Basic information

2002/2265(INI) INI - Own-initiative procedure	Procedure completed
Implementing the macrofinancial assistance to the third countries **Subject** 6.20.07 Macro-financial assistance to third countries	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, External Trade, Research, Energy	BELDER Bas (EDD)	11/09/2002

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs, Human Rights, Common Security, Defense	SACRÉDEUS Lennart (PPE-DE)	04/11/2002
BUDG Budgets	SEPPÄNEN Esko (GUE/NGL)	21/01/2003

Key events

Date	Event	Reference	Summary
16/01/2003	Committee referral announced in Parliament		
22/05/2003	Vote in committee		Summary
22/05/2003	Committee report tabled for plenary	A5-0192/2003	
02/06/2003	Debate in Parliament		
03/06/2003	Decision by Parliament	T5-0233/2003	Summary
03/06/2003	Results of vote in Parliament		
03/06/2003	End of procedure in Parliament		
18/03/2004	Final act published in Official Journal		

Technical information

Procedure reference	2002/2265(INI)
Procedure type	INI - Own-initiative procedure

Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/5/19049

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A5-0192/2003	22/05/2003	
Text adopted by Parliament, single reading		T5-0233/2003 OJ C 068 18.03.2004, p. 0023-0086 E	03/06/2003	Summary

European Commission

Document type	Reference	Date	Summary
Follow-up document	COM(2005)0245	08/06/2005	Summary

Implementing the macrofinancial assistance to the third countries

2002/2265(INI) - 08/06/2005 - Follow-up document

This report provides a general overview of the EC macro-financial assistance to third countries with historical background, a summary of the operations in 2004, and a synthesis of the economic situation of the beneficiary countries. Special attention is paid in the latter part to the relevant aspects of the economic stabilisation process and to the implementation of structural reforms in the recipient countries. Progress in this respect also reflects the degree to which the corresponding economic policy conditions attached to the EC macro-financial assistance have been met.

Macro-financial assistance (MFA) supports the political and economic reform efforts of the beneficiary countries and is implemented in association with support programmes from the IMF and the World Bank. Community MFA has supported efforts by recipient countries to bring about economic reforms and structural changes. In close co-ordination with the IMF and the World Bank, it has promoted policies that are tailored to specific country needs with the overall objective of stabilising the financial situation and establishing market-oriented economies.

During the period 2000-2003, the Balkans countries (former Yugoslav Republic of Macedonia, Kosovo, Bosnia & Herzegovina, Serbia and Montenegro and Albania) have benefited from nine assistance decisions of the Council. This tendency was confirmed in 2004 with three new MFA decisions concerning respectively Albania, Serbia and Montenegro and Bosnia & Herzegovina. This situation makes the Balkans countries the main beneficiaries of MFA for 2000-2004 with a total of new decisions amounting to a maximum of EUR 733 million.

Disbursements of MFA amounted to a total of EUR 32 million of which EUR 22 million exclusively in the form of grants; EUR 10 million for Serbia and Montenegro, EUR 5.5 million for Armenia (these operations have been made on the basis of procedures initiated in 2003 but finalised in 2004) and EUR 6.5 million for Georgia.

Assistance disbursed in the form of loans amounted to EUR 10 million to Bosnia & Herzegovina.

Disbursement of EUR 7 million in grants for Tajikistan and of EUR 15 million in loans for Serbia and Montenegro have been initiated in 2004 but, due to technical reasons, the financial transfer has been postponed to 2005.

A particular feature of the decisions of the 2000-2004 period is the substantial share of grant support in the total amount decided: 41 % instead of 6 % over the 1990-1999 period. The new grant/loan proportion of the assistance packages reflects the assessment made by the EU bodies of the relative degree of poverty of the recipient countries and of their limited debt servicing capacity.

The report underlines the exceptional character of the EC MFA. The highest volumes of MFA operations were disbursed in the years immediately after the changes in the political and economic systems of the countries of Central and Eastern Europe. Since then, the fluctuations in the amounts of MFA reflect decisions taken on a case-by-case basis after an assessment of the macro-economic situation and residual external financing needs of the

potential beneficiary countries. The report shows the concentration of the assistance in the Central and East European Countries (around 55 % of total macro-financial assistance decided over the last 14 years). However, MFA to these countries was progressively phased out in parallel with their progress in macroeconomic adjustment and reform. More recently, MFA has been mainly provided to the Western Balkans (63.5 % of the operations decided from 1999 to 2002 and 84% for 2000-2004) and some low income NIS. The relatively low amounts for the Mediterranean countries (13 % of the overall amounts authorised, but no new authorisation since 1996) should be considered against the background of other forms of macroeconomic support made available to these countries (notably, the MEDA Structural Adjustment Facilities).

Implementing the macrofinancial assistance to the third countries

2002/2265(INI) - 03/06/2003 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on its own-initiative report drafted by Bastiaan BELDER (EDD, NL) on the implementation of macro-financial assistance to third countries. (Please see the summary dated 22/05/03). After more than twelve years of implementing macro-financial assistance to third countries in an ad hoc manner, without a solid legal base, nor a well-defined framework, the time had arrived to review its present status with the aim of proposing modifications to this Community instrument in an enlarged European Union. The European Parliament believed that MFA and other EC instruments, operational in the recipient country, should contribute to the economic and political stability in the country concerned. Since it is supplementary to resources of the IMF and other multilateral donors, the objective of the MFA instrument is to offer assistance to countries in crisis, which are in close proximity to the EU. The MFA should be considered as complementary to EC instruments for structural aid and prevention of economic, financial and socially driven crises. It must not degenerate into remuneration of poor policy pursued by the recipient country. Parliament asked the Commission to submit a proposal taking into account the contents of this resolution. This proposal should have a dual legal base meeting two criteria: - MFA should be considered as assistance to third countries confronted by a crisis originating in economic, financial or social situations; - the decision-making procedure should be based on codecision; This legal instrument on MFA should be in force only for a transitional period until the entry into force of the Constitutional Treaty. Parliament endorsed the Council's conclusions of 8 October 2002 on MFA, and felt that these conclusions could be stated as criteria for granting MFA to third countries, with certain modifications, which it discussed in the resolution. Moving on, Parliament felt that a reduction of the provisioning rate from 9% to 8% would not undermine the shielding capacity of the Guarantee Fund. It would increase the lending capacity without having to change the ceiling of the financial perspective. Parliament called on the Commission for appropriate proposals on revising the parameters of the Fund. Only an amount of EUR 170.4 million was used to provision the Guarantee Fund in 2002. Consequently, EUR 42.51 million remained unused. Parliament regretted that the EIB scaled down programming for 2002, which further delayed the implementation of some facilities into the future.