Macro-financial assistance to Jordan

2013/0128(COD) - 17/10/2013 - Committee report tabled for plenary, 1st reading/single reading

The Committee on International Trade adopted the report by Vital MOREIRA (S&D, PT) on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to the Hashemite Kingdom of Jordan.

The committee recommends that Parliament adopt its position in first reading following the ordinary legislative procedure, and amend the Commission proposal as follows:

Democratic mechanisms: a new clause stated that a pre-condition for granting the Union's macro financial assistance would be that Jordan respected effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guaranteed respect for human rights. The Commission must monitor the fulfilment of this pre-condition throughout the life-cycle of the Union's macro-financial assistance.

Conditions: the MoU must contain clearly defined economic policy and financial conditions, focusing on **structural reforms and sound public finances,** to which the Union's macro-financial assistance is to be subject. Progress in mutual market opening, the development of rules-based and fair trade and other priorities in the context of the Union's external policy shall also be duly taken into account when designing the policy measures.

The Commission shall decide on the release of the instalments subject to the fulfilment of all of the following conditions:

- the pre-condition set out above on effective democratic mechanisms;
- a continuous satisfactory track record of implementing a policy programme that contains strong adjustment and structural reform measures supported by a non-precautionary IMF credit arrangement; and
- the implementation, within a specific time-frame, of the economic policy and financial conditions agreed in the Memorandum of Understanding.

Where the conditions are not met, the Commission shall temporarily suspend or cancel the disbursement of the Union's macro-financial assistance. In such cases, it shall inform the European Parliament and the Council of the reasons for that suspension or cancellation.

Memorandum of Understanding: the contents of this document were more strictly defined and, together with the Loan Agreement to be agreed with the Jordanian authorities, shall contain provisions:

- ensuring that Jordan regularly checks that financing provided from the budget of the Union has been properly used, takes appropriate measures to prevent irregularities and fraud, and, if necessary, takes legal action to recover any funds that have been misappropriated;
- ensuring the protection of the Union's financial interests, in particular providing for specific measures in relation to the prevention of, and fight against, fraud, corruption and any other irregularities affecting the Union's macro-financial assistance, in accordance with EU legislation;

- **expressly authorising the Commission**, including the European Anti-Fraud Office, or its representatives to carry out checks, including on-the-spot checks and inspections;

- expressly authorising the Commission and the Court of Auditors to perform audits during and after the availability period of the Union's macro-financial assistance, including document audits and on-the-spot audits, such as operational assessments;

- ensuring that the Union is entitled to early repayment of the loan where it has been established that, in relation to the management of the Union's macro-financial assistance, Jordan has engaged in any act of fraud or corruption or any other illegal activity detrimental to the financial interests of the Union.

During the implementation of the Union's macro-financial assistance, the Commission shall monitor, by means of operational assessments, the soundness of Jordan's financial arrangements, the administrative procedures, and the internal and external control mechanisms which are relevant to the assistance, as well as Jordan's adherence for the agreed timeframe.

Since the amount to be disbursed to Jordan is more than EUR 90 million, **the examination procedure will apply** to the adoption of the Memorandum of Understanding, and to any reduction, suspension or cancellation of the assistance.

Decrease in financing needs: where the financing needs of Jordan decrease fundamentally during the period of the disbursement of the Union's macro-financial assistance compared to the initial projections, the Commission, acting in accordance with the examination procedure will reduce the amount of the assistance or suspend or cancel it.

Reports: by 30 June of each year, the Commission shall submit a report examining the progress made in implementing the Union's macro-financial assistance, and assessing the economic situation and prospects of Jordan, as well as progress made in implementing the policy measures referred to in the text.