# Further macro-financial assistance for Georgia

2010/0390(COD) - 12/08/2013 - Final act

PURPOSE: to grant further macrofinancial assistance to Georgia in the amount of EUR 46 million.

LEGISLATIVE ACT: Decision No 778/2013/EU of the European Parliament and of the Council providing further macro-financial assistance to Georgia.

CONTENT : this Decision makes macro-financial assistance available to Georgia of a maximum amount of **EUR 46 million**, with up to EUR 23 million provided in the form of grants and up to EUR 23 million in the form of loans.

The aim is to support the country's economic stabilisation and cover its balance of payments needs, as identified in its current IMF programme.

The loan shall have a maximum maturity of 15 years.

The release of the Union’s macro-financial assistance shall be subject to the approval of the 2013 Union budget by the budgetary authority.

**Management of the assistance**: the release of the Union’s macro-financial assistance will be managed by the Commission in a manner consistent with the agreements or understandings reached between the IMF and Georgia and with the key principles and objectives of economic reform set out in the EU-Georgia Partnership and Cooperation Agreement. The Commission shall regularly inform the European Parliament and the Economic and Financial Committee of developments in the management of the Union’s macro-financial assistance and provide them with relevant documents.

**Availability of aid**: the Union’s macro-financial assistance shall be made available for a period of two years and six months starting from the first day after the entry into force of the Memorandum of Understanding referred to the Decision.

Subject to the conditions set out in the Decision, the Union’s macro-financial assistance will be made available by the Commission in two instalments, each of them consisting of a grant and a loan element. The size of each instalment will be laid down in the Memorandum of Understanding.

The disbursement of the second instalment shall take place no earlier than three months after the release of the first instalment.

**Conditions for granting aid:** in accordance with the advisory procedure set out in the Decision, the Commission shall adopt a Memorandum of Understanding containing **the economic policy and financial conditions to which the Union’s macro-financial assistance is subject,** including a time-frame for the fulfilment of those conditions.

The economic policy and financial conditions set out in the Memorandum of Understanding shall be consistent with the relevant agreements and shall aim at strengthening the efficiency, transparency and accountability of the Union’s macro-financial assistance, including public finance management systems in Georgia. Progress in attaining those objectives shall be regularly monitored by the Commission, which shall verify at regular intervals that Georgia’s economic policies are in accordance with the objectives of the Union’s macro-financial assistance.

**Repayment clause**: the Commission shall take the necessary steps, if Georgia so requests, to ensure that an early repayment clause is included in the loan terms and conditions, or a re-financing clause.

**Observance of anti-fraud rules**: provisions are made to ensure that Georgia adopt appropriate measures relating to the prevention of, and the fight against, fraud and corruption and observes EU rules.

**Reports:** by 30 June of each year, the Commission shall submit to the European Parliament and to the Council a report on the implementation of the Decision.

No later than two years after the expiry of the availability period it shall submit to the European Parliament and to the Council an ex post evaluation report.

**Joint Declaration by the European Parliament and the Council**: in a Joint Declaration annexed to the Decision, Parliament and Council set out certain principles to be applied to the Decision and **also to the granting of Union macro-financial assistance to eligible third countries and territories in the future.**

The Joint Declaration sets out, in particular:

-the aim of the assistance and its exceptional nature;

-eligible countries and territories

- candidate and potential candidate countries,
- countries and territories covered by the European Neighbourhood Policy,
- in exceptional and duly justified circumstances, other third countries that play a determining role in regional stability, are of strategic importance for the Union, and are politically, economically and geographically close to the Union.

-the form of the assistance, which should **generally take the form of a loan and in exceptional cases, in the form of a grant** or a combination of the two;

-conditionality, with regard to the fact that the eligible country or territory must respect effective democratic mechanisms, including respect for human rights and other conditions;

-the rules of procedure attached to the aid, and monitoring conditions as well as information to the European Parliament and the Council of developments in country-specific assistance, including disbursements and implementation.

Lastly, the joint declaration sets **rules to determine the amount of the assistance.** The amount should be based on the residual external financing needs of the eligible country or territory, and should take into account its capacity to finance itself with its own resources, and raise money from other lenders.

Where the financing needs of the beneficiary decrease fundamentally during the period of disbursement of the macro-financial assistance compared to the initial projections, the Commission should, in accordance with **the advisory procedure** where the assistance is equal to or below EUR 90 million, and in accordance with **the examination procedure** where the assistance is above EUR 90 million, reduce the amount of such assistance or suspend or cancel it.

ENTRY INTO FORCE: the Decision enters into force on 14 August 2013.