Macro-financial assistance to Bosnia and Herzegovina

2009/0166(CNS) - 30/11/2009 - Final act

PURPOSE: to provide macro-financial assistance of €100 million in the form of a loan to Bosnia and Herzogovina.

LEGISLATIVE ACT: Council Decision 2009/891/EC providing macro-financial assistance to Bosnia and Herzegovina.

CONTENT: given that, following the assumptions of the IMF, a residual financing gap remains in the balance of payments in 2010, The Community shall make available to Bosnia and Herzegovina macro-financial assistance in the form of a loan facility with a maximum principal amount of **€100 million and a maximum average maturity of 15 years** with a view to supporting Bosnia and Herzegovina's economic stabilisation and alleviating its balance of payments and budgetary needs as identified in the current IMF programme.

The assistance will be fully consistent with the macroeconomic targets set in the IMF programme and Bosnia and Herzegovina's economic policy documents. It 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). However, if circumstances so require, the Commission, after consultation of the Economic and Financial Committee, may decide to extend the availability period by a maximum of one year.

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 €100 million on behalf of the Community. The Commission shall verify at regular intervals that Bosnia and Herzegovina'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 Bosnia and Herzegovina in two loan instalments.

Specific provisions: the Commission shall take the necessary steps, if Bosnia and Herzegovina 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 the request of Bosnia and Herzegovina, 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 Bosnia and Herzegovina.

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.