

Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Decision</p> <p>2020/0065(COD)</p>	Procedure completed
<p>Macro-Financial Assistance to enlargement and neighbourhood partners in the context of the COVID-19 pandemic crisis</p> <p>Subject</p> <p>4.20 Public health 4.20.01 Medicine, diseases 4.20.06 Health services, medical institutions 6.20.07 Macro-financial assistance to third countries</p> <p>Legislative priorities</p> <p>The EU's response to the Covid-19 pandemic</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	INTA International Trade		
Council of the European Union			

Key events			
22/04/2020	Legislative proposal published	COM(2020)0163	Summary
04/05/2020	Decision by committee, without report		
13/05/2020	Committee referral announced in Parliament, 1st reading/single reading		
13/05/2020	Decision by Parliament, 1st reading/single reading	T9-0125/2020	Summary
25/05/2020	Act adopted by Council after Parliament's 1st reading		
25/05/2020	Final act signed		
26/05/2020	End of procedure in Parliament		
27/05/2020	Final act published in Official Journal		

Technical information	
Procedure reference	2020/0065(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
Legal basis	Rules of Procedure EP 163; Treaty on the Functioning of the EU TFEU 212
Stage reached in procedure	Procedure completed
Committee dossier	INTA/9/02844

Documentation gateway					
Legislative proposal		COM(2020)0163	22/04/2020	EC	Summary
Document attached to the procedure		SWD(2020)0063	22/04/2020	EC	
Text adopted by Parliament, 1st reading/single reading		T9-0125/2020	13/05/2020	EP	Summary
Draft final act		00011/2020/LEX	25/05/2020	CSL	

Final act	
Decision 2020/701 OJ L 165 27.05.2020, p. 0031	Summary

2020/0065(COD) - 22/04/2020 Legislative proposal

PURPOSE: to provide EUR 3 billion of macro-financial assistance (MFA) to ten enlargement and neighbourhood partner countries to help them limit the economic fallout of the COVID-19 outbreak.

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 on an equal footing with the Council.

BACKGROUND: the current crisis caused by the COVID-19 outbreak is having a very negative impact on the economic and financial stability of the regions affected by enlargement and the neighbourhood policy. Most, if not all, enlargement and neighbourhood partners are set for a recession this year. Depending on the spread of the virus, as well as of its economic consequences, there is also a clear and imminent risk related to social stability and security, with possible spill-overs within the region and beyond.

In these circumstances, the European Commission proposes to use Macro Financial Assistance (MFA) to support ten Neighbourhood countries in the context of the COVID-19 crisis.

MFA is one of the instruments available to the EU to respond to external crises. It is used to address balance of payments crisis situations, in tandem with a disbursing International Monetary Fund (IMF) arrangement that is subject to an agreed programme of economic reforms.

The proposal is part of the Team Europe strategy, which is the targeted response by which the EU intends to support its partners in their fight against the COVID-19 outbreak.

CONTENT: the Commission proposes to make available to partners a total of up to EUR 3 billion in medium and long-term loans to help cover their external financing needs in 2020 and 2021.

Breakdown of the AMF

Based on a preliminary assessment of financing needs, the amounts of MFA to be made available shall be distributed to the beneficiaries as follows:

- Republic of Albania (EUR 180 million);
- Bosnia and Herzegovina (EUR 250 million);
- Georgia (EUR 150 million);
- Hashemite Kingdom of Jordan (EUR 200 million);
- Kosovo (EUR 100 million);
- Republic of Moldova (EUR 100 million);
- Montenegro (EUR 60 million);
- Republic of Northern Macedonia (EUR 160 million);
- Republic of Tunisia (EUR 600 million);
- Ukraine (EUR 1.2 billion).

The proposed MFA amounts would be made available to the beneficiary countries for 12 months in the form of loans granted on very favourable terms to help them meet their immediate and urgent financing needs. The assistance is planned to be disbursed in two loan instalments. The disbursement of the first instalment is expected to take place mid-2020. The second instalment could be disbursed in the fourth quarter of 2020 or in the first half of 2021 provided

that the policy measures attached to each instalment have been implemented in a timely manner.

Objectives and conditions

Combined with IMF support, this financing shall:

- contribute to covering the external financing needs of the partner in the context of a significant deterioration of their external accounts

- brought about by the ongoing COVID-19 crisis;
- alleviate the partners budgetary financing needs;
- support the fiscal consolidation effort and external stabilisation in the context of the foreseen IMF programme;
- support structural reforms aimed at improving the overall macroeconomic management, strengthening economic governance and transparency, and improving conditions for sustainable growth.

The granting of the EU MFA shall be subject to:

- the pre-condition that the partner respects effective democratic mechanisms including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights;
- satisfactory progress with the IMF programme and the continued drawing by the partner on IMF funds.

The Commission shall report yearly to the European Parliament and to the Council on the implementation of this Decision in the preceding year. Furthermore, the fulfilment of the objectives of the assistance shall be assessed not later than two years after the expiry of the availability period of the assistance.

Budgetary implications

The planned assistance shall be provided in the form of loans and should be financed through a borrowing operation that the Commission shall conduct on behalf of the EU. The budgetary impact of the assistance shall correspond to the provisioning, at a rate of 9%, of the amounts disbursed in the Guarantee Fund for External Actions of the EU.

The Commission considers that the budgetary impact of the proposed MFA operations can be accommodated within the Commissions proposal for the next Multiannual Financial Framework (MFF).

2020/0065(COD) - 13/05/2020 Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 547 votes to 93, with 47 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council on providing Macro-Financial Assistance to enlargement and neighbourhood partners in the context of the COVID-19 outbreak.

Parliament adopted its position at first reading under the ordinary legislative procedure. As an agreement was reached between Parliament and Council, Parliament's position corresponds to the final legislative act.

The aim of the proposed decision is to provide EUR 3 billion of macro-financial assistance (MFA) in the form of loans to 10 enlargement and neighbourhood partner countries - Albania, Bosnia and Herzegovina, Georgia, Jordan, Kosovo, Moldova, Montenegro, Northern Macedonia, Tunisia, Ukraine - to help them mitigate the economic impact of the COVID-19 outbreak.

Combined with the support provided by the International Monetary Fund (IMF), this financing shall help to cover part of the partners' external financing needs in 2020 and 2021 following a significant deterioration in their balance of payments caused by the ongoing COVID-19 crisis situation.

The granting of EU MFA shall be subject to the precondition that the partner respects effective democratic mechanisms based on a multi-party parliamentary system, the rule of law and the existence of human rights guarantees.

The EUs MFA shall be subject to economic policy conditions to be laid down in a Memorandum of Understanding. These conditions must be consistent with the agreements or conventions concluded between the International Monetary Fund (IMF) and the partner, including the macroeconomic adjustment and structural reform programmes implemented by the partner with the support of the IMF.

The Commission shall report yearly to the European Parliament and to the Council on the implementation of this Decision in the preceding year.

2020/0065(COD) - 27/05/2020 Final act

PURPOSE: to approve of EUR 3 billion of macro-financial assistance (MFA) to ten enlargement and neighbourhood partner countries to cope with the economic consequences of the COVID-19 pandemic.

LEGISLATIVE ACT: Decision (EU) 2020/701 of the European Parliament and of the Council on providing macro-financial assistance to enlargement and neighbourhood partners in the context of the COVID-19 pandemic.

CONTENT: the Decision aims to provide EUR 3 billion in loans for macro-financial assistance (MFA) to ten enlargement and neighbourhood partner countries to help them limit the economic impact of the COVID-19 outbreak.

The financial assistance shall be granted in the form of loans on favourable terms and shall be distributed as follows:

- Albania: EUR 180 million,
- Bosnia and Herzegovina: EUR 250 million,
- Georgia: EUR 150 million,
- Jordan: EUR 200 million,
- Kosovo: EUR 100 million,
- Moldova: EUR 100 million,

- Montenegro: EUR 60 million,
- Republic of North Macedonia: EUR 160 million,
- Tunisia: EUR 600 million,
- Ukraine: EUR 1 200 million.

Combined with the support provided by the International Monetary Fund (IMF), this financing shall help to strengthen macroeconomic stability and create flexibility to allocate resources to protect citizens and mitigate the adverse socio-economic effects of the coronavirus pandemic.

The granting of EU MFA will be subject to the precondition that the partner respects effective democratic mechanisms based on parliamentary pluralism, the rule of law and the existence of guarantees regarding respect for human rights. The Commission and the EEAS shall monitor compliance with this condition throughout the duration of EU MFA.

The full amount of the Unions macro-financial assistance shall be provided to each partner in the form of loans with a maximum average maturity of 15 years. It shall be subject to economic policy conditions to be laid down in a Memorandum of Understanding. These conditions must be compatible with the agreements or conventions concluded between the International Monetary Fund (IMF) and the partner, including macroeconomic adjustment and structural reform programmes implemented by the partner with IMF support.

The MFA shall be made available for a period of twelve months, starting the day after the entry into force of the Memorandum of Understanding. Loan contracts shall ensure that the partner regularly checks that the funds from the general budget of the Union are properly used, guarantee the protection of the Union's financial interests, authorise the Commission to carry out checks and the Court of Auditors to carry out audits.

Each year, the Commission shall report to the European Parliament and the Council on the implementation of the Decision during the previous year.

ENTRY INTO FORCE: 28.5.2020.