or more months. We ask that you consider extending this instrument to our SMEs as well, but also consider supporting the Bank itself in order to be able to boost its own liquidity and provide additional loans to SMEs.



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In addition, we call on you consider the use of the InnovFin for SME guarantee fund via one of our institutions, such as the Development Bank, the Innovation and Technology Development Fund and/or Agency for Entrepreneurship Promotion, which could agree to administer the new landing possibilities and enable access to finances.

4. Similarly, we would also like to propose republishing of the recently closed public call for IFIs under the frame of Western Balkans Guaranty Facility by introducing new eligibility criteria focusing and address the liquidity of SMEs, delayed loan repayment in the environment, social, digital connectivity and energy sectors could alleviate the strain of their finances.
5. We would like to propose changing the eligibility criteria for use of IPARD II funds as to allow companies from the agro and food production industries overcome the hardship resulting from the coronavirus outbreak, by and offering greater IPA contribution in the overall investment. As example, during the 2015 Floods in North Macedonia, the IPA contribution ratio was set at 75%.
6. Finally, in terms of the recently adopted Commission Implementing Regulation (EU) 2020/402 of 14 March 2020 making the exportation of certain products subject to the production of an export authorization, we would appreciate if the EC reconsiders the possibility of excluding the Republic of North Macedonia from this requirements. Given the fact that we need to respond efficiently and effectively in coordinated manner to combating COVID-19, we believe that it is absolutely essential to ensure that our country is part of all measures undertaken to that end. We are prepared to further discuss the arrangements on how to implement such arrangements

Thank you for your cooperation.

Sincerely,

  
**Dr. Bujar Osmani, PhD**  
Deputy Prime Minister in charge of EU Affairs