

Georgia: macro-financial assistance, supporting the government's economic reform programme and helping the country reduce external indebtedness

2005/0224(CNS) - 24/01/2006 - Final act

PURPOSE : to provide macro-financial assistance to Georgia in the form of a grant.

LEGISLATIVE ACT : Council Decision 2006/41/EC providing macro-financial assistance to Georgia.

CONTENT : This Decision provides that the Community will make available to Georgia macrofinancial assistance in the form of straight grants up to a maximum amount of EUR 33.5 million with a view to supporting economic reforms and helping the country improve debt sustainability.

The assistance will be made available for two years starting from the first day after the entry into force of this Decision, and the availability may be extended by one year if circumstances so require.

The assistance is conditional on the following:

- the economic policy and financial conditions to be laid down in a Memorandum of Understanding, and consistent with the agreements reached between the IMF and Georgia. The Memorandum will provide for appropriate measures by Georgia in relation to the prevention of and the fight against fraud, corruption and any other irregularities linked to this assistance. It will also provide for controls by the Commission, including the European Anti- Fraud Office (OLAF), with the right to perform on-the-spot checks and inspections, and for audits by the Court of Auditors, where appropriate, to be carried out on the spot;
- the Commission will verify at regular intervals that the government's economic policies are in accordance with the objectives of this assistance and that the agreed economic policy and financial conditions are being fulfilled;
- the grant amount shall be made available to Georgia in at least two instalments insofar as its net debtor position towards the Community has been reduced, as a rule, by at least a similar amount;

The first grant instalment will be released on the basis of a satisfactory implementation of the economic programme supported by the IMF under the Poverty Reduction and Growth Facility.

The second and any further instalments will be released on the basis of a satisfactory implementation of the IMF-supported economic programme and any other measures laid down in the Memorandum of Understanding.

Finally, at least once a year, before September, the Commission will report to the European Parliament and to the Council with an evaluation of the implementation of this Decision in the previous year.