



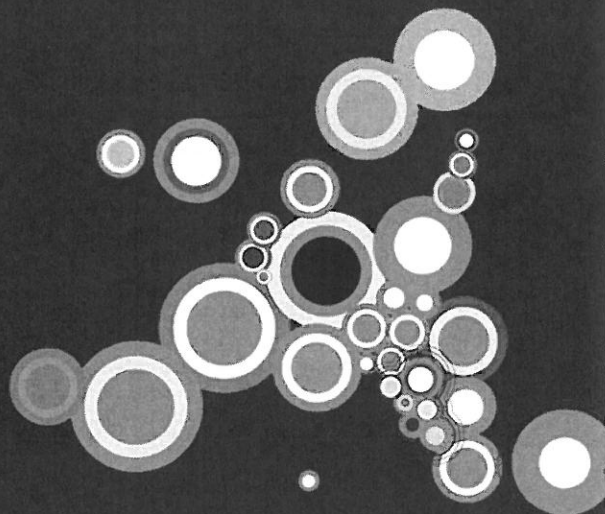
# INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

## ANNEX IA BUDGET SUPPORT

of the Financing Agreement concerning the "Annual Action Programme for the Republic of North Macedonia for the year 2020" – Objective 2.

## REPUBLIC OF NORTH MACEDONIA

EU for Social and Economic  
Resilience in North Macedonia



### **Action Summary**

*This Action will support North Macedonia in mitigating the negative socio-economic impact of COVID-19. It will provide funding for governmental measures focused on improving the resilience of the micro and small enterprises and on supporting the reintegration of unemployed women and men into the labour market. The action reinforces the gender and youth sensitive approach in providing aid and supports the greening of the recovery.*

8

<b>Action Identification</b>			
<b>Action Programme Title</b>	Annual Action Programme for the Republic of North Macedonia for the Year 2020		
<b>Action Title</b>	EU for Social and Economic Resilience in North Macedonia		
<b>Action ID</b>	IPA 2020/42-747/06.06/MK/EU4Resilience		
<b>Sector Information</b>			
<b>IPA II Sector</b>	Competitiveness, Innovation agriculture and rural development		
<b>DAC Sector</b>	51010-General budget support-related aid		
<b>Budget</b>			
<b>Total cost</b>	EUR 40,000,000		
<b>EU contribution</b>	EUR 40,000,000		
<b>Management and Implementation</b>			
<b>Method of implementation</b>	Direct management (Budget support)		
<i>Direct management:</i> <b>EU Delegation</b>	EU Delegation to North Macedonia		
<b>Implementation responsibilities</b>	EU Delegation to North Macedonia		
<b>Location</b>			
<b>Zone benefiting from the action</b>	North Macedonia		
<b>Timeline</b>			
<b>Final date for concluding Financing Agreement(s) with IPA II beneficiary</b>	At the latest by 31 December 2021		
<b>Final date for concluding contribution/delegation agreements, procurement and grant contracts</b>	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation		
<b>Final date for operational implementation</b>	6 years following the conclusion of the Financing Agreement		
<b>Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)</b>	12 years following the conclusion of the Financing Agreement		
<b>Policy objectives / Markers (DAC form)</b>			
<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Participation development/good governance	<input type="checkbox"/>	x	<input type="checkbox"/>

Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
Trade Development	<input type="checkbox"/>	x	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
<b>Internal markers<sup>1</sup></b>			
Migration <sup>2</sup>	x	<input type="checkbox"/>	<input type="checkbox"/>
COVID response	<input type="checkbox"/>	<input type="checkbox"/>	x

<sup>1</sup> These markers have a different scope/rationale than the DAC codes. Posting criteria related to the encoding of the financial breakdown in CRIS/ABAC

<sup>2</sup> Please refer to note Ares(2019)1031349 of 19/02/2019.

if

## **DESCRIPTION OF THE ACTION**

### **1.1. Objectives/results**

The overall objective is to mitigate the economic and social impact of the COVID-19 pandemic in North Macedonia.

The expected results are:

- Strengthened resilience of the micro- and small enterprises in COVID-19 and post-COVID-19 period;
- Strengthened safety net for self-employed and unemployed people;
- Improved services for the micro and small enterprises;
- Improved public services to the self-employed and unemployed people.

These results will be measured against the following indicators<sup>3</sup>:

- Number of micro- and small enterprises supported;
- Number of unemployed and self-employed people supported;
- Number of applications received for credits and for grants;
- Number and value of credits and grants agreed for micro- and small enterprises;
- Number of days to disburse the targeted funds to micro- and small enterprises;
- Number of applications received for self-registration and for opening of new jobs;
- Number of economic operators established through self-registration/ registration of start-up;
- Number of companies which created new jobs;
- Number of days to disburse the targeted funds to unemployed and self-employed people.

### **1.2. Main activities**

#### ***1.2.1. Budget support***

The main activities to implement the budget support package are policy dialogue, financial transfer, performance assessment, reporting and capacity development, engagement in dialogue around conditions and government reform priorities, the verification of conditions and the payment of budget support.

#### ***1.2.2. Complementary support***

No complementary actions are envisaged for this budget support intervention.

### **1.3. Intervention logic**

This Resilience Contract is a result of the technical and policy dialogue between the EU Delegation and the Government, with the involvement of the donors and branch organisations. The intensive discussions, although held in the restrictive pandemic environment, still explored the most effective ways to support the economy in the COVID-19 emergency and the recovery phase. The supported measures complement other EU and donors' projects.

---

<sup>3</sup> The first two indicators will be used for the calculation of the variable tranche.

Specifically, the support is focused on micro, small and medium-sized enterprises (MSMEs), the unemployed and the self-employed. These categories have been assessed as the most fragile in the COVID-19 aftermath.

The latest data of the State Statistical Office (2018) shows that only 20% of the employees are employed in large enterprises:

	%	No of employees by typology of enterprise
All employees in private sector	100	422,016
All employees in microenterprise (1-10)	35.9	151,371
All employees in small enterprise (11-50)	21.3	89,950
All employees in medium enterprise (51-300)	22.5	95,062
All employees in large enterprise (51-300)	20.3	85,688

Furthermore, though the labour market continued to improve, the unemployment rate remained high compared to peers in the region. The employment rate improved to 47.3% in 2019, while unemployment rate declined to 17.3%, down 3.5 pp. The participation rate improved marginally (to 57.2%) but in the most dynamic regions around technological zones labour shortages continued.

COVID-19 pandemic risks to revert the positive trend on the labour market. The recent administrative data on unemployment already show an increase by 8.9% for March 2020 compared to March 2019 and 11.3% for April 2020 compared to April 2019. The number of unemployed persons registered in the Employment Service Agency on 18 May 2020 reached 117,277 persons while 9,970 persons lost their job in the period 11 March - 18 May 2020. The total number of applicants for Guaranteed Minimum Assistance in March 2020 is 1,234. In April 2020, this number increased to 4,021 persons which represents an increase of 326%.

There is an urgent need to revert the negative trend at the labour markets and stimulate business to preserve jobs and even – create new jobs to mitigate the COVID-19 impact. Therefore, the EU funding will support three governmental measures:

- 1). Interest-free credit line with a grant component addressed to micro and small companies affected by COVID-19, managed by the Development Bank of North Macedonia;
- 2). Grant line for unemployed people, wishing to self-register or establish a small start-up, managed by the Employment Service Agency (ESA);
- 3). Grant line for established entities (micro, small and medium) creating new jobs, managed by the Employment Service Agency (ESA).

An agreement has been reached with the Government of North Macedonia on the formal adoption of the application of these measures before the first tranche of the budget support. Preliminary information was announced by the Government with the support package of 17 May 2020.

For this purpose, the budget support contract will assist North Macedonia through financial transfers, policy dialogue, performance and capacity development. A rolling policy dialogue matrix will be developed to frame the policy dialogue and to serve as basis for reporting on progress and impact of the policy measures. It will be complemented with registered minutes of key meetings and correspondence.

The Action promotes gender and youth sensitive approach. It introduces preferential treatment for women and young people engaged in economic activities. Businesses owned (50% share required) or managed/chaired by women and/or young people will have the opportunity to benefit from the grant component and deduct a part of the credit. A minimum of 50% of the beneficiaries (companies, unemployed or self-employed) of the supported measures should be women and at least 30% - young people up to 29 years old. The logical framework, subject to ongoing monitoring and reporting, includes sex- and age-disaggregated indicators, which will oblige the authority to provide detailed information on the sex and age profile of the beneficiaries.



Furthermore, when economic conditions allow, the government measures should support greening the recovery. The EU Green Deal sets the criteria for enhancing the sustainability and the digital transformation of the economy. The approach should adapt to the conditions of the market: the aim is to transform gradually North Macedonia into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use. The logical framework introduces the obligation for the authorities to report on the business profile of the supported entities and the relation of the supported businesses to the Green deal. The grant component is accessible, in parallel to ownership/management criteria giving preference to women or young persons, only to companies which put focus on innovation, green economy, restructuring their business and introduction of digitalized management/products and new technologies sales channels.

## 2. IMPLEMENTATION

### 2.1. Rationale for the amounts allocated to budget support

The amount allocated for the budget support operation is EUR 40 million. This amount relates to the cost of the Governmental measures to mitigate the consequences of COVID-19, which amount at present to EUR 555 million.

The amount of the budget support and the structure of the planned disbursements are also linked to the overall fiscal situation in the country and are intended to support the state in easing the fiscal pressure over the state budget. The IMF expects the general government deficit of EUR 730 million (6.5% of GDP) in 2020 before receding to about 3% in 2021. The estimated financing gap amounts at EUR 530 million.

No complementary support is planned.

### 2.2. Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

1. Satisfactory progress in the implementation of the Policy Guidance of the Economic Reform Programme, relevant to Covid-19, and of the agreed government measures to support micro, small and medium enterprises, self-employed and unemployed people, and continued credibility and relevance thereof. This involves the official adoption by the Government of the support measures before the first tranche and satisfactory achievement of the targets of the planned measures before the second tranche;
2. Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances;
3. Satisfactory progress in the implementation of the reforms on public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme;
4. Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information.

b) The disbursement of the variable tranches will depend on the achievement of the following indicators:

- Number of micro- and small enterprises supported;
- Number of supported self-employed and unemployed people.

The chosen performance indicators and targets to be used for disbursements will apply for the duration of the action. However, in duly justified circumstances, the National IPA Coordinator may submit a request to the Commission for the targets and indicators to be changed.

Note that any change to the targets should be agreed ex-ante at the latest by the end of the first quarter of the assessed year. The agreed changes to the targets and indicators shall be agreed in advance and may be authorised in writing (either through a formal amendment to the financing agreement or an exchange of letters).

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

### **2.3. Budget support details**

The budget support component consists of two fixed tranches to be disbursed indicatively in:

- September/October 2020: EUR 32 million (80%);
- February/March 2021: EUR 8 million (20%) comprising of a fixed component of EUR 3 million and a variable component of EUR 5 million.

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into denar (MKD) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

### **2.4. Organisational set-up and responsibilities**

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the relevant governance structures set up for governing the implementation of the action.

### **2.5. Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system and elaborate regular (not less than annual) progress reports. Every report shall provide an accurate account of implementation of the reform, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the list of result indicators. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details. The final report, narrative and financial, will cover the entire period of the action implementation.

Given the short period of implementation of the operation, the country will produce two reports: an interim report to support the request of the second instalment and a final report. The reports will be produced by the implementing partners and their accuracy and content will be verified in accordance with the internal procedures of the Government. Also, on a monthly basis, statistical data on the implementation of the measures focusing on the outcome level should be produced by the implementing partners and shared, including a brief description of any difficulty encountered in the implementation of the measures and risks arising vis-à-vis the pre-condition agreed upon.

The implementation of the operation will be discussed in the Sector Working Group on Competitiveness and Innovation and the Sector Working Group on Education, Employment and Social Policy. The sector working groups (SWG) comprise authorities, donors and civil society. They are chaired by the respective ministers and convene in decision-making format from 2 to 4 times a year, and in technical format – at least once per month. The SWG focus the policy dialogue on sector priorities and on the implementation of the agreed indicators and targets and they naturally serve as a platform for programming and public monitoring of the EU aid.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **2.6. Evaluation and audit**

Having regard to the nature of the action, an ex-post evaluation will be carried out for this action via independent consultants contracted by the Commission. The cost of the evaluation will be covered through the EU Integration Facility 2020.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the Budget Support operation was meant to cater for specific outcomes linked to the emergency and recovery needs of an exceptional event.

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the IPA II beneficiary and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the IPA II beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary.



**APPENDIX 1: INDICATIVE SELECTION OF RESULT INDICATORS**

The inputs, the expected direct and induced outputs and all the indicators, and targets included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators.<sup>1</sup>

Results chain		Indicator	Source of data
IMPACT	Impact (overall objective)	% of GDP % of employment	Government report IMF report
	Outcome 1 (specific objective)	Number of micro- and small- enterprises supported (minimum target: 2,000) <i>(Breakdown of supported entities by sex and age of the owners and managers, by business profile and its relation to the green deal, by municipality and region)</i>	Government report WB reports IMF reports Evaluation report
OUTCOMES)	Outcome 2 (specific objective)	Number of supported self-employed and unemployed people (minimum target: 1,600 people including self-employed and unemployed) <sup>3</sup> <i>(Breakdown by sex-, age, employment category, municipality and region)</i>	Government report WB reports M&E report

<sup>1</sup> It is recommended to use sex-disaggregated data when available.

<sup>2</sup> In 2019, 1323 self-employed people benefited of this active labour measure.

<sup>3</sup> In 2019, 2004 unemployed persons benefited from this active labour measure.

Results chain		Indicator	Source of data
Induced Output(s)	1.1 Improved services for the micro and small enterprises	<p><i>Number of applications received for credits and for grants</i></p> <p><i>Number and value of credits and grants agreed for micro- and small enterprises</i></p> <p><i>Number of days to disburse the targeted funds to micro- and small enterprises</i></p>	<p>Government report</p> <p>Implementing authority report</p> <p>M&amp;E report</p>
	2.1 Improved public services to the self-employed and unemployed people	<p><i>Number of applications received for self-registration and for opening of new jobs</i></p> <p><i>Number of economic operators established through self-registration/ registration of start-up</i></p> <p><i>Number of companies which created new jobs</i></p> <p><i>Number of days to disburse the targeted funds to unemployed and self-employed people</i></p>	<p>Government report</p> <p>Implementing authority report</p> <p>M&amp;E report</p>
INDUCED OUTPUT(S)			

**LIST OF ANNEXES**

- 1. Performance indicators used for disbursements**
- 2. Disbursement arrangements and timetable**

if

## **ANNEX 1: Performance indicators used for disbursements**

### **Indicator 1: Number of micro and small enterprises supported**

Programme: Third Package of Measures for mitigating the economic and social impact of COVID-19

Objective: To mitigate the economic and social impact of COVID-19

Action: Interest-free credit line with grant component

Department responsible: Cabinet of the Deputy Prime Minister for Economic Affairs, Ministry of Finance and Development Bank of North Macedonia

#### **Description of the Indicator**

Indicator type: Quantitative

Measurement unit: Absolute number. A detailed breakdown of supported entities by sex and age of the owners and managers, by business profile and its relation to the green deal, by municipality and region is required.

Periodicity of measurement: Monthly/For the whole duration

Last known result: The interest-free credit line was announced by the Prime-Minister on 17 May 2020. It is still not operational. Therefore no baseline data are available.

However, the Development Bank of North Macedonia operates a similar interest-free credit line dedicated to overcoming the consequences of COVID-19 in the sectors of tourism, transport and catering, with a total budget of EUR 5.7 million. For the first month of operation it attracted 712 applications, amounting to over EUR 5 million. 136 projects were approved for financing by end of April 2020 (submissions and approvals are ongoing). These figures certify for high interest of the business and sufficient capacity of the Development bank to manage an intervention of this scope but cannot be considered as baseline data since the credit line differs in scope, value and grant component

#### **Development and quality of the indicator**

Method of data collection: Administrative data

Departments responsible for collection: Development Bank of North Macedonia

Method of calculation: Enumeration of the signed credit contracts. The disbursement will be proportionate to the level of achievement of the target, which has a weight of 75% in the full structure of indicators. For example, if 65% of the target value is achieved, the disbursement will be 65% of the value associated to this indicator (or 65% x 75% x EUR 5 million EUR).

#### **Means of interpretation**

Known limits and bias: NA

Means of interpretation: NA

**Documentation schedule**

Target: 2,000 micro and small enterprises  
Delivery date: By end of January 2021

**Indicator 2: Number of supported self-employed and unemployed people**

Programme: Employment and Social Reform Programme (ESRP) (Active Labour Measures)  
Objective: To support job creation  
Action: Support for unemployed/self-employed people starting own business  
Grants for companies opening new jobs

Department responsible: Ministry of Labour and Social Policy, Employment Service Agency

**Description of the Indicator**

Indicator type: Quantitative

Measurement unit: Absolute number. A detailed breakdown of the beneficiaries according to sex, age, employment category, municipality and region is required.

Periodicity of measurement: Monthly/For the whole duration

Last known result: 1). Support for unemployed/self-employed people starting own business. In 2019 the total number of beneficiaries under this active labour measure reached 1,323 persons.

2). Grants for companies opening new jobs – In 2019 a total of 2,004 unemployed persons found jobs thanks to the programme.

However, achieving similar levels may be difficult in post-COVID period witnessing decreased capacity for job creation across whole economy.

**Development and quality of the indicator**

Method of data collection: Administrative data

Departments responsible for collection: Employment Service Agency

Method of calculation: Enumeration of the number of supported persons. The disbursement will be proportionate to the level of achievement of the targets. For example, if 65% of the target value is achieved, the total disbursement will be 65% of the value associated to this indicator (or 65% x 25% x 5 million EUR)

**Means of interpretation**



**Known limits and bias: NA**

Means of interpretation: The self-employed people could also include informal workers. They are expected to formally apply as unemployed job seekers, but the application process will collect information on their previous engagement in the informal sector (which is also additionally scored). The statistics on the implementation of the action will differentiate these ex-informal workers.

**Documentation schedule**

Target: 1,600 persons  
Delivery date: By end of January 2021

## ANNEX 2: Disbursement arrangements and timetable

### 1. Responsibilities

On the basis of the disbursement conditions stipulated in this Financing Agreement, the Ministry of Finance will send a formal request to the European Commission for the disbursement of each tranche in accordance with the timetable specified in Table A below. The request must include: (i) a full analysis and justification for payment of the funds, with the required supporting documents attached; (ii) a financial information form, duly signed, to facilitate the corresponding payment.

### 2. Indicative disbursement timetable

Table A: Indicative disbursement timetable

Country fiscal year	Year 1 (2020)				Year 2 (2021)				Total
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Fixed tranche 1				32					32
Fixed tranche 2					3				3
Variable tranche 1					5				5
<b>Total</b>				<b>32</b>	<b>8</b>				<b>40</b>

### 3. General conditions for the disbursement of each tranche

The general conditions set out in Table B shall apply to the disbursement of all tranches and all tranche release requests must be accompanied by all appropriate information and documents on the general conditions.

Table B: General conditions for the release of all tranches

Area	General conditions	Verification source
Public Policy	Satisfactory progress in the implementation of the <i>Policy Guidance of the Economic Reform Programme</i> , relevant to Covid-19 and <i>of the agreed government measures to support micro, small and medium enterprises, self-</i>	Economic Reform Programme (ERP) and Commission's ERP assessment with analysis of the progress in implementation since signature of the contract and yearly implementation reports. Governmental decision on COVID-19 related measures Governmental report on the implementation of the COVID-19 related measures

	<p><b><i>employed and unemployed people</i></b>, and continued credibility and relevance thereof. This involves the official adoption by the Government of the support measures before the first tranche and satisfactory achievement of the targets of the planned measures before the second tranche</p>	<p>Reports of the Development Bank of North Macedonia on the implementation of the interest-free credit lines and other support measures</p> <p>Reports of the Employment Service Agency on the implementation of the governmental measures for supporting employment</p> <p>Policy Dialogue Matrix / Memo of meetings and correspondence</p> <p><i>Additional:</i> Assessment by the European Commission (EU Delegation, DG NEAR, DG EMPL, DG ECFIN),</p> <p>Third party assessments i.e. WB, IMF</p>
<p>Macroeconomic stability</p>	<p>Maintenance of a <b><i>credible and relevant stability-oriented macroeconomic policy</i></b> or progress made towards restoring key balances;</p>	<p>DG ECFIN annual assessment and ECOFIN Council annual recommendations.</p> <p>Conclusions of the SA Sub-committee on Economic and Financial issues.</p> <p>Policy Dialogue Matrix / Memo of meetings and correspondence</p> <p><i>Additional:</i> Third party assessment, e.g. IMF, World bank</p>
<p>Public financial management</p>	<p>Satisfactory progress in the implementation of the <b><i>reforms on public financial management</i></b>, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme</p>	<p>Annual implementation report of the PFM Reform Programme</p> <p>Policy Dialogue Matrix / Memo of meetings and correspondence</p> <p><i>Additional:</i> Assessment by the European Commission (EU Delegation, DG NEAR, DG BUDG and other relevant DGs).</p> <p>Third party assessment, e.g. World Bank.; PEFA, PIMA, etc</p>
<p>Budget Transparency</p>	<p>Satisfactory progress with regard to the <b><i>public availability of accessible, timely, comprehensive and sound budgetary information</i></b></p>	<p>Annual implementation report of the PFM Reform Programme</p> <p>Policy Dialogue Matrix / Memo of meetings and correspondence <i>Additional:</i> Assessment by the European Commission (EU Delegation, DG NEAR, DG BUDG and other relevant DGs).</p> <p>Third party assessment, e.g. World Bank.</p> <p>Third party assessment, e.g. Open Budget Index., PEFA</p>

**4. Specific conditions for the disbursement of tranches**

Not applicable.

### 5. Variable tranche calculation

The disbursements of variable tranches, once the general conditions have been met, will be in proportion to the achievement of each target as described in Table C.

Where serious doubts exist about the quality of the data provided, a data verification exercise may be carried out to inform payment decisions. An external expert may be recruited to verify data claims on a sample basis, verifying data directly where possible or through cross-checking data with other, typically non-governmental, stakeholders.

In exceptional cases, where exceptional events or changing circumstances have prevented meeting the agreed targets, it may be possible to waive or neutralise an indicator and transfer the related amount to the other indicator and/or extend the duration period of the operation and the reporting. Such cases must be requested by the Ministry of Finance to the responsible Director of the European Commission and can be authorised by the latter through an exchange of letters between the two parties.

**Table C: Variable Tranche**

Indicator	Baseline	Target	Weight	Max value
1 - Number of micro and small enterprises supported	0	2,000	75%	3,750,000
2 - Number of supported self-employed and unemployed people	3,327 (2019)	1,600	25%	1,250,000

