


# Procedure file

| Basic information  |                                |                     |
|--|--------------------------------|---------------------|
| CNS - Consultation procedure Decision  | <a href="#">1999/0172(CNS)</a> | Procedure completed |
| Financial aid: extension to Tajikistan of the exceptional assistance for Armenia and Georgia |                                |                     |
| Amending Decision 97/787/EC <a href="#">1997/0028(CNS)</a>                                   |                                |                     |
| Subject<br>6.30.02 Financial and technical cooperation and assistance                        |                                |                     |
| Geographical area<br>Tajikistan  |                                |                     |

| Key players                   |   |   |            |
|-------------------------------|---|---|------------|
| European Parliament           | Committee responsible   | Rapporteur                                    | Appointed  |
|                               | <b>ITRE</b> Industry, External Trade, Research, Energy              |   | 14/10/1999 |
|                               |   | PSE <a href="#">SAVARY Gilles</a>             |            |
| Council of the European Union | Committee for opinion   | Rapporteur for opinion                        | Appointed  |
|                               | <b>AFET</b> Foreign Affairs, Human Rights, Common Security, Defense | The committee decided not to give an opinion. |            |
|                               | <b>BUDG</b> Budgets   |   |            |
|                               | Council configuration   | Meeting                                       | Date       |
|                               | <a href="#">General Affairs</a>                                     | <a href="#">2249</a>                          | 20/03/2000 |

| Key events |   |   |         |
|------------|---|---|---------|
| 26/07/1999 | Legislative proposal published                                  | COM(1999)0391   | Summary |
| 07/10/1999 | Committee referral announced in Parliament                      |   |         |
| 07/12/1999 | Vote in committee   |   | Summary |
| 07/12/1999 | Committee report tabled for plenary, 1st reading/single reading | <a href="#">A5-0093/1999</a>  |         |
| 17/12/1999 | Debate in Parliament  |  |         |
| 17/12/1999 | Decision by Parliament  | <a href="#">T5-0195/1999</a>  | Summary |
| 20/03/2000 | Act adopted by Council after consultation of Parliament         |   |         |
| 20/03/2000 | End of procedure in Parliament                                  |   |         |
| 28/03/2000 | Final act published in Official Journal                         |   |         |

| Technical information      |  |
|----------------------------|--|
| Procedure reference        | 1999/0172(CNS)   |
| Procedure type             | CNS - Consultation procedure                               |
| Procedure subtype          | Legislation  |
| Legislative instrument     | Decision   |
|                            | Amending Decision 97/787/EC <a href="#">1997/0028(CNS)</a> |
| Legal basis                | EC Treaty (after Amsterdam) EC 308                         |
| Stage reached in procedure | Procedure completed  |
| Committee dossier          | ITRE/5/12112   |

| Documentation gateway   |  |   |            |    |         |
|---|--|---|------------|----|---------|
| Legislative proposal  |  | COM(1999)0391   | 26/07/1999 | EC | Summary |
| Committee report tabled for plenary, 1st reading/single reading |  | <a href="#">A5-0093/1999</a><br><a href="#">OJ C 296 18.10.2000, p. 0008</a>      | 07/12/1999 | EP |         |
| Text adopted by Parliament, 1st reading/single reading          |  | <a href="#">T5-0195/1999</a><br><a href="#">OJ C 296 18.10.2000, p. 0374-0383</a> | 17/12/1999 | EP | Summary |

| Additional information |                         |
|------------------------|-------------------------|
| European Commission    | <a href="#">EUR-Lex</a> |

| Final act   |
|---|
| <a href="#">Decision 2000/244</a><br><a href="#">OJ L 077 28.03.2000, p. 0011</a> Summary |

## Financial aid: extension to Tajikistan of the exceptional assistance for Armenia and Georgia

**PURPOSE:** to grant exceptional financial assistance to Tajikistan. **CONTENT:** Council Decision 97/787/EC grants exceptional financial assistance to Armenia and Georgia in the form of long-term loans and straight grants. The Commission is proposing that this assistance should be extended to Tajikistan because, like Armenia and Georgia, Tajikistan was severely hit by the economic collapse resulting from the break-up of the command economy and the disintegration of the former Soviet Union. Tajikistan is the poorest country among the CIS and one of the least developed countries in the world, with most of the population living below the poverty line. The civil war had caused poverty to intensify and to become widespread and had confronted the government with the difficult challenge of dealing with refugees, internally displaced persons (700,000) and demobilised soldiers. Since August 1998, in addition to local political problems, the Russian financial crisis has been deeply affecting the population, a large share of which is unable to meet its basic needs. In order to cover basic needs in recent years, Tajikistan, as Armenia and Georgia, has had recourse to international humanitarian assistance, out of which the Community has provided a substantial share. However, technical assistance through Tacis and Food Security assistance already granted have been delayed for security reasons while, in November 1997, the Council postponed decision on an exceptional financial assistance in favour of Tajikistan, pending implementation by the country of an IMF supported macroeconomic stabilisation and structural reform programme. The Commission considers Tajikistan's macro-economic programme as being strong and comprehensive. This programme, if fully implemented, should ensure the necessary macro-economic stabilisation and, by the means of structural reforms, establish the core frame of a market economy. However, without additional external assistance, the reform process would be put in jeopardy and the country would be faced with substantial external imbalances in 1999 and, in the medium term, would not be able to meet its international financial obligations. Owing to the exceptionally harsh social and economic conditions presently faced by Tajikistan and, in particular, to its extreme vulnerability to external shocks, the Commission considers that this country should be supported with concessional assistance and that exceptional support in the form of a mix of loan and straight grants is required. It is proposed that the existing Regulation covering Armenia and Georgia be adjusted to make room for exceptional assistance to Tajikistan as follows: - the loans ceiling would be increased by a maximum amount of EUR 75 million; and - the grants ceiling would be increased by a maximum amount of EUR 35 million to be financed by the general budget. The amounts envisaged are, of course, maxima, and effective disbursements would depend on negotiations to be held between the Tajik authorities and the Commission. The loan component of this assistance would be funded through Community market borrowing with a guarantee by the general budget. The beneficiary country 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 loans of up to EUR 75 million to the beneficiary country would be a maximum of EUR 10.5 million provisioning of the Fund to be

drawn from the 1999 reserve for guarantees relating to external actions. As for the grant component, and without prejudice to the competencies of the budgetary authority, the Commission considers that this part of the exceptional assistance would have to be implemented in five equal annual installments of up to EUR 7 million from 2000 to 2004, within the limits of Category 4 of the financial perspective for the 2000-2006 period. In order to ensure coherence with the EC's general policy towards Tajikistan, a decision would be taken after the adoption of this Decision as to whether sufficient progress has been made in the peace process, and in particular the holding of the elections, as to justify the immediate implementation of the exceptional financial assistance to Tajikistan. Before 31 December 2004 at the latest, the Council shall examine the application of this Decision to that date on the basis of a comprehensive report prepared by the Commission.?

## Financial aid: extension to Tajikistan of the exceptional assistance for Armenia and Georgia

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The committee adopted the report (consultation procedure) by Mr Gilles SAVARY (PES, F) approving the proposal on granting exceptional financial assistance to Tajikistan subject to a number of amendments. The report pointed out that the political and economic situation in Tajikistan and the surrounding region demanded an effort to achieve political and economic stability provided there was clear political and economic conditionality. It also noted that the need to resume assistance to Tajikistan had to be reconciled with the need to comply with the rules on budgetary effectiveness and consistency in Parliament's budgetary decisions. The amendments were therefore aimed at reflecting the fact that there were insufficient budget funds available to allow a grant to Tajikistan to be financed within the framework of the proposed macro-financial assistance. A specific amendment spelled out that the Union should increase assistance to Tajikistan in the form of grants, but that these must be funded from the appropriate budget headings. The committee also adopted an amendment aimed at ensuring that assistance was subject to specific political conditions linked to the peace process and the holding of elections under the proper conditions.

## Financial aid: extension to Tajikistan of the exceptional assistance for Armenia and Georgia

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In adopting the report by Gilles SAVARY (PES, F), the European Parliament approved the extension of exceptional financial assistance to Tajikistan but only in the form of a long-term loan of EUR 75 million. It also limits the straight grant of assistance to Armenia and Georgia for the period 1997-2001 and removes all the references to a straight grant for the assistance of Tajikistan both in the body of the text as in the recitals. The European Parliament believes, furthermore, that the Community should provide assistance to this country in the form of a grant by means of clearly defined programmes, and using the existing legal bases. In addition, the Parliament also stresses the objectives of the Community grant. These should aim to improve people's living conditions and creating jobs. They should be used in accordance with the rules of budgetary control. Recognising that Tajikistan is the poorest of the New Independent States of the ex-USSR, the European Parliament, nevertheless, requests the Commission not to implement this decision unless continuity in the process of national reconciliation is assured and elections (and in particular the forthcoming parliamentary elections) are held under the proper conditions.?

## Financial aid: extension to Tajikistan of the exceptional assistance for Armenia and Georgia

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PURPOSE : To provide exceptional financial assistance to Tajikistan. COMMUNITY MEASURE : Council Decision 2000/244/EC amending Decision 97/787/EC providing exceptional financial assistance for Armenia and Georgia in order to extend it to Tajikistan. CONTENT : The Council adopted a modification to the Decision 97/787/EC providing exceptional financial assistance for Armenia and Georgia in order to extend it to Tajikistan. Council Decision 97/787/EC provides for financial assistance from the Community in the form of a mix of long-term loan and straight grants. When adopting that decision the Council agreed to consider a similar operation for Tajikistan once circumstances allowed. In adopting the present decision the Council has noted that Tajikistan is undertaking fundamental economic and political reforms. In implementing this decision, the Commission will take due account of progress made in the inter-Tajik peace process, and, in particular, in the holding of elections under acceptable conditions. The total loan component of the assistance amounts to EUR 245 million with a maximum maturity of 15 years and a grace period of 10 years. The grant component consists of an amount of up to EUR 130 million during 1997-2004 period with a maximum of EUR 24 million annually. ENTRY INTO FORCE : 20.03.2000.?