Bulgaria: Community supplementary macrofinancial assistance

1999/0165(CNS) - 28/07/1999 - Legislative proposal

PURPOSE: to provide further macro-financial assistance to Bulgaria. CONTENT: The Commission is proposing that the Community would make available to Bulgaria a balance of payments loan of up to 100 million euros with a maximum duration of 10 years. The proposed duration of the loan is identical to that of the previous loan to Bulgaria and consistent with the medium and long-term balance of payments outlook for the country, which is expected to face substantial financing needs for the years to come. The assistance would be granted in the context of the present extended arrangement and would complement resources made available by the International Financial Institutions and bilateral donors. The assistance would be released in two tranches subject to a satisfactory track record of the country's economic programme agreed with the IMF and progress with respect to structural reforms (including observance of a number of performance criteria). The Economic and Financial Committee would be consulted prior to each disbursement. As in the case of similar operations in favour of other partner countries, the Community would provide the funds through market borrowing with a guarantee by the general budget. Bulgaria would subsequently borrow from the Community. The borrowing and lending operations would be perfectly matched and without any commercial risk for the Community. In accordance with the Guarantee Fund mechanism, the budgetary implications of a decision to make available assistance of up to 100 million euros to Bulgaria would imply a 14 million euros provisioning of the Fund. At least once a year, the Commission shall address to the European parliament and to the Council a report which will include an evaluation of the implementation of this Decision.