Basic information

2009/0145(CNS) CNS - Consultation procedure Decision	Procedure completed
Macro-financial assistance to Serbia **Subject** 6.20.07 Macro-financial assistance to third countries 6.40.03 Relations with South-East Europe and the Balkans **Geographical area** Serbia, from 06/2006	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	RANSDORF Miloslav (GUE/NGL)	29/09/2009

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
BUDG Budgets	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Justice and Home Affairs (JHA)	2979	2009-11-30

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	

Key events

Date	Event	Reference	Summary
08/10/2009	Legislative proposal published	COM(2009)0513	Summary
10/11/2009	Vote in committee		Summary

12/11/2009	Committee referral announced in Parliament		
13/11/2009	Committee report tabled for plenary, 1st reading/single reading	A7-0061/2009	
23/11/2009	Debate in Parliament		
24/11/2009	Decision by Parliament	T7-0073/2009	Summary
24/11/2009	Results of vote in Parliament		
30/11/2009	Act adopted by Council after consultation of Parliament		
30/11/2009	End of procedure in Parliament		
05/12/2009	Final act published in Official Journal		

Technical information

Procedure reference	2009/0145(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	EC Treaty (after Amsterdam) EC 308
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	INTA/7/01213

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A7-0061/2009	13/11/2009	
Text adopted by Parliament, 1st reading/single reading		T7-0073/2009	24/11/2009	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2009)0513	08/10/2009	Summary
Document attached to the procedure	SEC(2009)1311	08/10/2009	

Additional information

Source	Document	Date

National parliaments	IPEX	
European Commission	EUR-Lex	

Final act	
Decision 2009/0892 OJ L 320 05.12.2009, p. 0009	Summary

Macro-financial assistance to Serbia

2009/0145(CNS) - 08/10/2009 - Legislative proposal

PURPOSE: to make available to Serbia macro-financial assistance in the form of a loan facility with a maximum principal amount of EUR 200 million.

PROPOSED ACT: Council Decision.

BACKGROUND: the global economic crisis started to affect Serbia in mid-2008. The outlook for the current year and beyond remains difficult. Growth was already expected by the IMF in March to contract substantially, from 5.4% in 2008 to -2% in 2009. However latest data suggest that the economic downturn will be even more severe, and that GDP may decrease by several percentage points in 2009.

In March 2009, the Serbian authorities and IMF agreed an overhaul of the current Standby Arrangement programme turning it into a EUR 3 billion disbursing programme. The Government agreed on a 2009 budget rebalancing targeting a fiscal deficit of 3% of GDP for 2009, instead of the 6% deficit estimated in the absence of rebalancing measures. The latest indications as of early July suggest that that economic downturn is even more severe than foreseen in the revised March assumptions, and revenue performance has been very poor in the first five months of the year. As the public deficit is now expected to exceed the target projected under the programme for the first half of 2009, this situation will require further fiscal adjustments in the form of additional expenditure cuts and revenue enhancing measures.

IMPACT ASSESSMENT: macro-financial assistance will have an immediate impact on Serbia's balance of payments and will contribute to the alleviation of financial constraints on the implementation of the authorities' economic programme and to financing the budget deficit. Macro-financial assistance will further support the general objectives of the stabilisation programme agreed with the IMF, which aims at improving the country's fiscal sustainability in the short- to medium-term. Project finance and/or technical assistance would not be suitable to address these macroeconomic objectives. EC assistance will also support the authorities' efforts to implement policies identified in the EU-Serbian European Partnership.

CONTENT: the Community will make available to Serbia macro-financial assistance in the form of a loan. To this end, the Commission will be empowered to borrow up to **EUR 200 million** on the capital markets or from financial institutions.

The assistance will be made available in two instalments. The **maximum average loan maturity shall not exceed 15 years**. The assistance will be managed by the Commission which will agree with the authorities the specific economic policy and financial conditions attached to the payment of the loan instalments. Specific provisions on the prevention of fraud and other irregularities, consistent with the Financial Regulation, will be duly taken into account.

Community macro-financial assistance will be **exceptional and limited in time**, and will be conditional, in particular, on progress in the implementation of the current IMF programme and on the successful fulfilment of economic policy conditions that will be attached to this assistance.

In view of the financing needs identified for 2010, it is important that the Community macro-financial assistance to Serbia is disbursed **before the end of 2010**.

The assistance will be fully consistent with the macroeconomic targets already set in Serbia's economic policy documents, such as the 2009 Budget Memorandum and the Memorandum of Economic and Fiscal Policies agreed with the IMF. It will be also consistent with longer-term policy objectives contemplated in the EU-Serbia European Partnership adopted in December 2007. As regards specific economic policy conditions attached to the disbursement of the loan instalments, the Commission intends to focus on a limited number of areas, including in particular public finance management. Also, the Commission may consider targeting specific policies of particular importance, such as priorities identified in the context of the EU-Serbia European Partnership and the 2009 Progress Report scheduled for adoption in October 2009, or measures deemed appropriate following the Operational Assessment.

BUDGETARY IMPLICATIONS: in line with the Guarantee Fund Regulation the provisioning of a EUR 200 million loan disbursed in 2010 would intervene in 2012 and amount to a maximum of **EUR 18 million**.

Macro-financial assistance to Serbia

2009/0145(CNS) - 24/11/2009 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 583 votes to 23 with 58 abstentions, a legislative resolution approving unamended, under the consultation procedure, the proposal for a Council decision providing macro-financial assistance to Serbia.

Macro-financial assistance to Serbia

2009/0145(CNS) - 30/11/2009 - Final act

PURPOSE: to make available to Serbia macro-financial assistance in the form of a loan facility with a maximum principal amount of €200 million.

LEGISLATIVE ACT: Council Decision 2009/892/EC providing macro-financial assistance to Serbia.

CONTENT: following a further deterioration of the economic situation in Serbia, the Community shall make available to this country macro-financial assistance in the form of a loan facility with a maximum principal amount of **€200 million and a maximum average maturity of 15 years** with a view to supporting Serbia's economic stabilisation and alleviating its balance of payments and budgetary needs as identified in the current IMF programme.

Moreover, an agreement was reached between Serbia and the IMF in March 2009 to turn the Stand-By Arrangement into a €3 billion disbursing programme, which was approved on 15 May 2009 by the IMF Board. This assistance will be exceptional and will be conditional, in particular on progress in the implementation of the current IMF programme and on the successful fulfilment of economic policy conditions that will be attached to this assistance. The Community financial assistance shall be made available for a limited period of two years (starting from the first day after the entry into force of the Memorandum of Understanding).

Management of assistance: the release of the Community financial assistance shall be managed by the Commission, in close cooperation with the Economic and Financial Committee. To this end, the Commission is empowered to borrow €200 million on behalf of the Community. The Community financial assistance shall be made available by the Commission to Serbia in two instalments.

Specific provisions: the Commission shall take the necessary steps, if Serbia so requests, to ensure that an early repayment clause is included in the loan terms and conditions and matched by a corresponding clause in the terms and conditions of the borrowing operations. At Serbia's request, and where circumstances permit an improvement of the interest rate of the loan, the Commission may refinance all or part of its initial borrowings or restructure the corresponding financial conditions. All costs incurred by the Community which are related to the borrowing and lending operations under this Decision shall be borne by Serbia.

Specific provisions on the prevention of fraud and other irregularities, consistent with the Financial Regulation, will be duly taken into account.

Report: by 31 August of each year the Commission shall submit to the European Parliament and to the Council a report, including an evaluation of the implementation of this Decision in the preceding year.

ENTRY INTO FORCE: 05/12/2009.