



Ministry of Finance of the Republic of Macedonia
International Finance and Public Debt Management Department

**Annual Report on Public Debt Management of the Republic of
Macedonia for 2013**

Skopje, 2014

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Pursuant to Article 27 paragraph 2 of the Law on Public Debt (“Official Gazette of the Republic of Macedonia”, nos. 62/05, 88/08, 35/11), Parliament of the Republic of Macedonia is informed with the 2013 Annual Report on Public Debt Management of the Republic of Macedonia.

I. Introduction

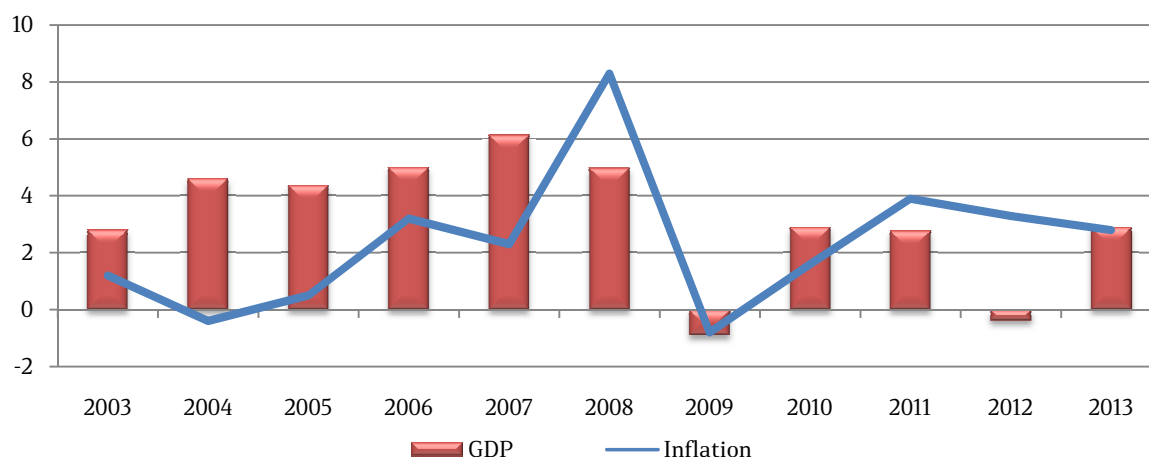
Annual Report on Public Debt Management is prepared to the end of informing the Government of the Republic of Macedonia and the Parliament of the Republic of Macedonia, in details and on regular basis, and introducing the public with the features of total public debt of the Republic of Macedonia, as well as with the measures undertaken in the course of the previous year for its efficient management.

II. Macro economic trends in the Republic of Macedonia in 2013

Gross domestic product

In 2013, GDP experienced real growth of 2.9%. Growth was driven by construction industry, registering high growth of 32.7%, as a result of the capital budget expenditures in infrastructure projects and investments and technologic and industrial development zones. Positive trends in 2013 were recorded in most of the fields of activity. Thus, industrial production experienced significant growth of 4.9%, being mainly a result of the activity of some of the domestic and foreign-export oriented facilities. Value added in agriculture amounted to 0.5%. Services sector surged by 0.4%, within which hotels and restaurants sector observed highest growth of 2.1%, while value added declined only in trade and public administration sectors.

Chart 1: Real GDP growth and inflation rate



Source: State statistical office

Inflation

Inflation rate in 2013 amounted to 2.8%. Quarterly dynamics show that inflation in the last two quarters of the year experienced downward trend, mainly reflecting the the slowed down increase of prices of food and reduction of energy prices. Analyzed by categories, highest price increase in 2013 was recorded at clothing and footwear (6.9%) and hygiene and health (4.7%). Food prices in 2013 increased by 3.6%, while reduction was observed at prices of means of transport and services by 0.8%.

Labour Market

Positive trends continued on the labour market in 2013. Unemployment rate, according to labour force survey, registered constant decrease throughout the year, accounting for 28.6% in the fourth quarter, being the historically the lowest level of unemployment. Average employment rate in 2013 amounted to 40.6%, being higher by 1.6 percentage points compared to the previous year. Number of employed persons in 2013 surged by

4.3% compared to the previous year, while the number of unemployed persons decreased by 5.2%. Thereby, active population in 2013 increased by 1.4% reaching 57.2% of the total working-age population. In 2013, nominal increase of the average salary in the country amounted to 1.2%.

External Sector

Value of export of goods in 2013 was higher by 3.2% compared to the previous year, while import of goods declined by 1.5%. As a result of such trends, trade deficit narrowed by 9.8%, accounting for 20.6% of GDP in 2013. Increase in export was mainly a result of the new production capacities in technological and industrial development zones. Private transfers in the country in 2013 remained at a high level, accounting for 20.3% of GDP. They cover significant portion of the trade deficit. Current account deficit in 2013 amounted to 1.9% of GDP, being by 1.1 percentage points lower compared to the previous year. In 2013, inflow of foreign direct investments amounted to EUR 251 million, i.e. 3.3% of GDP, being significant increase compared to 2012, when it accounted for 1% of GDP. Gross foreign exchange reserves were at adequate level in 2013. At the end of 2013, they amounted to EUR 1,993 million, covering 4.3-month import of goods and services in 2013.

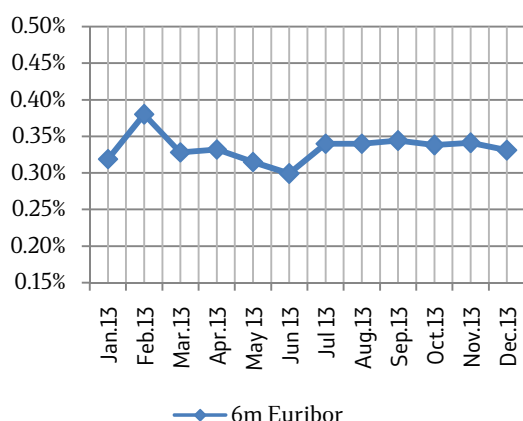
III. More significant activities in the period January-December 2013

III.1 International environment (interest rates and exchange rates)

During 2013, interest rates on interbank deposit market in the Eurozone were floating, i.e. in the period January-May, the interest rates were being reduced and at end of May, they reached their lowest level, while during the rest of the year, they experienced continuous growth. Thus, in 2013, inter-bank 6-month Euribor interest rate increased by 0.03 percentage points in average, i.e. average interest rate amounted to 0.34% in January, accounting for 0.37% in December. Interbank EUR Libor interest rate followed the same trend. In fact, at the interbank deposit market in London, EUR 6-month Libor amounted to 0.24% in January 2013, while its average value was 0.34% at the end of the year.

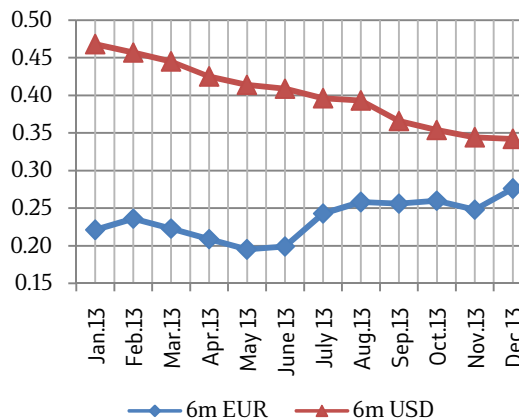
At the interbank deposit market in London, in the period January-December 2013, Dollar Libor interest rate with 6-month maturity period, experienced constant decrease of its value. In 2013, average interest rate on Dollar 6-month Libor decreased by 0.14 percentage points. Thus, average US dollar 6-month Libor interest rate, amounted to 0.49% in January, reducing to 0.35% in December.

Chart 2: Trend of the EURIBOR in 2013



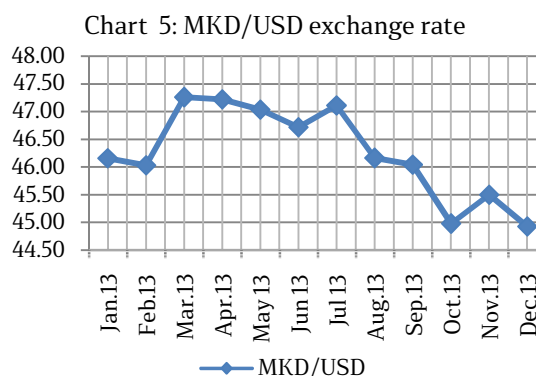
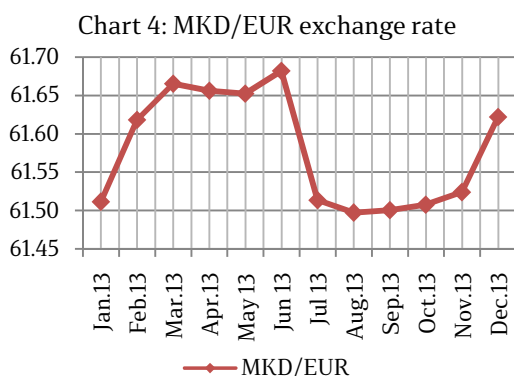
Source: European Banking Federation

Chart 3: Trend of the LIBOR in 2013

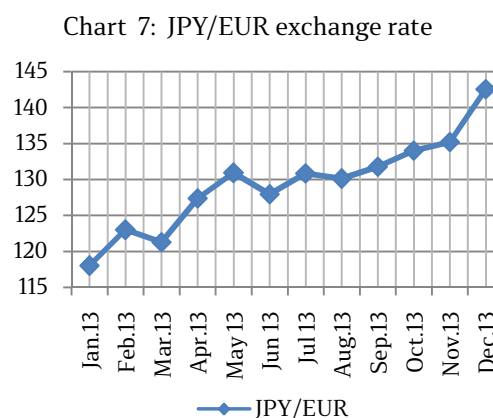
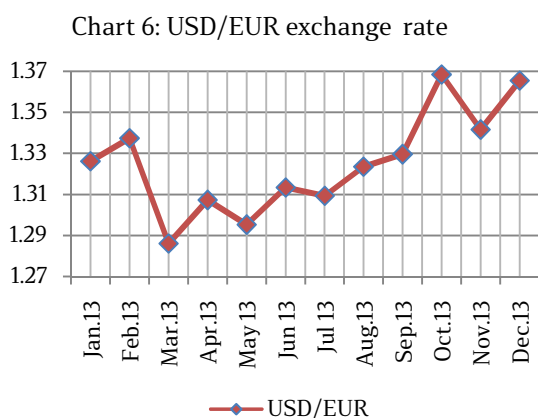


Source: British Bankers Association

As for the foreign currency market in the Republic of Macedonia, in 2013, Denar exchange rate in relation to the euro was stable and it ranged between Denar 61.4865 and Denar 61.6881 per euro. Highest value of Denar was observed on 16th August 2013 when it amounted to Denar 61.4865 per euro, while the lowest value amounted to Denar 61.6881 per euro on 5th July 2013. In relation to Denar/American dollar exchange rate, two periods may be differentiated, period January–May 2013, when Denar reduced the value in relation to the American dollar, and the period July–December 2013, when Denar continuously appreciated. In the analyzed period, Denar exchange rate in relation to the American dollar ranged between Denar 44.5527 and Denar 48.2991 per American dollar.



On the international financial market, except for the first quarter of 2013, when the value of the euro in relation to the American dollar was decreasing, reaching its lowest value of US\$ 1.28 per euro on 27th March 2013, during the other three quarters of the year, the value of the euro stabilized, starting to strengthen its value on continuous basis. In January, the average American dollar/euro exchange rate amounted to 1.33 dollars per euro, while it amounted to 1.37 per euro in December, increasing by 3.03%. At the same time, the same trend was also observed at the Japanese yen/euro exchange rate, i.e. throughout 2013, euro observed constant increase of its value in relation to the Japanese yen, reaching the value of 145.02 yen per euro. In 2013, the value of the euro in relation to the Japanese yen appreciated by 16.47%, i.e. the average exchange rate JPY/EUR was 118.34 yen per euro in January, amounting to 141.68 yen per euro in December.



III.2 Credit rating of the Republic of Macedonia in 2013

Republic of Macedonia obtains new revised credit rating by the international Credit Rating Agencies Standard and Poor's and Fitch Ratings.

On 24th May 2013, "Standard & Poor's" Credit Rating Agency reduced the previously awarded credit rating for foreign and domestic currency of the Republic of Macedonia from BB to BB-, at the same time affirming the stable outlook of the country.

Credit rating awarded by Standard & Poor's is a result of the regional economic pressures, and the stable outlook is a result of the relatively low indebtedness against the balancing of the structure and monetary rigidity of the Republic of Macedonia, the political challenges and exposure to external shocks.

According to the Agency, the credit rating may be raised in future by implementing reforms aimed at achieving higher economic growth.

In addition, on 29th November 2013, Standard & Poor's Credit Rating Agency affirmed the awarded credit rating for foreign and domestic currency of the Republic of Macedonia BB-, at the same time affirming the stable outlook of the country.

In line with the Standard & Poor's Report, the affirmation of the credit rating is a result of the moderate level of public debt. Stable outlook was a result of the relatively low indebtedness with respect to the structural rigidities and political challenges the Republic of Macedonia faces, as well as the exposure to external shocks and influences.

Implementation of reforms aimed at achieving higher growth rate may cause positive effects to the end of improving the credit rating in future.

On 15th October 2013, Fitch Ratings Credit Rating Agency announced that it affirmed the previously awarded credit rating for foreign and domestic currency of the Republic of Macedonia BB+, as well as the stable outlook of the country. In fact, this credit rating was awarded to the Republic of Macedonia in 2010, and since then onwards, it has been affirmed each year.

Affirmation of the credit rating of the Republic of Macedonia by Credit Rating Agency Fitch Ratings was based upon low level of inflation, moderate budget deficit, relatively low public debt, as well as well-capitalized banking sector. In addition, rating affirmation is also based upon sound economic policies, as well as upon inflow of foreign investments, being potential for economic growth, and their increase in future may also have positive influence on the improvement of the credit rating of the country.

Stable credit rating of the Republic of Macedonia is a strong signal to foreign investors and it has positive impact on the interest rate at which the country borrows on the international capital market, as well as the overall economic and political image of the Republic of Macedonia. In addition, affirmation of the credit rating is another strong signal to the foreign investors that Republic of Macedonia is a country which

they can have confidence in and could be assured of sound macroeconomic policies in future as well.

Credit rating awarded to the Republic of Macedonia in 2012 and 2013 by the international Credit Rating Agencies Standard & Poor's and Fitch Ratings, are shown in the table below:

Standard & Poor's Credit Rating Agency

	2012	2013
Foreign currency	BB/Stable	BB-/Stable
Domestic currency	BB/ Stable	BB-/ Stable

Source: Standard & Poor's

Fitch Credit Rating Agency

	2012	2013
Foreign currency	BB+/Stable	BB+/Stable
Domestic currency	BB+/ Stable	BB+/ Stable

Source: Fitch Ratings

III. 3 Trends in the government and public debt of the Republic of Macedonia

At the end of 2013, government debt of the Republic of Macedonia amounted to EUR 2,771.6 million, i.e. 36.1% of GDP. Despite the increase by 1.8 percentage points in GDP compared to 2012, Republic of Macedonia remains to be low-indebted country with a government debt, being far below the average level of debt of the EU countries.

At the end of 2013, government debt of the Republic of Macedonia amounted to EUR 3,296.0 million, accounting for 42.9% of GDP.

III. 4 Servicing of government and public debt of the Republic of Macedonia

All liabilities on the basis of government and public debt that fell due in 2013 were regularly and timely serviced by the Ministry of Finance, as well as by the other public debt issuers.

As for the repayment of liabilities on the basis of the public debt in 2013, including the government debt and the debt of public enterprises, total of EUR 422.1 million was spent, Denar 339.6 million out of which for repayment of the principal and EUR 82.5 million for repayment of interest.

III.5. Issue of the twelfth issue of denationalization bonds

Pursuant to the Law on Issuance of Denationalization Bonds in the Republic of

Macedonia (Official Gazette of the Republic of Macedonia, nos. 37/02, 89/08, 161/09, 6/12 and 104/13), the twelfth issue of denationalization bond in the amount of EUR 13 million was issued on 22nd May 2013.

Terms and conditions, under which this bond was issued, were identical for both the first eleven issues, i.e. 10-year maturity period and 2% fixed annual interest rate. First installment for payment of the principal and the interest on this issue falls due on 1st June 2014.

This issue of the denationalization bonds covers all effective decisions on denationalization in the period 1st May 2012 – 31st January 2012, according to which bonds are given as compensation.

III.6. Continuous government securities

III.6.1. Primary Government Securities Market (GS)

Borrowing by issuing government securities in 2013 - The decision on determining the maximum amount of new borrowing by issuing government securities by the Government of the Republic of Macedonia in 2013, the maximum amount of borrowing was determined in the amount of Denar 15,245.00 million. Thus, new borrowing on the basis of issued GS in 2013 amounted to Denar 15,240.69 billion, and the stock of total issued GS as of 31st December 2013 inclusive, amounted to Denar 65,318.93 million.

GS auctions - in the period January-December 2013, Ministry of Finance regularly issued 3-month, 6-month and 12-month treasury bills with and without foreign exchange clause, as well as 2-year, 3-year and 5-year government bonds with and without foreign exchange clause. During this period, total of one hundred and ten (110) GS auctions, i.e. fifteen (15) auctions of 3-month treasury bills, thirty two (32) auctions of 6-month treasury bills, twenty and eight (28) auctions of 12-month treasury bills, nine (9) auctions of 2-year government bonds, three (3) auctions of 3-year government bonds and twenty three (23) auctions of 5-year government bonds.

Total amount offered at the GS auctions in 2013 was Denar 111,172.70 million, demand amounted to Denar 122,232.75 million, while the total amount of auctions realized in this period was Denar 106,226.53 million. More separately by maturities, total realized amount was distributed in the following manner: Denar 20,740.77 million was realized at the auctions of 3-month treasury bills, Denar 53,572.88 million was realized at the auctions of 6-month treasury bills, Denar 20,355.64 million was realized at the auctions of 12-month treasury bills, Denar 3,055.00 million was realized at the auctions of 2-year government bonds, Denar 1,417.00 million was realized at the auctions of 3-year government bonds and Denar 7,085.24 million was realized at the auctions of 5-year government bonds. On the basis of the presented data on the amount offered and the amount of realization of GS auctions, one can see that the percentage of success of auctions in 2013 was 95.55%, increasing by 2.08 percentage points compared to 2012, when the success percentage of auctions was 93.47%.

In 2013, portfolio of continuous GS comprised 3-month treasury bills, 6-month treasury bills, 12-month treasury bills, 2-year government bonds, 3-year government bonds and 5-year government bonds. As of 31st December 2013 inclusive, maturity structure of GS portfolio is as follows:

- percentage share of 3-month treasury bills was 0% in the maturity structure, decreasing by 65.17 percentage points compared to 31st December 2012, when it amounted to 65.17%.
- percentage share of 6-month treasury bills was 34.28% in the maturity structure, increasing by 28.24 percentage points compared to 31st December 2012, when it amounted to 6.04%.
- percentage share of 12-month treasury bills was 31.16% in the maturity structure, increasing by 24.61 percentage points compared to 31st December 2012, when it amounted to 6.55%.
- percentage share of 2-year government bonds was 4.67% in the maturity structure, increasing by 4.67 percentage points compared to 31st December 2012, when it amounted to 0%;
- percentage share of 3-year government bonds was 5.36% in the maturity structure, increasing by 1.16 percentage points compared to 31st December 2012, when it amounted to 4.20%; and
- percentage share of 5-year government bonds was 24.53% in the maturity structure, increasing by 6.49 percentage points compared to 31st December 2012, when it amounted to 18.04%;

Trends of interest rates at GS auctions – During 2013, volume tender was applied at GS auctions.

During this period, interest rates on government securities were multiply reduced. Hence, depending on their maturity, interest rates on treasury bills dropped by 0.30 p.p. to 1.15 p.p., whereby interest rates on 3-month treasury bills with and without foreign exchange clause dropped by 0.35 p.p and 0.30 p.p respectively, accounting for 3.65% and 3.60% respectively at the end of March; interest rates on 6-month treasury bills with and without foreign exchange clause dropped by 0.95 p.p. and 0.90 p.p. respectively, accounting for 3.15% and 3.10% respectively at the end of December; interest rates on 12-month treasury bills with and without foreign exchange clause dropped by 1.15 p.p. and 1.10 p.p. respectively, accounting for 3.60% and 3.40% respectively at the end of December. During the same period, interest rates on long-term securities dropped and such reduction ranged from 0.90 p.p. to 1.00 p.p., whereby interest rates on 2-year government bonds with and without foreign exchange clause accounting for 4.00% and 3.80% respectively at the end of December; interest rates on 3-year government bonds with and without foreign exchange clause dropped by 0.95 p.p. and 1.00 p.p. respectively, accounting for 4.35% and 4.10% respectively at the end of December; and interest rates on 5-year government bonds with and without foreign exchange clause dropped by 0.90 p.p, accounting for 4.80% and 4.60% respectively at the end of December.

Ownership structure of undue GS - Dominant share of banks in the ownership structure of undue government securities continued during 2013 as well. As of 31st

December 2013 inclusive, percentage share of banks in the ownership structure of the government securities amounted to 56.16%, while the share of the other market entities was 43.84%. During the analyzed period, share of banks decreased by 1.50 percentage points in relation to the share of other entities, being respectively increased. As of 31st December 2012 inclusive, ratio between banks and other market entities was 57.66 to 42.34% respectively.

III.6.2. Secondary government securities market

Legal regulations on secondary trading in the Republic of Macedonia provide for trading in all structural government securities on the Macedonian Stock Exchange AD, as well as trading in continuous government securities on the OTC markets.

In 2013, total trading volume realized on the Macedonian Stock Exchange AD Skopje amounted to Denar 799,009,612, decreasing by 39.44% compared to 2012, when it amounted to Denar 1,319,395,293. At the same time, total realized trading turnover was Denar 728,185,115 in 2013, declining by 39.39% compared to 2012. (Chart 13)

During the same period, total of twenty one (21) transactions with government securities, i.e. sixteen (16) transactions with treasury bills and five (5) transactions with government bonds were carried out on the Over-the-Counter Market. Total nominal trading amount amounted to Denar 1,978,830,000. Compared to the trading in 2012, it can be concluded that larger number of transactions were realized in 2013 and total nominal amount of trading was higher by Denar 920,830,000 million compared to the trading in 2012.

III.7. Newly concluded loans in 2013

IV. 7.1. New loans concluded by Central Government

- **Borrowing by the Republic of Macedonia at the World Bank under the Loan Agreement for the First Programmatic Development Policy Loan for Competitiveness**

On 4th January 2013, Ministry of Finance, on behalf of the Government of the Republic of Macedonia and the World Bank concluded Loan Agreement in the amount of EUR 38.7 million. Loan funds were intended for financing the budget deficit.

Terms and conditions under which this loan was signed are the following:

- amount: EUR 38.7 million;
- interest rate: six-month EURIBOR with variable spread;
- repayment period: 18-years including 5-year grace period;
- manner of repayment: equal repayment amounts will be paid twice a year, starting 1st February 2018, as of 1st August 2030 inclusive. Loan will be paid by semesters, each 1st February and 1st August in the year.

- **Borrowing by the Republic of Macedonia at Deutsche Bank**

On 9th January 2013, Ministry of Finance, on behalf of the Government of the Republic of Macedonia, and the Deutsche Bank concluded Loan Agreement in the amount of EUR 250 million. Loan funds were intended for financing the budget deficit in 2013.

Terms and conditions under which this loan was signed are the following:

- amount: EUR 250 million;
- World Bank's guarantee EUR 155 million;
- interest rate: 3.915%;
- repayment period: 7 years, repayment will be made in two installments - the first one in the amount of EUR 95 million will be repaid on the day of its maturity, i.e. 5 years from the day of disbursement of the loan funds, and the second one in the amount of EUR 155 million will be repaid on the day of its maturity, which falls 7 years from the day of disbursement of the funds.

III. 7.2. New loans concluded by local government

- **Project for Construction of Multi-Storey Car Park near Nova Makedonija**

On 10th January 2012, Centar Municipality and Komercijalna banka AD Skopje signed Agreement for Long-Term Foreign Currency Loan in the amount of EUR 2,960,800.00 for financing the Project "Construction of Multi-Storey Car Park near Nova Makedonija." Implementation of this Project is aimed at providing additional car-parking space, taking into account that the problem of providing parking spaces in Skopje is the biggest in exactly the central area of the capital city.

Terms and conditions under which this loan was signed are the following:

- amount: EUR 2,960,800.00;
- interest rate: floating, in the amount of 3-month EURIBOR + 5.5 percentage points annually;
- repayment period: up to 10 (ten) years;
- grace period: Up to 2 (two) years.

III.7.3. New loans concluded by public enterprises

- **M-NAV Modernization Project/Macedonian Air Navigation System Upgrading**

On 24th September 2013, MNAV AD Skopje provided loan without sovereign guarantee from EBRD for realization of the M-NAV Modernization Project/Macedonian Air Navigation System Upgrading – in the amount of EUR 11,15 million. The loan funds will be served for procurement and installation of new remote and monitoring control system, which should be prepared for serving up to 2,500 flights per day and 280.000 flights on annual basis by 2028, voice communications system, VHF radios

(transmitters and receivers), digital system for recording voice channels (Voice Logging System), new Mode S Secondary Surveillance Radar at the Skopje Airport and upgrading the existing MSSR Radar in Ohrid.

Terms and conditions under which this loan was signed are the following:

- amount: EUR 11.15 million;
- interest rate: 3-month EURIBOR increased by 3.75% on annual basis.
- repayment period: 12-years including 3-year grace period. Loan will be repaid for a period of nine years each 15th March, 15th June, 15th September, 15th December. Repayments starts three years following the day of signing the Loan Agreement.

- **Project for Construction of Multi-Storey Car Park “6.7 Mal Ring”**

On 6th December 2013, the Joint Stock Company for Construction and Management of Business and Housing Premises of the Republic of Macedonia - Skopje and Stopanska banka AD Skopje signed Agreement for Long-Term Loan in the amount of EUR 2,318,000.00 for financing the Project for Construction of Multi-Storey Car Park – “ 6.7 Mal Ring”. Realization of this Project will contribute to long-lasting resolving of the traffic problems caused by the lack of parking spaces in the center of Skopje.

Terms and conditions under which this loan was signed are the following:

- amount: EUR 12,318,000.00;
- interest rate: 1-year EURIBOR +5.75 percentage points annually;
- repayment period: 12 (twelve) years including 2 (two)-grace period, starting from the day of the first usage of the loan funds.

- **Project “Rehabilitation and Modernization of the Transmission Network and Power System”**

On 18th December 2013, AD MEPSO provided loan without sovereign guarantee from EBRD for realization of the Project “Rehabilitation and Modernization of the Transmission Network and Power System” – EUR 25 million. Project will contribute to revitalization of 110 kV transmission lines older than 40 years by replacing the old pillars, as well as modernization of the transmission network and energy and electricity system management, by which greater safety and better quality in the supply of energy is expected, as well as reduction of the possible damages that would be caused due to the inefficient delivery of electricity.

Terms and conditions under which this loan was signed are the following:

- amount: EUR 25 million;
- interest rate: 6-month EURIBOR increased by 3% annually;
- repayment period: 15-years including 3-year grace period. Loan will be repaid

for a period of twelve years each 20th June and 20th December. Repayment starts on 20th December 2016.

III.8. Issued guarantees in 2013

- **Sovereign guarantee of the Republic of Macedonia issued to ELEM AD Skopje of the obligations of the Loan Agreement from KfW for additional financing the "Wind Farm Bogdanci" Project**

Agreement for guarantee of the Republic of Macedonia issued to ELEM AD Skopje of the obligations of the Loan Agreement from KfW for additional financing of the "Wind Farm Bogdanci" Project was signed on 25th July 2013. Republic of Macedonia guarantees the settlement of liabilities in the amount of EUR 15,000,000. Construction and installation of wind power plants will increase the share of sustainable energy sources in the production of AD ELEM and will increase the installed power by around 30-40 MW, while the annual generation will be increased by additional 100 GWh.

Terms and conditions under which this loan was signed are the following:

- amount: EUR 15,000,000;
- interest rate: 2,5%;
- repayment period: 12 years;
- grace period: 3 years.

- **Sovereign guarantee of the Republic of Macedonia issued to ELEM AD Skopje of the liabilities under the Loan Agreement from Deutsche Bank for the Bitola Thermal Power Plant Rehabilitation Project**

On 10th December 2013, Agreement was signed for guarantee of the Republic of Macedonia issued to AD ELEM for fulfillment of the liabilities under the Loan Agreement from Deutsche Bank for funding the Bitola Thermal Power Plant Rehabilitation Project. Republic of Macedonia guarantees the settlement of liabilities in the amount of EUR 24,328,674.21. Revitalization and modernization of Thermal Power Plant Bitola will contribute to reducing NOx, continue the working life and increase the efficiency of the power plant. In addition, greater import of electricity will be prevented, thus providing for stability of the national electricity system and harmonization with the EU directives for such type of facilities, on longer run.

Terms and conditions under which this loan was signed are the following:

- amount: EUR 24,328,674.21;
- interest rate: variable 6-month EURIBOR interest rate increased by 1.295% annually.
- repayment period: 12 years;
- grace period: 16 months.

- **Sovereign guarantee of the Republic of Macedonia issued to the Macedonian Bank for Development Promotion of the liabilities of the Financial Loan Agreement from the European Investment Bank for the MBDP Loan for SME & Priority Projects IV.**

On 31st December 2013, Financial Loan Agreement was concluded for the fourth phase of the SME & Priority Projects in the amount of EUR 100 million between Macedonian Bank for Bank for Development Promotion and European Investment Bank (EIB), while the Guarantee Agreement was signed between the Ministry of Finance and EIB.

The fourth phase of the Project presents continuation of the successful realization of the first, second and third project, as well as continuation of the support to the private sector by the Government of the Republic of Macedonia in terms of supporting new projects, new employment, increased liquidity of the economy and increased import.

Terms and conditions under which this loan was signed are the following:

- loan amount: EUR 100,000,000;
- interest rate: 5.5%;
- repayment period: From at least 4 years up to 8 years at the most starting from the date of disbursing the tranche, including grace period that may be between 60 days and 2 years from the date of disbursing the tranche. Repayment period for the loan will be determined for each loan tranche separately, on the day of the submission of the request for disbursement of the loan funds by the Macedonian Bank for Development Promotion. Tranche may also be repaid on one-off basis between the third and fifth year;
- manner of repayment: it is disbursed in 15 tranches. Minimum amount of the tranche is EUR 5,000,000.

IV. Public debt management activities

IV.1. Disbursements on the basis of concluded loans by creditors and public debt levels

Table 1: Disbursements on the basis of already concluded and newly concluded loans by creditors and public debt levels

(In millions of euros)	Jan-Dec 2013 realization of disbursement
Total external public debt	479,46
Central government debt (consolidated)	343,47
Official creditors	81,06
Multilateral creditors	75,39
IBRD	48,97
CEDB	11,49
EBRD	10,92
EIB	4,00
Bilateral creditors	5,67
Private creditors	262,41
Municipalities	2,19
Official creditors	2,19
Multilateral creditors	2,19
EBRD	2,19
Public enterprises	133,80
Official creditors	109,41
Multilateral creditors	76,65
IBRD	7,54
EBRD	11,35
EIB	57,77
Bilateral creditors	32,76
Private creditors	24,39

Source: MoF and NBRM

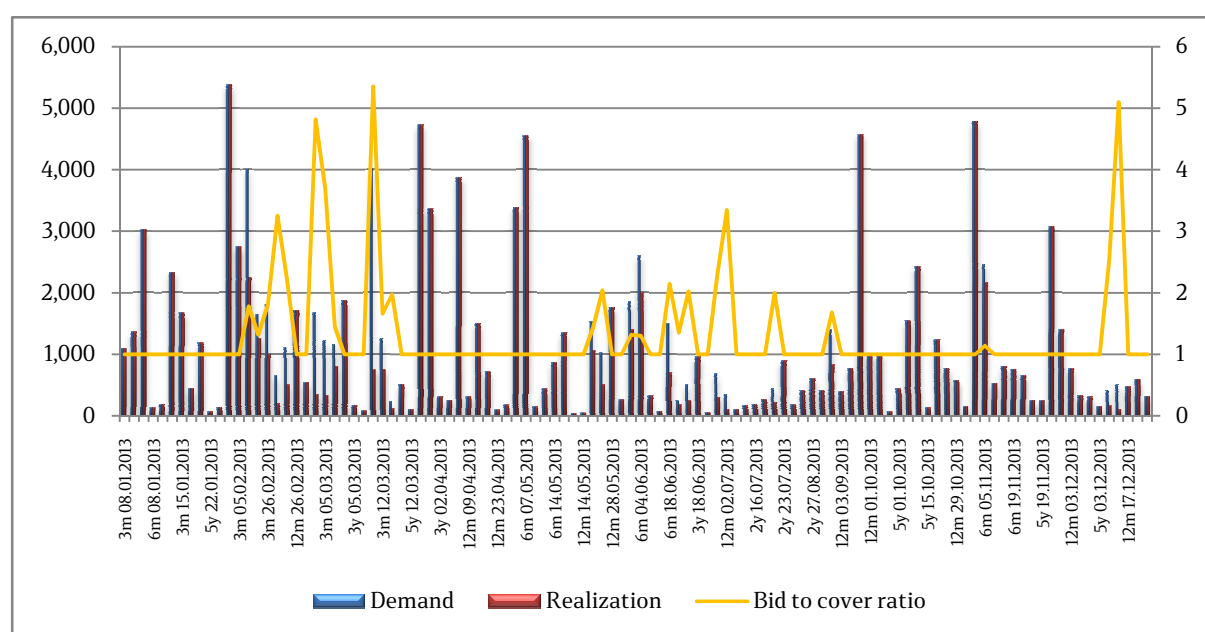
IV.2. Primary government securities market

Table 2: Net issue of continuous government securities and structural bonds

(In million of euros)		Q1-2013	Q2-2013	Q3-2013	Q4-2013	Total 2013
I	Net issue of government securities	6,114.1	2,116.3	2,328.9	4,681.4	15,240.7
	3-month T-Bills	-3,310.0	-28,645.4	0.0	0.0	-31,955.4
	6-month T-Bills	1,895.9	22,704.3	-358.6	-5,099.3	19,142.3
	12-month T-Bills	3,928.2	5,581.5	-868.4	7,855.3	16,496.6
	2-year T-Bonds	0.0	0.0	2,545.0	510.0	3,055.0
	3-year T-Bonds	167.0	1,250.0	0.0	0.0	1,417.0
	5-year T-Bonds	3,433.0	1,226.0	1,010.8	1,415.5	7,085.2
II	XII-th issue of denalization bonds	0.0	801.9	0.0	0.0	801.9
I+II	Total	6,114.1	2,918.2	2,328.9	4,681.4	16,042.6

Source: MoF

Chart 8: Demand and realization of government securities auctions
January–December 2013



Source: MoF

Table 3: Average interest rates on GS without foreign exchange clause in 2013

	Weighted average interest rate of 3- month T-Bills	Weighted average interest rate of 6- month T- Bills	Weighted average interest rate of 12- month T-Bills	Weighted average interest rate of 2- year T- Bonds	Weighted average interest rate of 3- year T- Bonds	Weighted average interest rate of 5- year T- Bonds
January	3,72	4,00				5,54
February	3,65	3,75	4,25			
March	3,65		4,25			
April		3,67	4,24			
May		3,45	3,90			
June		3,15	3,60		4,35	
July			3,60	4,00		
August			3,60			
September			3,60			
October		3,15	3,60			
November		3,15	3,60			
December		3,15	3,60	4,00		

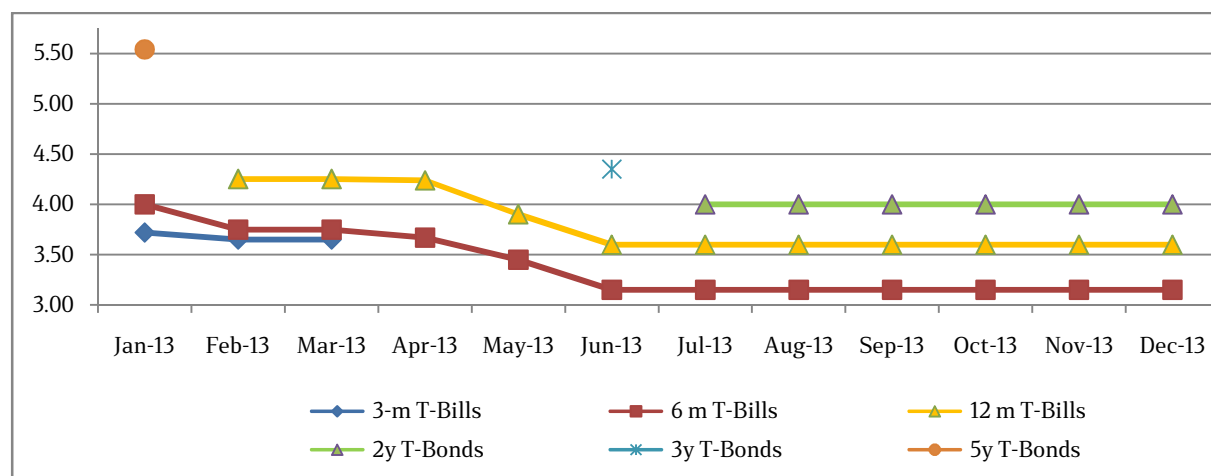
Source:MoF

Table 4: Average interest rates on GS with foreign exchange clause in 2013

	Weighted average interest rate of 3- month T- Bills	Weighted average interest rate of 6- month T- Bills	Weighted average interest rate of 12- month T-Bills	Weighted average interest rate of 2- year T- Bonds	Weighted average interest rate of 3- year T- Bonds	Weighted average interest rate of 5- year T- Bonds
January	3,79	3,95				5,39
February	3,60					5,15
March	3,60	3,70			4,65	5,15
April		3,66			4,65	5,05
May		3,40	3,70			4,90
June		3,10	3,40			4,60
July		3,10		3,80		4,60
August				3,80		4,60
September		3,10		3,80		
October		3,10	3,40	3,80		4,60
November		3,10	3,40			4,60
December		3,10	3,40			4,60

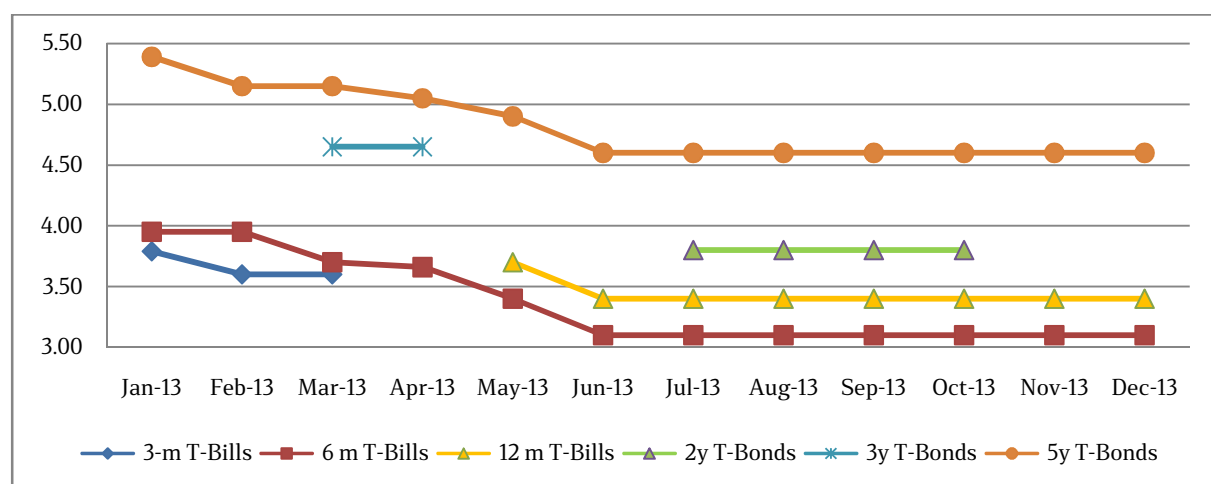
Source:MoF

Chart 9: Interest rates achieved at GS auctions without foreign exchange clause



Source: MoF

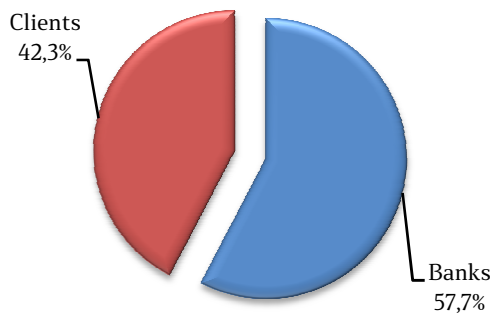
Chart 10: Average interest rates achieved at GS auctions with foreign exchange clause



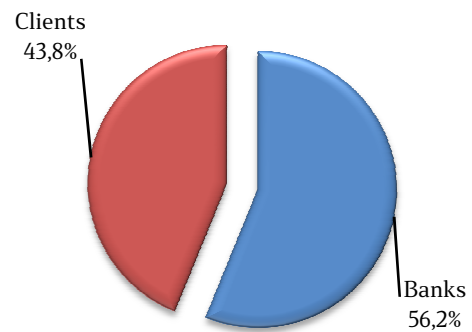
Source: MoF

Chart 11: Ownership structure of continuous GS

31st December 2012



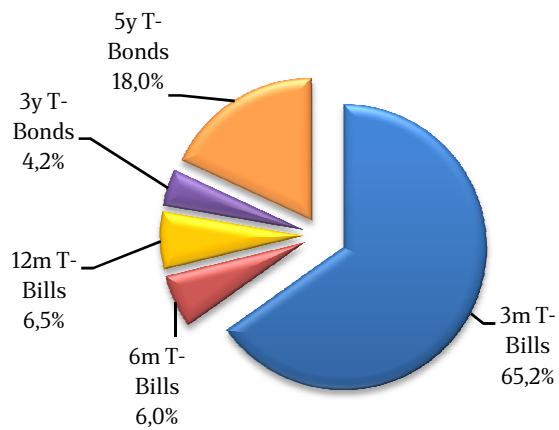
31st December 2013



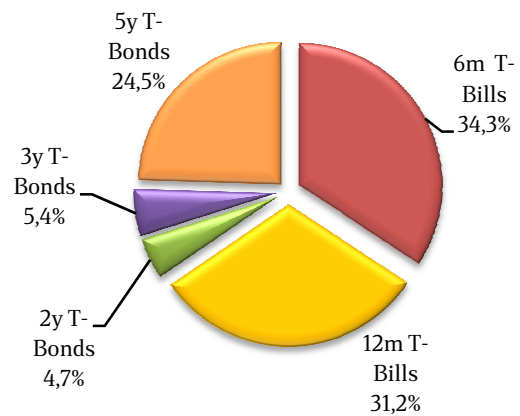
Source: MoF

Chart 12: Maturity structure of continuous GS

31st December 2012



31st December 2013

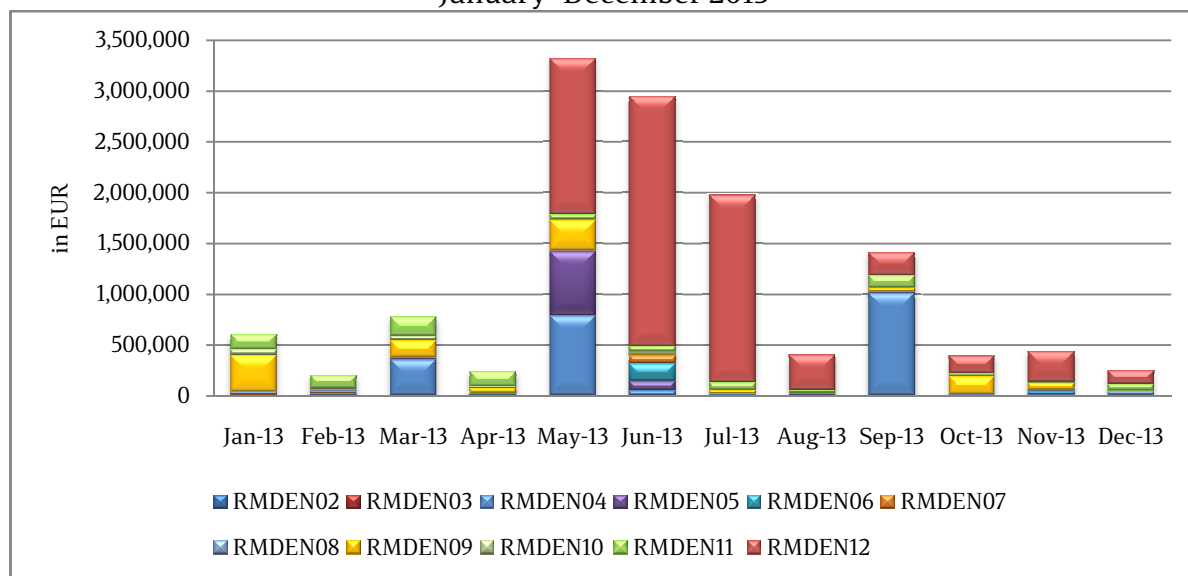


Source: MoF

IV.3. Secondary government securities market

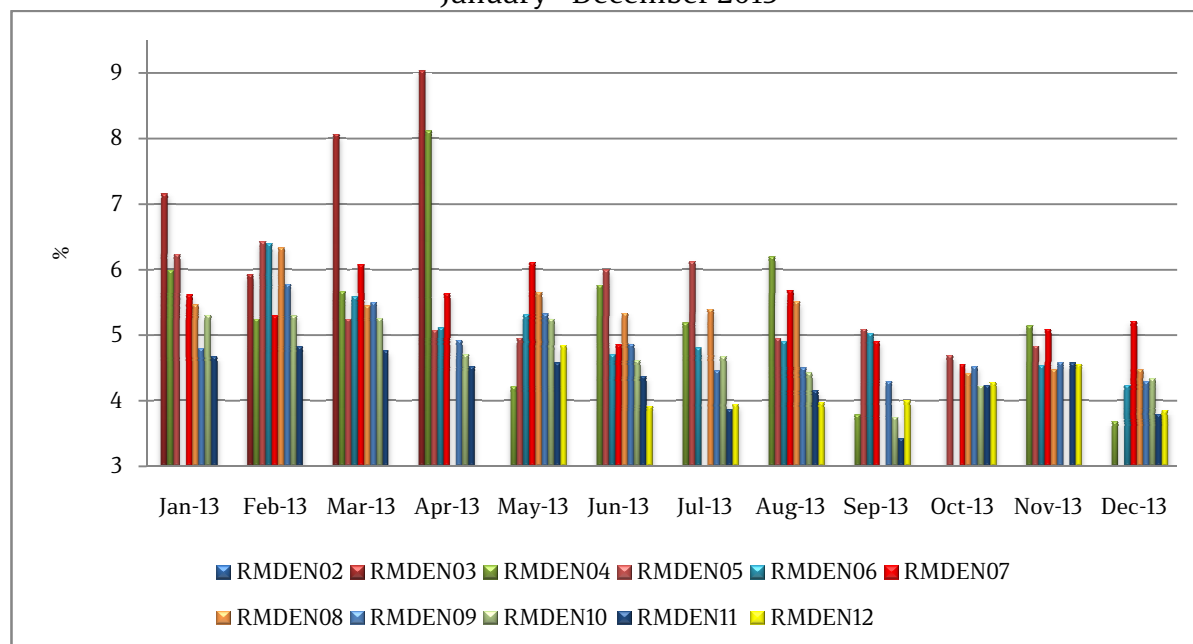
IV.3.1. Macedonian Stock Exchange AD Skopje

Chart 13: Trading volume for structural government bonds for the period
January–December 2013



Source: Macedonian Stock exchange AD Skopje

Chart 14: Yield to maturity of structural government bonds
January– December 2013

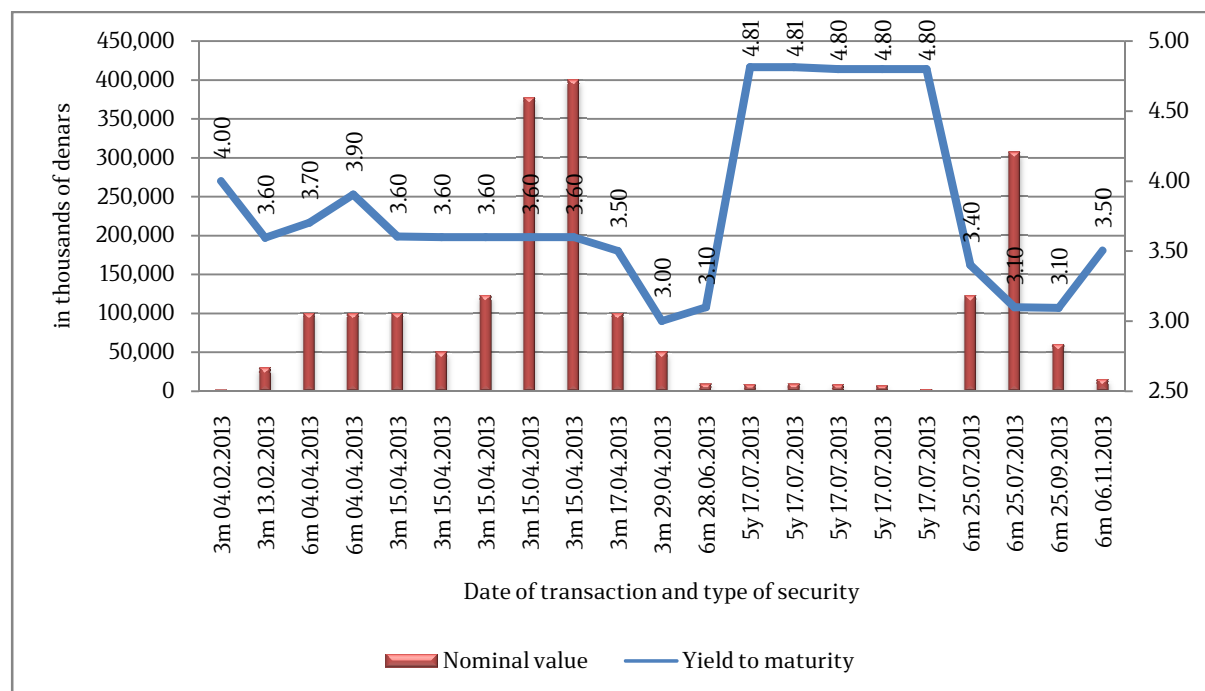


Source: Macedonian Stock exchange AD Skopje

IV.3.2. Over-the-counter markets

Chart 15: Concluded transactions with government securities on the OTC Market

January–December 2013



Source: NBRM

V. Debt portfolio features

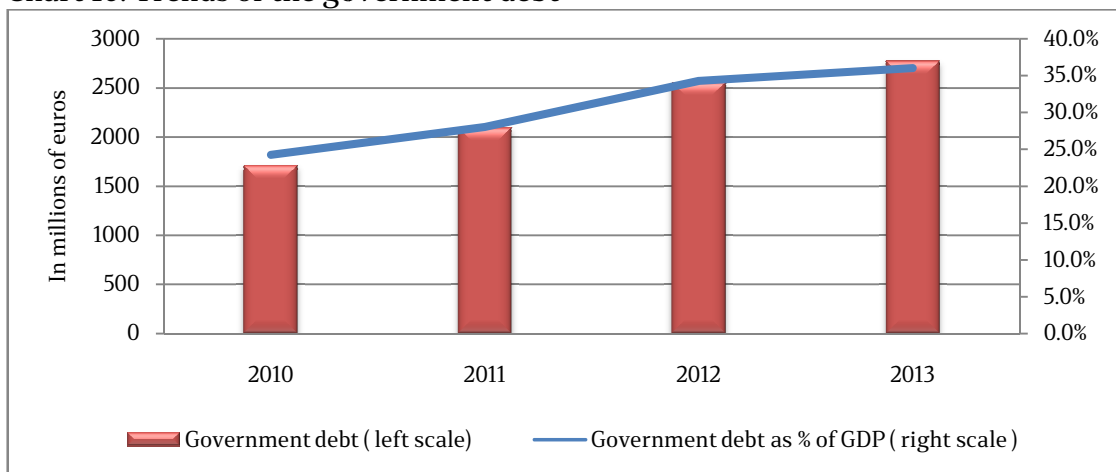
V.1. Government debt

Table 5: Stock of government debt

(in millions of euros)	2010	2011	2012	2013
External general government debt	1,173.8	1,582.1	1,615.9	1,597.5
Central government debt (consolidated)	1,173.8	1,582.1	1,612.5	1,591.9
Municipalities	0.0	0.0	3.4	5.6
Domestic general government debt	537.0	510.8	938.6	1,174.1
Central government debt (consolidated)	536.8	506.7	932.0	1,165.1
Municipalities	0.2	4.1	6.6	9.0
Total general government debt	1,710.8	2,092.9	2,554.5	2,771.6
General government debt as % of GDP	24.2	28.0	34.3	36.1

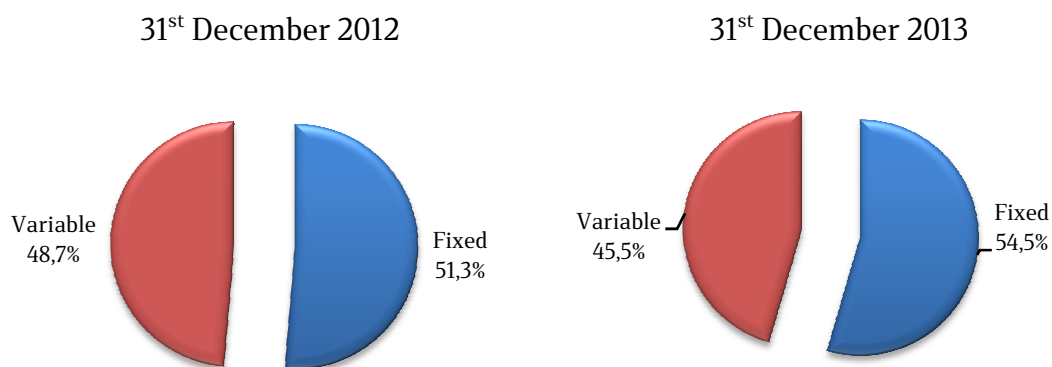
Source: MoF and NBRM

Chart 16: Trends of the government debt



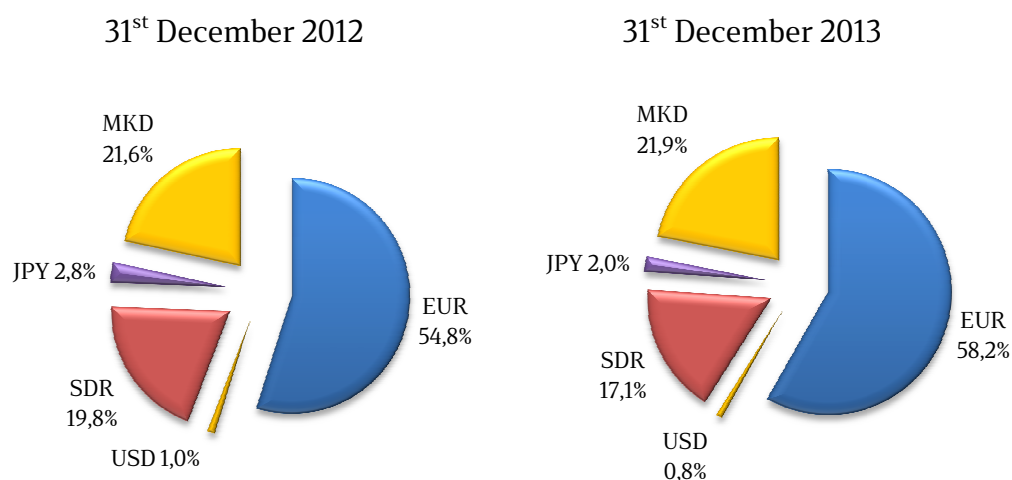
Source: MoF and NBRM

Chart 17: Total government debt interest structure



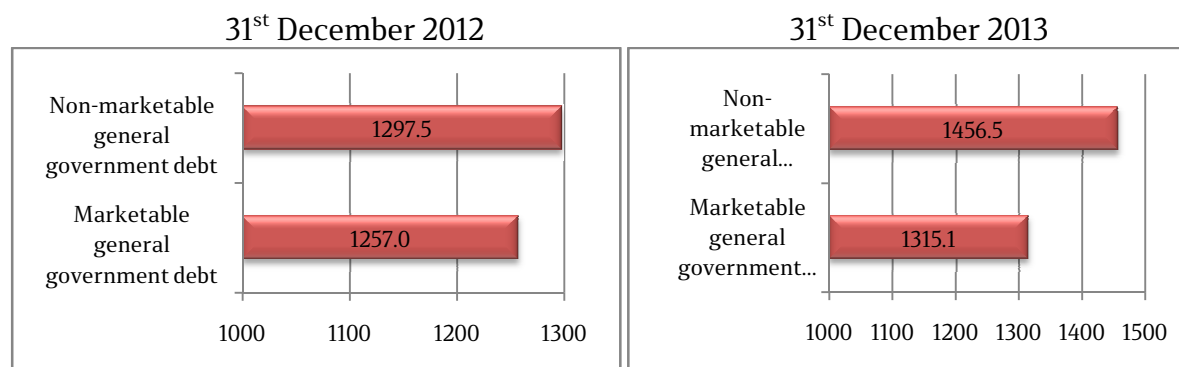
Source: MoF and NBRM

Chart 18: Currency structure of the government debt



Source: MoF and NBRM

Chart 19: Market/non-market government debt (in millions of euros)



Source: MoF and NBRM

Indicators for government debt portfolio risk

Table 6: Average time to maturity – ATM (in years)

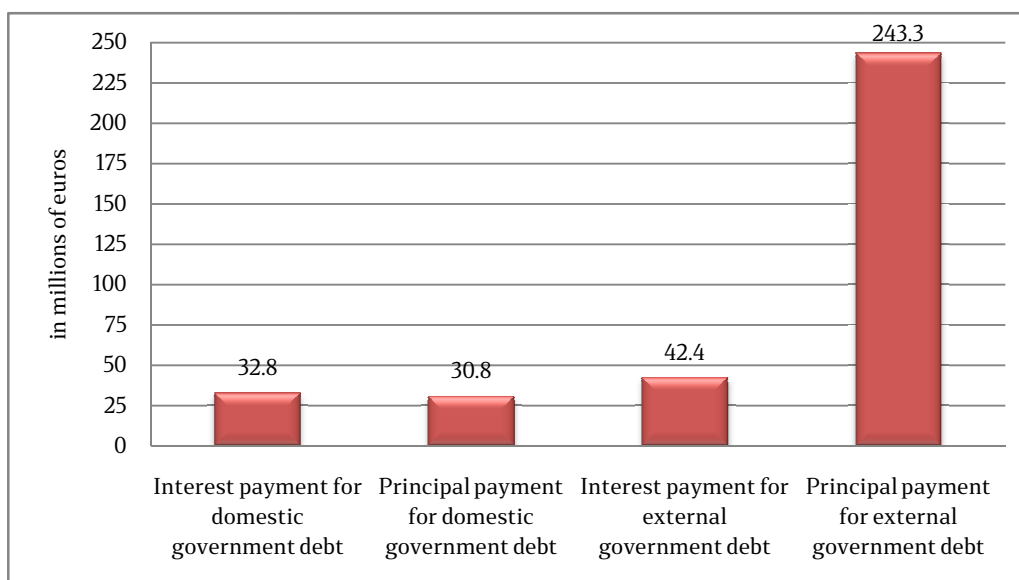
	2013
Domestic debt	1,5
External debt	5,3
Total government debt	3,8

Table 7: Average time to refixing – ATR (in years)

	2013
Domestic debt	1,5
External debt	3,9
Total government debt	2,9

Source: MoF

Chart 20: Repayment of interest and principal on the basis of government debt



Source: MoF and NBRM

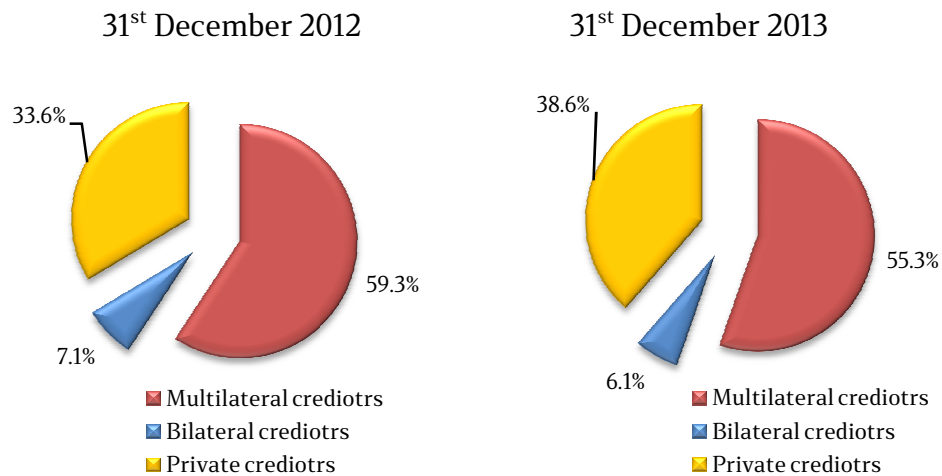
V.1.1. External government debt

Table 8: External government debt structure by creditors

(In millions of euros)	31.12.2010	31.12.2011	31.12.2012	31.12.2013
External government debt	1,173.8	1,582.1	1,615.9	1,597.5
Official creditors	841.8	1092.5	1072.7	981.1
Multilateral creditors	719.1	959.5	957.8	883.1
IBRD	195.8	218.8	229.9	216.3
IDA	277.1	277.1	262.8	242.3
IFAD	12.7	12.5	11.8	10.8
CEDB	27.6	29.6	39.4	49.1
EBRD	40.7	39.9	52.5	27.5
EIB	96.2	85.7	80.2	73.7
EU	69.0	61.0	51.0	43.6
IMF	0.0	234.9	230.2	219.7
Bilateral creditors	122.7	133.0	114.9	98.0
Private creditors	332.0	489.6	543.2	616.5
Eurobond	325.0	325.0	325.0	150.0
Other private creditors	7.0	164.6	218.2	466.5

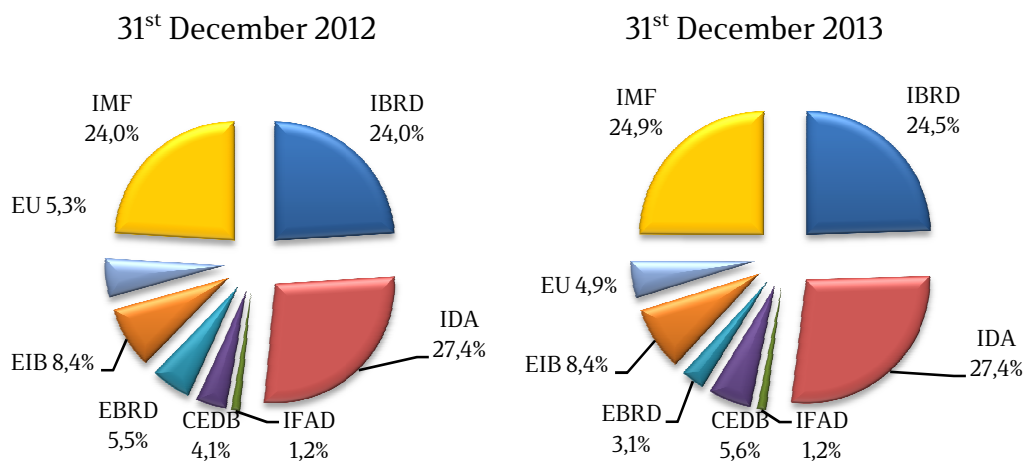
Source: MoF and NBRM

Chart 21: External government debt structure by creditors



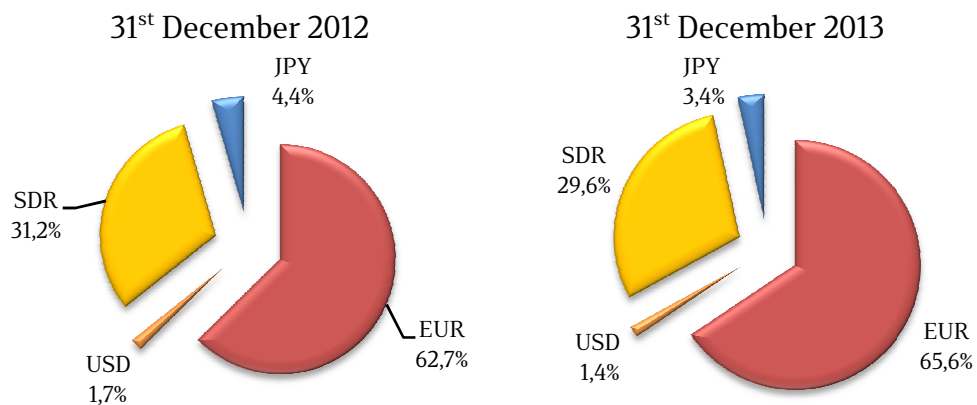
Source: MoF and NBRM

Chart 22: External government debt structure by multilateral creditors



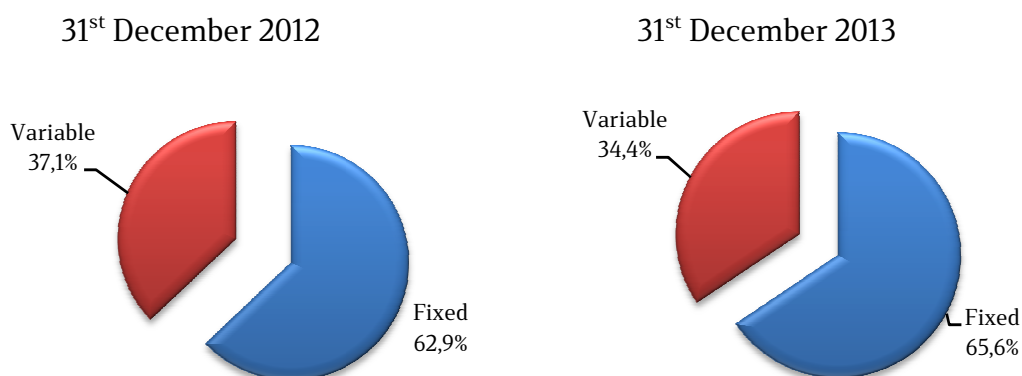
Source: MoF and NBRM

Chart 23: Currency structure of external government debt



Source: MoF and NBRM

Chart 24: Interest structure of external government debt



Source: MoF and NBRM

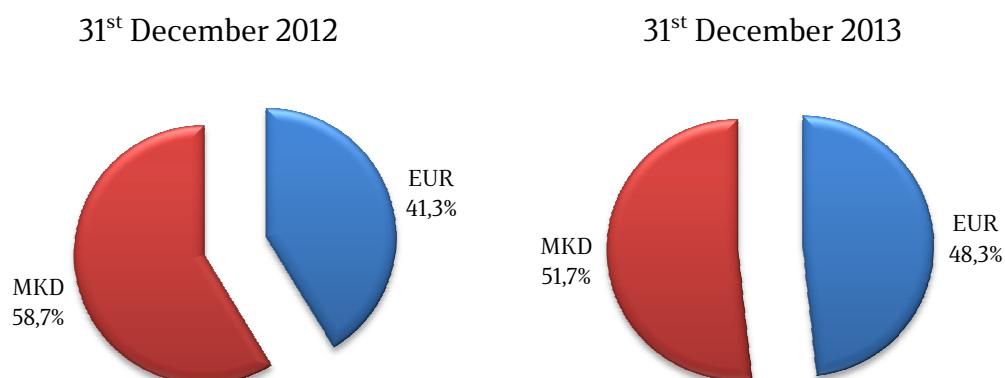
V.1.2. Domestic government debt

Table 9: Stock of domestic government debt

(In millions of euros)	2010	2011	2012	2013
Government debt	537.0	510.8	938.6	1174.1
Central government debt (consolidated)	536.8	506.7	932.0	1165.1
Structural bonds	226.1	152.1	126.8	103.2
Bond for selective creditors	16.9	16.9	16.9	16.9
Bond for rehabilitation of Stopanska banka	34.3	27.9	19.3	10.7
Bond for old for foreign exchange saving	51.0	0.0	0.0	0.0
Denationalization bonds	124.0	107.3	90.6	75.6
Continuous government securities	310.6	354.6	805.2	1061.9
Municipalities	0.2	4.1	6.6	9.0

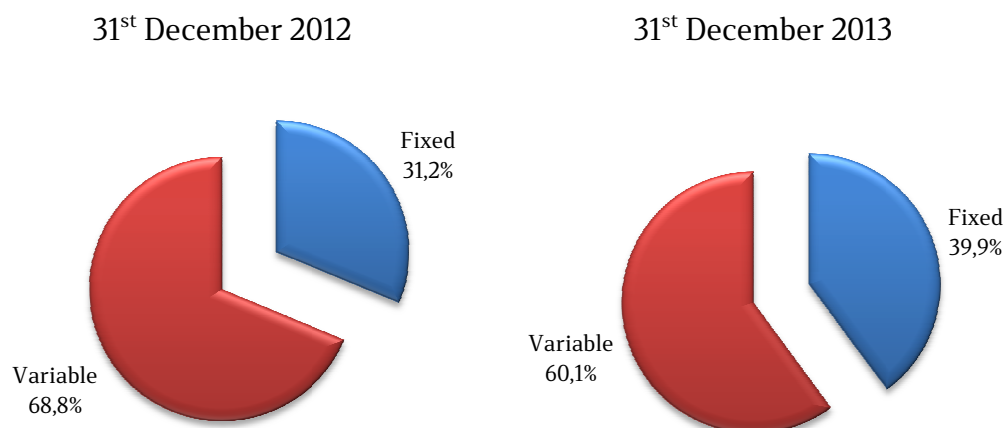
Source: MoF

Chart 25: Domestic government debt currency structure



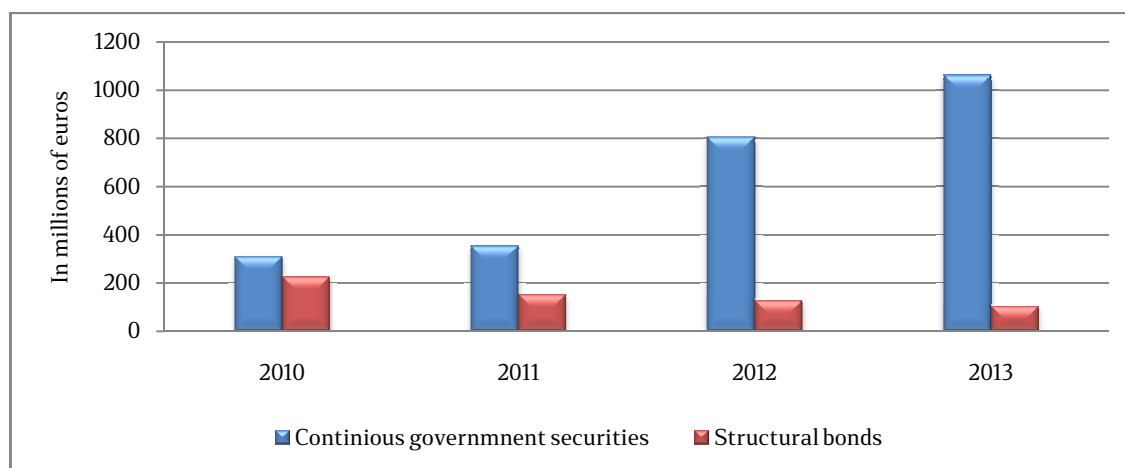
Source: MoF

Chart 26: Domestic government debt interest structure



Source: MoF

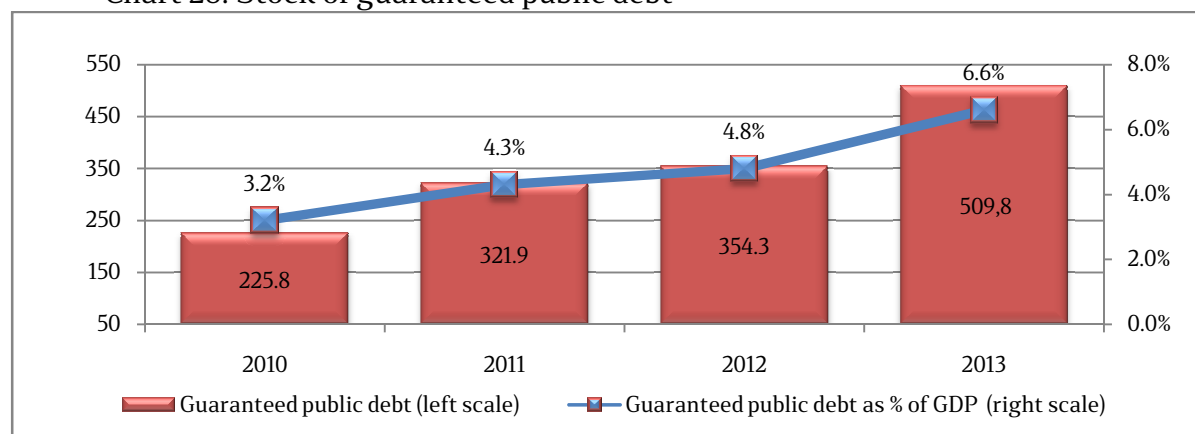
Chart 27: Ratio between the stock of structural bonds and continuous GS



Source: MoF

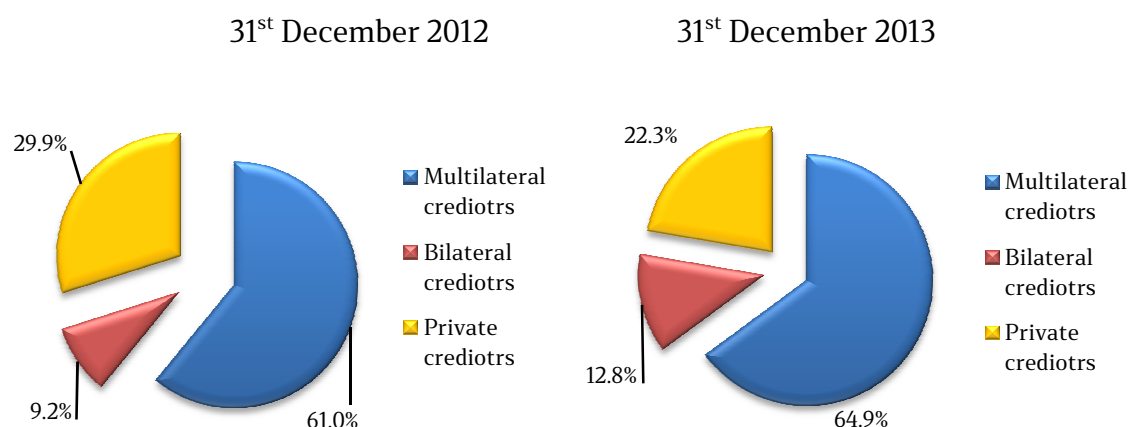
V.2. Guaranteed public debt

Chart 28: Stock of guaranteed public debt



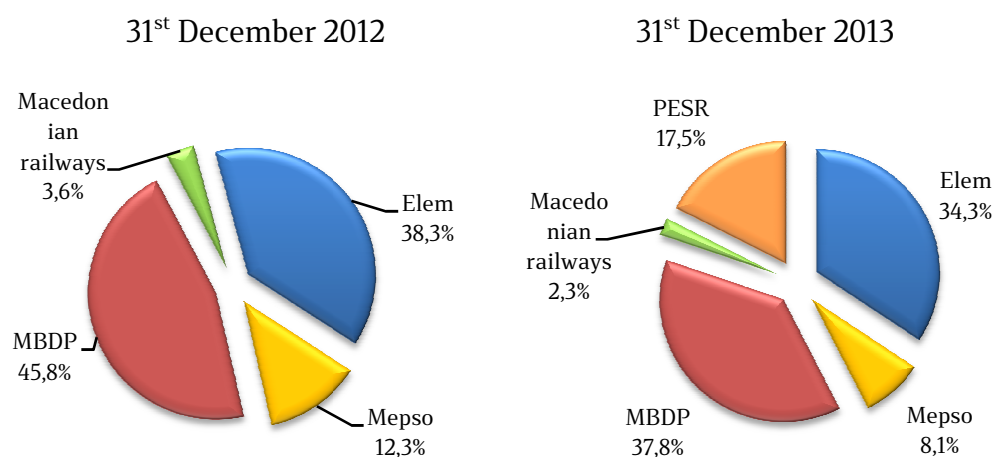
Source: MoF and NBRM

Chart 29: Guaranteed public debt by creditors



Source: MoF and NBRM

Chart 30: Guaranteed public debt by debtors



Source: MoF and NBRM