Macro-financial assistance to Jordan

2013/0128(COD) - 11/12/2013 - Final act

PURPOSE: to provide EUR 180 million in macro-financial assistance (MFA) to Jordan.

LEGISLATIVE ACT: Decision No 1351/2013/EU of the European Parliament and of the Council on providing macro-financial assistance to the Hashemite Kingdom of Jordan.

CONTENT: under this Decision, the Union shall make available to Jordan macro-financial assistance of a maximum amount of **EUR 180 million**, with a view to supporting Jordan's economic stabilisation and reforms. The assistance shall contribute to covering Jordan's balance of payments needs as identified in the current IMF programme.

The loan shall have a maximum maturity of **15 years**.

Release measures: the Commission shall be empowered on behalf of the Union to borrow the necessary funds on the capital markets or from financial institutions in order to lend them to Jordan.

The Commission shall manage the provision of the assistance in a manner consistent with the agreements or understandings reached between the IMF and Jordan and with the key principles and objectives of economic reforms set out in the EU-Jordan Association Agreement and the EU-Jordan Action Plan for 2010-2015 agreed under the European Neighbourhood Policy.

The Union macro-financial assistance shall be made available for a period of **two years.**

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, shall **reduce the amount of the assistance or suspend or cancel it.**

Specific measures are provided to define the different installements of aid.

Democratic clause: a precondition for granting the Union’s macro-financial assistance should be that Jordan respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights. Both fulfilment of the precondition and the achievement of those objectives should be regularly monitored by the Commission.

Conditions relating to the granting of macrofinancial assistance : in accordance with the **examination procedure** and the joint EP/Council declaration set out in the Annex to the Decision granting additional macrofinancial assistance to Georgia (used as an overall general framework to grant Union macrofinancial assistance), the Commission shall agree with the Jordanian authorities on 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.

The Memorandum of Understanding shall include 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 agreements or understandings, including the macroeconomic adjustment and structural reform programmes implemented by Jordan, with the support of the IMF.

Those conditions shall aim, in particular, to enhance the efficiency, transparency and accountability of the public finance management systems in Jordan, including for the use of the Union's macro-financial assistance. 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. Progress in attaining those objectives shall be regularly monitored by the Commission.

The Commission shall verify at regular intervals that the conditions continue to be met, including whether the economic policies of Jordan are in accordance with the objectives of the Union's macro-financial assistance. In so doing, the Commission shall coordinate closely with the IMF and the World Bank, and, where necessary, with the European Parliament and the Council.

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.

Rules of procedure: 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. Considering the amount of the Union's macro-financial assistance to Jordan, the examination procedure should apply to the adoption of the Memorandum of Understanding, and to any reduction, suspension or cancellation of the assistance.

Early repayment: where the circumstances permit, and if Jordan so requests, the Commission may take the steps necessary to ensure that an early repayment clause is included in the loan terms and conditions and that it is matched by a corresponding clause in the terms and conditions of the borrowing operations. Moreover, if Jordan so requests, the Commission may decide to refinance all or part of its initial borrowings or may restructure the corresponding financial conditions.

Report: by 30 June of each year, the Commission shall submit to the European Parliament and to the Council a report on the implementation of this Decision in the preceding year, including an evaluation of that implementation. It shall examine the progress made in implementing the Union's macro-financial assistance and assess the economic situation and prospects of Jordan, as well as progress made in implementing the policy measures.

Not later than two years after the expiry of the availability period, the Commission shall submit to the European Parliament and to the Council an ex post evaluation report on the implementation of the Decision.

ENTRY INTO FORCE: 21.12.2013.