Basic information

2013/0128(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Decision	Procedure completed
Macro-financial assistance to Jordan See also 2016/0197(COD) **Subject** 6.20.07 Macro-financial assistance to third countries 6.40.05.04 Relations with the countries of the Mashreq **Geographical area** Jordan	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	MOREIRA Vital (S&D)	18/06/2013
	Shadow rapporteur SAÏFI Tokia (PPE) SCHAAKE Marietje (ALDE) ZAHRADIL Jan (ECR) MURPHY Paul (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	NEYTS-UYTTEBROECK Annemie (ALDE)	30/05/2013
BUDG Budgets	NEYNSKY Nadezhda (PPE)	20/05/2013

Council of the European Union

Council configuration	Meetings	Date
Transport, Telecommunications and Energy	3278	2013-12-05

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	REHN Olli

Key events

Date	Event	Reference	Summary
29/04/2013	Legislative proposal published	COM(2013)0242	Summary
23/05/2013	Committee referral announced in Parliament, 1st reading		
14/10/2013	Vote in committee, 1st reading		
17/10/2013	Committee report tabled for plenary, 1st reading	A7-0335/2013	Summary
20/11/2013	Decision by Parliament, 1st reading	T7-0478/2013	Summary
20/11/2013	Results of vote in Parliament		
05/12/2013	Act adopted by Council after Parliament's 1st reading		
11/12/2013	Final act signed		
11/12/2013	End of procedure in Parliament		
18/12/2013	Final act published in Official Journal		

Technical information

Procedure reference	2013/0128(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
Amendments and repeals	See also 2016/0197(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 212
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	INTA/7/12673

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE514.698	03/09/2013	
Committee opinion	BUDG	PE514.876	02/10/2013	
Committee opinion	AFET	PE516.728	11/10/2013	
Committee report tabled for plenary, 1st reading/single reading		A7-0335/2013	17/10/2013	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0478/2013	20/11/2013	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00109/2013/LEX	11/12/2013	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2013)0242	29/04/2013	Summary
Document attached to the procedure	SWD(2013)0151	29/04/2013	
Commission response to text adopted in plenary	SP(2014)87	30/01/2014	
Follow-up document	SWD(2018)0388	23/07/2018	
Follow-up document	SWD(2018)0389	23/07/2018	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	ES_PARLIAMENT	COM(2013)0242	06/07/2013	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Decision 2013/1351
OJ L 341 18.12.2013, p. 0004 Summary

Macro-financial assistance to Jordan

2013/0128(COD) - 29/04/2013 - Legislative proposal

PURPOSE: to provide EUR 180 million in macro-financial assistance (MFA) to Jordan.

PROPOSED ACT: Decision of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: since 2011, Jordan's economy has been significantly affected by the domestic events related to the **Arab Spring** and the ongoing regional unrest. Combined with a weaker global environment, the political transition of Jordan has taken a heavy toll on external receipts and has strained public finances.

Jordan has also been affected by the intensification of the **Syria crisis**, notably through the inflow of refugees and its fiscal implications (about 1000 Syrians crossing Jordanian borders every day). It has welcomed about 180 000 refugees since January 2013. While Jordan has so far managed to date to maintain macroeconomic stability, including through substantial fiscal consolidation efforts and financial support from foreign donors, there are significant balance of payments and financing needs.

Under the pressure of a sharp drop of international reserves in the first half of 2012, the Jordanian authorities have agreed on a USD 2 billion (800% of quota), 36-month Stand-By Arrangement (SBA) with the International Monetary Fund, approved on August 2012.

In this context, the Jordanian government requested Macro-Financial Assistance (MFA) from the EU in the amount of EUR 200 million in December 2012.

Consequently, the Commission presents this proposal for MFA to the benefit of Jordan amounting to a maximum of EUR 180 million in the form of loans.

LEGAL BASIS: Article 212 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: it is proposed that the Union shall make available to Jordan macro-financial assistance of a maximum amount of **EUR 180 million**, with a view to supporting Jordan's economic stabilisation and reforms. The assistance shall contribute to covering Jordan's balance of payments needs as identified in the current IMF programme. The full amount of the macro-financial assistance shall be provided to Jordan in the form of **loans** which shall have a maximum maturity of **15 years**. The Commission shall be empowered on behalf of the Union to borrow the necessary funds on the capital markets or from financial institutions in order to lend them to Jordan.

Objective of the loan: the EU's MFA would contribute towards covering Jordan's residual external financing needs in 2013 and 2014, in the context of the IMF programme. It would help Jordan address the lingering economic consequences of the Arab Spring and the external shocks of its energy sector. It would reduce the economy's short-term balance of payments and fiscal vulnerabilities, while supporting the adjustment and reform programmes agreed with the IMF and the World Bank, as well as the reforms agreed under the EU's budgetary support operations.

The proposed assistance would:

- promote policy measures to improve public financial management and tax reform while strengthening the social safety net (including through a better targeting of the cash transfers system);
- measures to improve the regulatory framework and climate for investment; and reforms to reduce unemployment and encourage participation in the labour market, notably among women.

Release measures: the Commission:

- shall manage the provision of the assistance in a manner **consistent with the agreements or understandings reached between the IMF and Jordan** and with the key principles and objectives of economic reforms set out in the EU-Jordan Association Agreement and the EU-Jordan Action Plan for 2010-2015agreed under the European Neighbourhood Policy;
- shall regularly inform the European Parliament and the Economic and Financial Committee of developments in the management of the Union macro-financial assistance and provide them with relevant documents.

The Union macro-financial assistance shall be made available for a period of **two years** from the first day after the entry into force of the Memorandum of Understanding referred to the proposal.

Other implementing measures:

- **instalments**: the assistance is planned to be disbursed in two loan instalments and to allow some frontloading given the urgency of the financing needs. The disbursement of the first instalment is expected to take place in the second half of 2013. The second instalment, conditional on a number of policy measures, could be disbursed in the first half of 2014;
- **disbursement**: this assistance is of macroeconomic nature and its design is consistent with the IMF-supported economic programme. The monitoring of the action by the Commission services will take place on the basis of progress in the implementation of the SBA and specific reform measures to be agreed with the Jordanian authorities in a Memorandum of Understanding. The Commission will target structural reforms aimed at improving the overall macroeconomic management and the conditions for sustainable growth (e.g. targeting the transparency and efficiency of public finance management; fiscal reforms; reforms to strengthen the social safety net; labour market reforms; and reforms to improve the regulatory framework for trade and investment);
- **management**: the assistance will be managed by the Commission. Specific provisions on the prevention of fraud and other irregularities, consistent with the Financial Regulation, are applicable.

Implementing powers: in order to ensure uniform conditions for the implementation of this Decision, implementing powers should be conferred on the Commission in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council. The fact that the assistance is of a substantial amount and, therefore, has a potentially important impact, **justifies the use of the examination procedure**.

BUDGETARY IMPLICATION: the MFA would be provided in the form of a loan and should be financed through a borrowing operation that the Commission will conduct on behalf of the EU. The budgetary costs of the assistance will correspond to the provisioning, at a rate of 9%, of the amounts disbursed in the guarantee fund for external lending of the EU, from budget line 01 04 01 14. Assuming that the first loan disbursement will be made in 2013 for the amount of EUR 100 million and the second loan disbursement in 2014 for the amount of EUR 80 million, and according to the rules governing the guarantee fund mechanism, the provisioning will take place in the 2015-16 budgets.

Macro-financial assistance to Jordan

2013/0128(COD) - 17/10/2013 - Committee report tabled for plenary, 1st reading/single reading

The Committee on International Trade adopted the report by Vital MOREIRA (S&D, PT) on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to the Hashemite Kingdom of Jordan.

The committee recommends that Parliament adopt its position in first reading following the ordinary legislative procedure, and amend the Commission proposal as follows:

Democratic mechanisms: a new clause stated that a pre-condition for granting the Union's macro financial assistance would be that Jordan respected effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guaranteed respect for human rights. The Commission must monitor the fulfilment of this pre-condition throughout the life-cycle of the Union's macro-financial assistance.

Conditions: the MoU must contain clearly defined economic policy and financial conditions, focusing on **structural reforms and sound public finances,** to which the Union's macro-financial assistance is to be subject. Progress in mutual market opening, the development of rules-based and fair trade and other priorities in the context of the Union's external policy shall also be duly taken into account when designing the policy measures.

The Commission shall decide on the release of the instalments subject to the fulfilment of all of the following conditions:

- the pre-condition set out above on effective democratic mechanisms;
- a continuous satisfactory track record of implementing a policy programme that contains strong adjustment and structural reform measures supported by a non-precautionary IMF credit arrangement; and
- the implementation, within a specific time-frame, of the economic policy and financial conditions agreed in the Memorandum of Understanding.

Where the conditions are not met, the Commission shall temporarily suspend or cancel the disbursement of the Union's macro-financial assistance. In such cases, it shall inform the European Parliament and the Council of the reasons for that suspension or cancellation.

Memorandum of Understanding: the contents of this document were more strictly defined and, together with the Loan Agreement to be agreed with the Jordanian authorities, shall contain provisions:

- ensuring that Jordan regularly checks that financing provided from the budget of the Union has been properly used, takes appropriate measures to prevent irregularities and fraud, and, if necessary, takes legal action to recover any funds that have been misappropriated;
- ensuring the protection of the Union's financial interests, in particular providing for specific measures in relation to the prevention of, and fight against, fraud, corruption and any other irregularities affecting the Union's macro-financial assistance, in accordance with EU legislation;
- **expressly authorising the Commission**, including the European Anti-Fraud Office, or its representatives to carry out checks, including on-the-spot checks and inspections;
- expressly authorising the Commission and the Court of Auditors to perform audits during and after the availability period of the Union's macro-financial assistance, including document audits and on-the-spot audits, such as operational assessments;
- ensuring that the Union is entitled to early repayment of the loan where it has been established that, in relation to the management of the Union's macro-financial assistance, Jordan has engaged in any act of fraud or corruption or any other illegal activity detrimental to the financial interests of the Union.

During the implementation of the Union's macro-financial assistance, the Commission shall monitor, by means of operational assessments, the soundness of Jordan's financial arrangements, the administrative procedures, and the internal and external control mechanisms which are relevant to the assistance, as well as Jordan's adherence for the agreed timeframe.

Since the amount to be disbursed to Jordan is more than EUR 90 million, **the examination procedure will apply** to the adoption of the Memorandum of Understanding, and to any reduction, suspension or cancellation of the assistance.

Decrease in financing needs: where the financing needs of Jordan decrease fundamentally during the period of the disbursement of the Union's macro-financial assistance compared to the initial projections, the Commission, acting in accordance with the examination procedure will reduce the amount of the assistance or suspend or cancel it.

Reports: by 30 June of each year, the Commission shall submit a report examining the progress made in implementing the Union's macro-financial assistance, and assessing the economic situation and prospects of Jordan, as well as progress made in implementing the policy measures referred to in the text.

Macro-financial assistance to Jordan

2013/0128(COD) - 20/11/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 626 votes to 50, with 13 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to Jordan.

Parliament adopted its position at first reading following the ordinary legislative procedure. The amendments adopted in plenary were the result of a compromise negotiated between the European Parliament and the Council. They amended the Commission proposal as follows:

Democratic mechanisms: a new clause stated that a pre-condition for granting the Union's macro financial assistance would be that Jordan respected effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guaranteed respect for human rights. The Commission must monitor the fulfilment of this pre-condition throughout the life-cycle of the Union's macro-financial assistance.

Conditions: the MoU must contain clearly defined economic policy and financial conditions, focusing on **structural reforms and sound public finances,** to which the Union's macro-financial assistance is to be subject. Progress in mutual market opening, the development of rules-based and fair trade and other priorities in the context of the Union's external policy shall also be duly taken into account when designing the policy measures.

The Commission shall decide on the release of the instalments subject to the fulfilment of all of the following conditions:

- the pre-condition set out above on effective democratic mechanisms;
- a continuous satisfactory track record of implementing a policy programme that contains strong adjustment and structural reform measures supported by a non-precautionary IMF credit arrangement; and
- the implementation, within a specific time-frame, of the economic policy and financial conditions agreed in the Memorandum of Understanding.

Where the conditions are not met, the Commission shall temporarily suspend or cancel the disbursement of the Union's macro-financial assistance. In such cases, it shall inform the European Parliament and the Council of the reasons for that suspension or cancellation.

Application of the examination procedure for the adoption of the Memorandum of Understanding with Jordan: in line with the Joint Declaration by the European Parliament and the Council set out in the Annex to the decision providing additional macro-financial assistance to Georgia, and serving as a general framework for all EU microfinancial assistance, the Commission should be empowered to negotiate conditions with the Jordanian authorities under the supervision of the committee of representatives of the Member States. Under that Regulation, the advisory procedure should, as a general rule, apply in all cases other than as provided for in that Regulation. Considering the potentially important impact of assistance of more than EUR 90 million, it is appropriate that the **examination procedure** be used for operations above that threshold (below this threshold, the advisory procedure should apply). The examination procedure should apply to the adoption of the Memorandum of Understanding, and to any reduction, suspension or cancellation of the assistance.

MoU: provisions have been added to define the content of the MoU to be concluded between the Parties.

During the implementation of the Union's macro-financial assistance, the Commission shall monitor, by means of operational assessments, the soundness of Jordan's financial arrangements, the administrative procedures, and the internal and external control mechanisms which are relevant to the assistance, as well as Jordan's adherence to the agreed time-frame.

Reports: by 30 June of each year, the Commission shall submit a report examining the progress made in implementing the Union's macro-financial assistance, and assessing the economic situation and prospects of Jordan, as well as progress made in implementing the policy measures referred to in the text.

Macro-financial assistance to Jordan

2013/0128(COD) - 11/12/2013 - Final act

PURPOSE: to provide EUR 180 million in macro-financial assistance (MFA) to Jordan.

LEGISLATIVE ACT: Decision No 1351/2013/EU of the European Parliament and of the Council on providing macro-financial assistance to the Hashemite Kingdom of Jordan.

CONTENT: under this Decision, the Union shall make available to Jordan macro-financial assistance of a maximum amount of **EUR 180 million**, with a view to supporting Jordan's economic stabilisation and reforms. The assistance shall contribute to covering Jordan's balance of payments needs as identified in the current IMF programme.

The loan shall have a maximum maturity of **15 years**.

Release measures: the Commission shall be empowered on behalf of the Union to borrow the necessary funds on the capital markets or from financial institutions in order to lend them to Jordan.

The Commission shall manage the provision of the assistance in a manner consistent with the agreements or understandings reached between the IMF and Jordan and with the key principles and objectives of economic reforms set out in the EU-Jordan Association Agreement and the EU-Jordan Action Plan for 2010-2015 agreed under the European Neighbourhood Policy.

The Union macro-financial assistance shall be made available for a period of **two years.**

Where the financing needs of Jordan decrease fundamentally during the period of the disbursement of the Union’s macro-financial assistance compared to the initial projections, the Commission, acting in accordance with the examination procedure, shall **reduce the amount of the assistance or suspend or cancel it.**

Specific measures are provided to define the different installements of aid.

Democratic clause: a precondition for granting the Union's macro-financial assistance should be that Jordan respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights. Both fulfilment of the precondition and the achievement of those objectives should be regularly monitored by the Commission.

Conditions relating to the granting of macrofinancial assistance : in accordance with the **examination procedure** and the joint EP/Council declaration set out in the Annex to the Decision granting additional macrofinancial assistance to Georgia (used as an overall general framework to grant Union macrofinancial assistance), the Commission shall agree with the Jordanian authorities on clearly defined economic policy and financial conditions, focusing on structural reforms and sound public finances, to which the Union's macro-financial assistance is to be subject.

The Memorandum of Understanding shall include a time-frame for the fulfilment of those conditions. The economic policy and financial conditions set out in the Memorandum of Understanding shall be consistent with the agreements or understandings, including the macroeconomic adjustment and structural reform programmes implemented by Jordan, with the support of the IMF.

Those conditions shall aim, in particular, to enhance the efficiency, transparency and accountability of the public finance management systems in Jordan, including for the use of the Union's macro-financial assistance. Progress in mutual market opening, the development of rules-based and fair trade and other priorities in the context of the Union's external policy shall also be duly taken into account when designing the policy measures. Progress in attaining those objectives shall be regularly monitored by the Commission.

The Commission shall verify at regular intervals that the conditions continue to be met, including whether the economic policies of Jordan are in accordance with the objectives of the Union's macro-financial assistance. In so doing, the Commission shall coordinate closely with the IMF and the World Bank, and, where necessary, with the European Parliament and the Council.

Where the conditions are not met, the Commission shall temporarily suspend or cancel the disbursement of the Union's macro-financial assistance. In such cases, it shall inform the European Parliament and the Council of the reasons for that suspension or cancellation.

Rules of procedure: considering the potentially important impact of assistance of more than EUR 90 million, it is appropriate that the examination procedure be used for operations above that threshold. Considering the amount of the Union's macro-financial assistance to Jordan, the examination procedure should apply to the adoption of the Memorandum of Understanding, and to any reduction, suspension or cancellation of the assistance.

Early repayment: where the circumstances permit, and if Jordan so requests, the Commission may take the steps necessary to ensure that an early repayment clause is included in the loan terms and conditions and that it is matched by a corresponding clause in the terms and conditions of the borrowing operations. Moreover, if Jordan so requests, the Commission may decide to refinance all or part of its initial borrowings or may restructure the corresponding financial conditions.

Report: by 30 June of each year, the Commission shall submit to the European Parliament and to the Council a report on the implementation of this Decision in the preceding year, including an evaluation of that implementation. It shall examine the progress made in implementing the Union's macro-financial assistance and assess the economic situation and prospects of Jordan, as well as progress made in implementing the policy measures.

Not later than two years after the expiry of the availability period, the Commission shall submit to the European Parliament and to the Council an ex post evaluation report on the implementation of the Decision.

ENTRY INTO FORCE: 21.12.2013.