Montenegro: providing exceptional financial assistance

2000/0114(CNS) - 10/05/2000 - Legislative proposal

PURPOSE: To provide exceptional financial assistance to Montenegro, in addition to the assistance already envisaged by the Community for 2000 under the OBNOVA Regulation and the Food Security Programme. CONTENT: Given the unfavourable circumstances affecting the Republic of Montenegro over the last decade, and particularly in recent months, it would be important for the Republic of Montenegro to obtain external support at this crucial moment. It is not eligible for membership of the Bretton Woods institutions. As a consequence, Montenegro may not benefit from conventional IMF or World Bank arrangements in support of an economic programme. A number of bilateral donors have already announced their intentions to support Montenegro. EU Member States have indicated that they will provide financial assistance in the favour of some EUR 4.5 million, in addition to an expected EUR 45 million in the form of guarantees. The US is expected to provide some EUR 30 million of grant assistance. To complement these efforts and in addition to the Community assistance of EUR 30-32 million envisaged under the OBNOVA Programme and the Food and Safety Programme, the Commission is putting forward a proposal for exceptional financial assistance of up to EUR 20 million in the form of straight grants. Before submitting its proposals, the Commission has consulted the Economic and Financial Committee, which endorsed the initiative. The release of the grant would be implemented in at least two tranches and would be subject to appropriate macro-economic and structural adjustment conditionality. For example, this could include measures to enhance the transparency of the budgetary sphere and to improve revenue colleciton, and it could also include the requirement to reduce the amount of pesnion arrears. Given the absence of official monitoring by the Bretton Woods institutions in the Republic, it is the intention of the Commission to devote particular attention to the proper implementation and monitoring of this assistance. It is expected that the total amount of these costs would be in the order of EUR 1 million.