Macro-financial assistance to Armenia

2009/0150(CNS) - 30/11/2009 - Final act

PURPOSE: to make available to Armenia macro-financial assistance in the form of a loan facility and a grant amounting to €100 million.

LEGISLATIVE ACT: Council Decision 2009/890/EC providing macro-financial assistance to Armenia.

CONTENT: following a further deterioration of the economic situation and a necessary revision of the programme's underlying economic assumptions as well as higher external financing needs, the Community shall make available to Armenia macro-financial assistance in the form of a loan facility and a grant with a view to supporting Armenia's economic stabilisation and alleviating its balance of payments and budgetary needs as identified in the current IMF programme. The **loan component** of this assistance shall amount to a maximum principal of **€65 million with a maximum maturity of 15 years**. To this end, the Commission is empowered to borrow on behalf of the Community the necessary resources. The **grant component** of this assistance shall amount to a maximum of **€35 million**.

This assistance will be exceptional and will be conditional, in particular on progress in the implementation of the current IMF programme and on the successful fulfilment of economic policy conditions that will be attached to this assistance. The Community financial assistance shall be made available for a limited period of two years (starting from the first day after the entry into force of the Memorandum of Understanding).

Management of assistance: the release of the Community financial assistance shall be managed by the Commission, in close cooperation with the Economic and Financial Committee. To this end, the Commission is empowered to borrow €65 million on behalf of the Community. The Commission shall verify at regular intervals that Armenia's economic policies are in accordance with the objectives of the Community assistance and that the agreed economic policy conditions are being satisfactorily fulfilled. The Community financial assistance shall be made available by the Commission to Armenia in two loan instalments.

Specific provisions: the Commission shall take the necessary steps, if Armenia so requests, to ensure that an early repayment clause is included in the loan terms and conditions and matched by a corresponding clause in the terms and conditions of the borrowing operations. At Armenia's request, and where circumstances permit an improvement of the interest rate of the loan, the Commission may refinance all or part of its initial borrowings or restructure the corresponding financial conditions. All costs incurred by the Community which are related to the borrowing and lending operations under this Decision shall be borne by Armenia.

Specific provisions on the prevention of fraud and other irregularities, consistent with the Financial Regulation, will be duly taken into account.

Report: by 31 August of each year the Commission shall submit to the European Parliament and to the Council a report, including an evaluation of the implementation of this Decision in the preceding year.

ENTRY INTO FORCE: 05/12/2009.