Bosnia and Herzegovina: providing further macro-financial assistance

2002/0193(CNS) - 31/07/2002 - Legislative proposal

PURPOSE : to provide further macro-financial assistance to Bosnia and Herzegovina of the amount of EUR 60 million. CONTENT : the Commission is proposing that the Community makes available to BiH further macrofinancial assistance in the amount of up to EUR60 million as a complement of the new IMF 15-month Stand-by arrangement. The loan component of this assistance shall amount to a maximum principal of EUR 20 million with a maximum maturity of 15 years. To this end, the Commission is empowered to borrow, on behalf of the European Community, the necessary resources that will be placed at the disposal of Bosnia and Herzegovina in the form of a loan. The grant component of this assistance shall amount to a maximum of EUR 40 million. The proposed grant amount would be financed from budget line B7-548 (Macro-economic assistance in favour of Western Balkan countries). This Community financial assistance shall be managed by the Commission in close consultation with the Economic and Financial Committee and in a manner consistent with the agreements reached between the IMF and Bosnia and Herzegovina. The loan and grant components of this assistance shall be made available to Bosnia and Herzegovina in at least two instalments. The first instalment is to be released on the basis of an agreement between Bosnia and Herzegovina and the IMF on Stand-by arrangement. The second and any further instalments shall be released on the basis of a satisfactory track record on Bosnia and Herzegovina's adjustment and reform programme, and not before one quarter after the release of the previous instalment. At least once a year, and before September, the Commission shall address to the European Parliament and to the Council a report, which will include an evaluation on the implementation of this Decision in the previous year. It should also be noted that the adoption of this assistance would require an additional provisioning of the Guarantee Fund for some EUR1.8 million which is possible due to sufficient margins in the reserve for the Guarantee Fund.