Macro-financial assistance to Jordan

2013/0128(COD) - 20/11/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 626 votes to 50, with 13 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to Jordan.

Parliament adopted its position at first reading following the ordinary legislative procedure. The amendments adopted in plenary were the result of a compromise negotiated between the European Parliament and the Council. They amended 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.

Application of the examination procedure for the adoption of the Memorandum of Understanding with Jordan: in line with the Joint Declaration by the European Parliament and the Council set out in the Annex to the decision providing additional macro-financial assistance to Georgia, and serving as a general framework for all EU microfinancial assistance, the Commission should be empowered to negotiate conditions with the Jordanian authorities under the supervision of the committee of representatives of the Member States. Under that Regulation, the advisory procedure should, as a general rule, apply in all cases other than as provided for in that Regulation. Considering the potentially important impact of assistance of more than EUR 90 million, it is appropriate that the **examination procedure** be used for operations above that threshold (below this threshold, the advisory procedure should apply). The examination procedure should apply to the adoption of the Memorandum of Understanding, and to any reduction, suspension or cancellation of the assistance.

MoU: provisions have been added to define the content of the MoU to be concluded between the Parties.

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 to the agreed time-frame.

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.