

ANNEX A: MODEL FOR THE REQUEST FOR THE RELEASE OF FUNDS

Annexes:

1) Fiche to be used for each step:

The step under review	<i>Ease the access to lending for SMEs by amending relevant legislation to allow the use of intangible assets as collateral in lending to SMEs</i> <i>Ministry of Finance</i>
Baseline	<i>The baseline (2024) is 0.</i>
Deadline of the step	June 2025 (grace period up to June 2026)
Actual results	<p>Regulatory mapping in the Republic of North Macedonia was carried out by the Ministry of Finance and the National Bank of the Republic of North Macedonia, with the aim of identifying any legal obstacles to the use of intangible assets as collateral in lending to SMEs, status: completed</p> <p>The results of the mapping have confirmed that the existing regulatory framework (laws and by-laws) does not contain provisions that restrict the use of intangible assets as collateral in lending to SMEs.</p> <p>Specifically, Article 1 of the Law on Contractual Pledge (“Official Gazette of the Republic of Macedonia”, Nos. 5/03, 4/05, 87/07, 51/11, 74/12, 92/12, 115/14, 98/15, 215/15, and 61/16) (Annex 2) regulates the manner, the terms and conditions and the procedures for the establishment, exercising and termination of a contractual pledge right. The Law does not exclude or prohibit intangible assets being used as collateral. Therefore, its provisions do not constitute a legal impediment to their use as a collateral when approving loans to small and medium-sized enterprises (SMEs).</p> <p>Furthermore, Article 1 of the Law on Industrial Property (“Official Gazette of the Republic of Macedonia”, Nos. 21/09, 24/11, 12/14, 41/14, 152/15, 53/16, 83/18, 31/20, and 86/25) (Annex 3) regulates the acquisition, the exercising and the protection of industrial property rights, including patents, industrial designs, trademarks, designations of origin, and geographical indications (prescribed in paragraph (1), Article 2 of the Law). This Law also does not impose any legal restrictions on their use as a security instrument/collateral in lending to SMEs. Furthermore, Articles 67, 88, 147, 174, 184, 218 and 244 of the respective Law prescribe that registers of industrial property are kept, in which rights arising from industrial property, in particular, patents, industrial</p>

designs, trademarks, designations of origin and geographical indications, as well as registered licenses, pledges or other rights in favor of third parties, are recorded.

Furthermore, in line with the opinion of the National Bank of Republic of North Macedonia (Annex 1), the Decision on the Methodology for Credit Risk Management (“Official Gazette of the Republic of North Macedonia”, No. 57/23 and 27/24) (Annex 4), adopted by the Council of the National Bank of the Republic of North Macedonia, sets out the rules governing the banks’ management of credit risk. As regards the collateral instruments, the Decision itself does not introduce explicit restrictions or prohibitions on the use of intangible assets as collateral for loans approved by the banks to their clients, including small and medium-sized enterprises (SMEs). Pursuant to this Decision, in their internal acts, the banks define the type of collateral they will accept for a specific type of a credit product or a particular currency of credit exposure.

However, in order to encourage the use of intangible assets as collateral in lending to small and medium-sized enterprises (SMEs), it is proposed that greater emphasis in the upcoming period be placed on targeted stakeholders education on the use of intangible assets as collateral. Such educational activities may be implemented through the Coordinating Body for Financial Education and Financial Inclusion, chaired by the National Bank of the Republic of North Macedonia, with the Ministry of Finance as Vice Chair, as the key stakeholders in the process.

Progress:

To support implementation in practice and raise public awareness of the possibility to use intangible assets as collateral in lending to SMEs, additional activities have been undertaken.

Data have been obtained from the Pledge Registry kept with the Central Registry of the Republic of North Macedonia, indicating that the system allows for the registration of pledges over intangible assets, with such pledges already being registered in practice. Such data demonstrate that, beyond the legal framework, technical and administrative mechanisms for using intangible assets as a collateral are already in place. (Annex 5)

According to the Methodology on Recording and Valuation of Accounting Items and Preparation of Financial Statements, adopted under a decision reached by the Council of the National Bank of the Republic of North Macedonia (Annex 6), the banks in the country apply a prescribed methodology in line with the International Accounting Standard 38 - Intangible Assets. This Standard defines, recognizes and values intangible assets, providing the basis for their recording in the financial statements and considering them as a potential collateral. Under the respective Methodology, the banks have established clear rules on the accounting treatment of intangible assets. IAS 38 is applied in the Republic of North Macedonia, and it is published in the “Official Gazette of the Republic of North Macedonia”.

As part of the activities for raising public awareness and informing the SMEs on the

	<p>possibility to use intangible assets as a collateral, Ministry of Finance has prepared and published an information banner on its official website (Annex 7). The banner provides an overview of the Ministry’s activities aimed at improving the access to financing for the SMEs by using intangible assets, as well as key information on the type of intangible assets that can be used as a collateral. By publishing the banner on its website, the Ministry of Finance undertakes activities aimed at promoting this financing option and informing the thereof.</p> <p>Moreover, the Ministry of Finance prepared and sent an official letter to the relevant chambers of commerce in the Republic of North Macedonia (Economic Chamber of North Macedonia, Union of Chambers of Commerce of Macedonia and Chamber of Commerce of North-West Macedonia) (Annex 8), all to the end of informing them and engaging them in the activities aimed at improving the SMEs access to financing by using intangible assets. While SMEs in practice predominantly rely on traditional forms of collateral, such as real estate, this initiative introduces new alternatives that can foster innovation, growth and boosted competitiveness. By engaging the chambers of commerce and the business community, the Ministry of Finance promotes cooperation in education and encourages the use of intangible assets as a collateral in lending to SMEs.</p> <p>At the same time, for the purpose of providing additional information to the public, a request for the publication of public information was submitted to the National Broadcasting Service (MRT), with the aim of timely informing Small - and Medium-Sized Enterprises regarding the measures under the Reform Agenda in support of easier access to lending. As part of the campaign, a television broadcast text was prepared and submitted to inform the SMEs about the opportunity to use intangible assets as collateral in lending, as per the existing legal framework. It has also been requested that the Ministry of Finance website to be continuously displayed during the broadcast, where additional information for interested companies is available (Annex 9).</p> <p>Following the above request, the National Broadcasting Service (MRT) launched the campaign through a television announcement informing SMEs about the possibility of using intangible assets as collateral for lending, in accordance with the existing legal framework (Annex 10).</p>
<p>Evidence provided¹</p>	<ol style="list-style-type: none"> 1. Letter, no. 13-2801/2 dated 13th May 2025 from the National Bank of the Republic of North Macedonia, copy; 2. Article 1 of the Law on Contractual Pledge (“Official Gazette of the Republic of Macedonia”, nos. 5/03, 4/05, 87/07, 51/11, 74/12, 92/12, 115/14, 98/15, 215/15, and 61/16); https://www.pravda.gov.mk/Upload/Documents/ZAKON%20ZA%20DOGOVOREN%20ZALOG-%20precisten%20mart%202016.pdf 3. Articles 67, 88, 147, 174, 184, 218 and 244 of the Law on Industrial Property

¹ Please note that the evidence provided is confidential.

	<p>(“Official Gazette of the Republic of Macedonia”, nos. 21/09, 24/11, 12/14, 41/14, 152/15, 53/16, 83/18, 31/20, and 86/25); https://ippo.gov.mk/docs/xFiles/articles/ZakonzaInS/ZakonzaInS.pdf</p> <ol style="list-style-type: none"> 4. III. CALCULATING IMPAIRMENT AND SPECIAL RESERVE, Eligible collateral instruments, points from 25 to 27 referred to in the Decision on Credit Risk Management Methodology (“Official Gazette of the Republic of North Macedonia”, nos. 57/23 and 27/24); https://www.nbrm.mk/ns-newsarticle-decision_credit_risk_2013.nspix 5. Data on Pledge Registry kept within the Central Registry of the Republic of North Macedonia (letter from the Central Registry with data from the Pledge Registry). 6. Methodology on Recording and Valuation of Accounting Items and Preparation of Financial Statements adopted by Decision of the Council of the National Bank of the Republic of North Macedonia – Page 86-90 (<u>Одлука за методологија за евидентирање и вреднување на сметководствените ставки и за подготовка на финансиски извештаи</u>). 7. Information banner on Ministry of Finance’s website (<u>Improved Access to Finance for SMEs: Using Intangible Assets as Collateral - Improved Access to Finance for SMEs - Areas - Ministry of finance - Republic of North Macedonia</u>) 8. Letter of the Ministry of Finance submitted to the chambers of commerce in the Republic of North Macedonia (Letters to the Chambers of commerce). 9. Letter from the Ministry of Finance sent to the National Broadcasting Service (MRT) regarding the information announcement. 10. Television announcement informing SMEs about the possibility of using intangible assets as collateral for lending.
<p>Checks performed throughout the verification of the step and related findings</p>	<p>So far, activities have been undertaken to carry out the measure defined in the Reform Agenda — specifically, the Ministry of Finance and the National Bank conducted a regulatory mapping to identify any potential legal restrictions on the use of intangible assets as collateral in lending SMEs.</p> <p>The mapping included a detailed check of:</p> <ul style="list-style-type: none"> - Law on Contractual Pledge, whereby it was determined that as per Article 4, pledges may be established not only over tangible assets but also over rights (e.g. intellectual property rights); - Law on Industrial Property, stipulating the registration of pledges over rights such as patents, trademarks, industrial designs, and other forms of intangible property; - Decision on Credit Risk Management Methodology (“Official Gazette of the Republic of North Macedonia, nos. 57/23 and 27/24), which imposes no limitations on using intangible assets as collateral, leaving it up to banks to define acceptable collateral through internal policies. <p>Additionally, following the check of the Pledge Registry kept by the Central Registry of</p>

the Republic North Macedonia, it was confirmed that the system provided for registration of pledges over intangible assets and such pledges have been previously recorded — confirming the existence of technical and administrative preconditions for using intangible assets as collateral.

Based on the results of all these activities and checks, it has been determined that the existing legal framework (laws and by-laws) does not contain any obstacles that would limit the use of intangible assets as instruments for securing loans, also including the financing of SMEs.

In addition, within the verification process, the administrative and technical preconditions for applying this opportunity were subject to practical assessment. To that end, data obtained from the Pledge Registry kept with the Central Registry were checked and used as an additional evidence of the practical applicability of the existing framework.

Furthermore, the accounting framework applicable to banks was checked as well. Thereby, it was determined that in line with the Methodology for Recording and Valuation of Accounting Items and Preparation of Financial Statements, adopted by a Decision of the Council of the National Bank of the Republic of the Republic of North Macedonia, there is prescribed methodology in place on the basis of which, the International Accounting Standard 38 - Intangible Assets, is implemented, governing the definition, valuation and recognition of intangible assets. This Standard is applied in the Republic of North Macedonia and published in the Official Gazette of the Republic of North Macedonia.

Moreover, while taking into account the practical applicability of the legal framework, and for the purpose of improved information sharing with the chambers of commerce and the business sector, information-related activities were carried out, among which the following:

- Information banner has been published on Ministry of Finance's website as an evidence for the activity aimed at enhanced provision of information on the use of intangible assets as collateral;
- Letter submitted to the chambers of commerce in the Republic of North Macedonia, for the purpose of providing information and encouraging SMEs to use this alternative financing method.

On the basis of the results from all carried out activities to date, along with the additional ones, it has been determined that legal framework and bylaws are in place, along with appropriate institutional and administrative preconditions, which provide for using the intangible assets as collateral in lending, being already applied when financing SMEs. Given the aforementioned, additional activities have been undertaken, being focused on enhanced provision of information to the chambers of commerce and the business sector, all to the end of promoting greater use of intangible assets as collateral in lending.

The letter submitted to the Macedonian Radio Television (MRT) regarding the announcement of the public information within a specified time frame, aims to inform Small- and Medium-Sized Enterprises about the measures under the Reform Agenda in support of easier access to lending therefor.

	<p>The letter contains a prepared text for providing information on the use of intangible assets as collateral in lending, along with a link to the Ministry of Finance website as the official source of additional information.</p> <p>Following the above request, the National Broadcasting Service (MRT) launched the campaign through a television announcement informing SMEs about the possibility of using intangible assets as collateral for lending, in accordance with the existing legal framework</p>
<p>Compliance with general principles and DNSH principle</p>	<p>Implementation of the step is not contrary to the general principles outlined in Article 4 and 11(4) of Regulation (EU) 2024/1449 and Article 3 of the Facility Agreement.</p> <p>Implementation of the measure also does not breach the principle ‘Do No Significant Harm’ principle (DNSH).</p>
<p>Double funding</p>	<p>No contributions from third parties have been recorded as regards the implementation of this measure.</p>
<p>Clear conclusion on completing the step</p>	<p>Fully achieved.</p>

Guidance on partially achieved quantitative steps

For quantitative steps (i.e. objectively measurable steps) a partial fulfilment rate defined as a level of achievement of less than 100% would warrant a partial release of funds at the end of the applicable grace period following the below parameters:

- ⇒ 0% disbursement for a level of achievement between 0% and 49%;
- ⇒ 50% disbursement for a level of achievement between 50% and 89%;
- ⇒ 100% disbursement for an achievement rate of 90%-100% or above.

Provided that the step is not fulfilled by the deadline, the authorities will resubmit the step for the relevant Commission departments to assess it at the end of the grace period. Partial disbursements will only take place after assessment at the end of the grace period. If the step is partially fulfilled, then the parameters above shall apply in calculating the amount due. If the step has been fulfilled at a level inferior to 50%, then the funds will be withheld in line with the applicable provisions (Article 21 of Regulation (EU) 2024/1449).

For qualitative steps or sub-steps, partial achievement is not possible.

Guidance on evidence to be provided

The evidence accompanying the request for release of funds should:

- *demonstrate satisfactory fulfilment of the step (no need to upload evidence beyond what is required);*
- *have brief but clear and unique file names, clearly referring to the step concerned, and being numbered allowing a unique reference and show a clear indication of its content;*
- *include the relevant identifiers, such as the reference to the Official Journal, the date of publication and articles indicating entry into force (the same format for the reference to legal texts should be used in all cases);*
- *include the identification of the signatory/ies (function, not names) and the authority they represent, any identifying string of numbers and/or characters and the protocol number, if given (for non-legal documents), and bear the registration number (for instance cadastre documents, companies' registry, boat registry etc.) if they figure in any kind of official registry;*
- *be accompanied by a link to the website where the evidence is published (or, in case the document is uploaded to an electronic platform, mention the platform and any reference number that permits access to it);*
- *be presented in a clear and organised way, containing clear cross-references to the requirement the evidence is supposed to prove;*
- *provide reasonable assurance that the constitutive elements of the step have been met - for this purpose, the evidence provided should be primary and direct evidence demonstrating the fulfilment of the relevant requirement; self-declarations are not acceptable.*

Satisfactory fulfilment of each step should be justified by providing official evidence and documentation. This should include as a minimum:

- *a summary document providing a clear assessment on how the quantitative or qualitative steps (including all the constitutive elements) were satisfactorily fulfilled in line with the provisions set out in the description of the step as provided in the Reform Agenda and accompanying Annex I;*
- *for steps requiring the entry into force of a legislative act: a copy of the publication in the Official Journal of the respective legislative act;*
- *for steps requiring the adoption of a strategy/ action plan/ roadmap/ any other public act that is not considered a legal act: a copy of the act formally adopting the strategy and a link to the website where the strategy can be accessed;*
- *for steps requiring the issuance of a report that is not published: a copy of the internal or external report, as endorsed by the instance responsible (e.g. Minister, Head of Office, management body ...);*
- *for steps that require a certain infrastructure/system/service to become operational: certificates of completion signed by the contractor and the competent authority in accordance with national legislation demonstrating the system has been set up and is operational, accompanied by the proof that it will be put in use (e.g. access of Beneficiaries to new agencies);*
- *if measuring the level of achievement of a step requires referring to official statistical data: clear mention of the official statistical sources;*
- *any other relevant document deemed to be relevant for the legally formal justification of the satisfactory fulfilment of the quantitative or qualitative step in line with the provisions of the Reform Agenda and Reform Agenda annex.*

Prospects of achieving the steps required for the next release of funds

- *This section will provide an assessment of the prospects of fulfilling the steps for the next release of funds, based on the progress recorded above.*

