Macro-financial assistance to North Macedonia

2023/0034(COD) - 30/05/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on International Trade adopted the report by Angelika WINZIG (EPP, AT) on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance (MFA) to the Republic of Northern Macedonia.

The committee recommended that the European Parliament adopt its position at first reading by adopting the Commission's proposal.

Following a partial recovery from the pandemic-induced recession, Northern Macedonia has been severely hit by the fallout from Russia's war of aggression against Ukraine.

The Commission's proposal is to grant Northern Macedonia an MFA loan of up to EUR 100 million. The envisaged MFA would help North Macedonia to cover part of the country's residual external financing needs in 2023, which are estimated at EUR 800 million according to the IMF's baseline scenario. The operation would reduce the short-term balance of payments and budgetary vulnerabilities of the economy and demonstrate the EU's support to the country in coping with this difficult situation. It would also be a strong sign of solidarity with the country on the road to accession.

Under the Commission's proposal, the disbursement would take place in two instalments. The release of each instalment would be conditional on progress being made with the implementation of a number of policy measures to be agreed between the Commission and the authorities and listed in a Memorandum of Understanding (MoU) as well as on a satisfactory track record implementing the IMF programme.

The MoU is likely to focus on policy reforms addressing fiscal governance, tax policy, the management of public investment, public-private partnerships, improvement of business environment, transparency in state aid, energy efficiency, judiciary reform, and the fight against corruption.