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from: General Secretariat
to: Permanent Representatives Committee / Council
Subject: Proposal for a Regulation of the European Parliament and of the Council laying down general provisions for Macro-Financial Assistance to third countries
- Outcome of the European Parliament's proceedings
(Strasbourg, 21 to 24 May 2012)

I. INTRODUCTION

The Rapporteur, Mr Metin KAZAK (ALDE - BG), presented a report consisting of 53 amendments to the proposal for a Regulation, on behalf of the Committee on International Trade.

II. DEBATE

The Rapporteur opened the debate, which took place on 24 May 2012, and:

- indicated that the proposal pursued two main goals: increasing the efficiency and the need for clear rules and conditions for the negotiation of financial assistance.

- spoke in favour of the use of delegated acts as they combined speed and efficiency but were also submitted to democratic scrutiny by the European Parliament.
- stressed that EU financial assistance adds value and should not be used as a complementary tool to the International Monetary Fund (IMF). However, to ensure such added value in the implementation of the policy of the Memorandum of Understanding (MoU), the contribution of the European Union should not fall below a minimum rate.
- indicated that it would be possible to link financial assistance scheme to the IMF, but the European Union might have enough flexibility to work also with other European and multilateral financial institutions such as the World Bank or European Investment Bank.
- noted that the Commission's proposal was a little unclear as to how to determine the relationship between grants and loans taking into account the level of economic development of the beneficiary country.
- pointed out that the European External Action Service (EEAS) should be involved in order to enhance consistency between macro-financial assistance (MFA) and the Union's foreign policy objectives such as the promotion of democracy and human rights.
- Underlined that a special report on the respect of human rights and other political conditions of partner countries should be available before giving financial assistance. A deterioration of democratic conditions should temporarily or permanently suspend the aid or should reduce it.
- Expressed the wish to transform the interim regulation into a permanent one.

Commissioner POTOČNIK:

- Noted that delegated acts could be used to update the list of eligible countries but argued that decisions on individual programmes and on MoU should be implementing acts.
- Underlined the facts that democratic mechanisms, the rule of law and respect for human rights were important pre-conditions for MFA but that submitting the disbursement of MFA tranches to such conditions would have turned a macroeconomic instrument into a political one - which would be contrary to the nature and the objectives of MFA. Moreover, issues such as corruption and transparency were regularly referred to in MFA conditionality.

- Argued that, as the MFA is a complementary instrument by nature, it would not be advisable to disconnect the MFA from an IMF programme. The IMF is the main provider of macroeconomic assistance to countries undergoing serious balance of payments difficulties and cannot be replaced by another European or multilateral financial institution, as no other institution provides this type of support.

Speaking on behalf of the Committee on Foreign Affairs, Mrs Nadezhda NEYNSKY (EPP - BG):

- Thanked the Rapporteur for his comprehensive report which included most of her Committee's proposals. Underlined that despite having a smaller budget than other external action instruments the MFA brought great benefits to recipient countries by improving their balance of payments and thus stabilising their economies.
- Argued that the role of the EP should not be undermined and that her Committee had proposed faster disbursement of macro-financial assistance by the adoption of delegated acts for strategically important third countries only. Moreover, clear and precise eligibility criteria for the disbursement of MFA funds, regular country analysis and monitoring as well as seizure of misappropriated assets was established in the report.

Speaking on behalf of the EPP political group, Mr Daniel CASPARY (EPP - DE):

- Underlined the need for very close coordination between the EEAS, the Commission's Directorate-General for Trade and any other interested parties. Hestressed the need to better integrate the MFA in the European foreign and security policy.
- Called for the swift and successful conclusion of negotiations on this proposal.

Speaking on behalf of the S&D political group, Mrs Maria Eleni KOPPA (S&D - EL):

- Stressed that the rapid adoption of this regulatory framework was vital for countries facing balance of payments difficulties.
- Recalled that the Parliament had repeatedly expressed the need for a formal legal instrument to quickly and effectively regulate the granting of financial assistance to third countries.

- Called for the European Union to remain constant in its commitment to strengthen democratic institutions, human rights, transparency, and to fight against corruption. Each country requesting macro financial assistance should therefore be evaluated in these respects.
- Noted the importance of the role of EEAS in avoiding future situations like the recent one in Ukraine.

Speaking on behalf of the ALDE political group, Mr Niccolò RINALDI (ALDE - IT):

- Stated that for his group there were two important elements:
 - democracy, which means that the Parliament should be fully involved in the implementation and suspension of the MFA
 - political conditionality, which means a deeper involvement of the EEAS in decisions concerning MFA.
- Noted the importance of including Central Asia among the beneficiaries of MFA: the EU has a specific strategy on Central Asia and the MFA should become a cornerstone of this strategy.

Speaking on behalf of the Greens/EFA political group, Mr Keith TAYLOR (Greens/EFA - UK):

- Recalled that his group had been calling for such a Regulation for five years, but that the proposal had now perhaps come too late. He wondered whether it might not be wise to integrate the MFA into the new European Neighbourhood Instrument from 2014 onwards. This solution would seem to be the most elegant way to signal to neighbourhood partners that the European Union is supporting their balance of payments stability while making MFA a true structural adjustment programme.
- Stated that, since this idea had not received the support of the other political groups, his political group would abstain from voting.

Speaking on behalf of the EFD political group, the Earl of Dartmouth (EFD - UK) opposed MFA because he did not believe that it was of any value.

Speaking on behalf of the EUL/NGL political group, Mr SCHOLZ Helmut (EUL/NGL - DE):

- Noted that a study had shown that the impact of both the scope and the volume of the loans and grants were very marginal in many cases.
- Underlined the need to avoid a more cumbersome process of applying MFA
- Supported the Rapporteur's position regarding delegated acts in respect of eligible countries and granting assistance to particular countries.
- Argued that it would be a serious mistake to continue to impose, within the framework of the MFA, the same conditions imposed by the IMF.

Mr Alexander MIRSKY (S&D - LV):

- Stressed the need to prioritise countries on the basis of their geographical position.
- Argued that the important of the role of the, especially as regards fund transfers.

III. VOTE

When it voted on 24 May 2012, the plenary adopted all 53 amendments proposed by the Committee (with the exception of the second part of amendment 33) the text of which is annexed to this note. The vote on the legislative resolution was postponed to a later session, thereby not closing the first reading. The matter was then referred back to the Committee on International Trade, pursuant to Rule 57(2) of the European Parliament's Rules of Procedure.

Macro-Financial Assistance to third countries ***I

Amendments adopted by the European Parliament on 24 May 2012 on the proposal for a regulation laying down general provisions for Macro-Financial Assistance to third countries (COM(2011)0396 – C7-0187/2011 – 2011/0176(COD))

(Ordinary legislative procedure: first reading)¹:

Amendment 1

Proposal for a regulation

Title

Text proposed by the Commission

Regulation of the European Parliament and of the Council laying down general provisions for Macro-Financial Assistance to third countries

Amendment

Regulation of the European Parliament and of the Council laying down general provisions for Macro-Financial Assistance to third countries ***and territories***

Amendment 2

Proposal for a regulation

Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) Union macro-financial assistance should be used to provide exceptional financial assistance to third countries that have run into temporary balance of payment difficulties. Unlike other Union instruments providing direct support for its external policies (such as the Instrument for Pre-accession Assistance*, the European Neighbourhood Instrument**, the Development

¹ The matter was referred back to the committee responsible for reconsideration pursuant to Rule 57(2), second subparagraph (A7- 0157/2012).

*Cooperation Instrument^{***} etc), macro-financial assistance should not be used to provide regular financial support nor have as its primary aim supporting the economic and social development of the beneficiary countries. Nor should macro-financial assistance be used akin to conditional debt forgiveness grants.*

** Regulation No ... of the European Parliament and of the Council of ... on the Instrument for Pre-accession Assistance (IPA II) (OJ ...)*

*** Regulation No ... of the European Parliament and of the Council of ... establishing a European Neighbourhood Instrument (OJ ...)*

**** Regulation No ... of the European Parliament and of the Council of ... establishing a financing instrument for development cooperation (OJ ...)*

Amendment 3

Proposal for a regulation Recital 2

Text proposed by the Commission

(2) At present, macro-financial assistance to third countries is based on ad-hoc country specific decisions of the European Parliament and of the Council. This reduces the efficiency and effectiveness of the assistance by causing unnecessary delays between requests for macro-financial assistance and their actual implementation.

Amendment

(2) The framework regulation aims at clarifying the rules and improving the efficiency and effectiveness of the Union assistance, inter alia by strengthening the application of the pre-conditions, improving transparency and formalising the political assessment by the Commission, and by improving the democratic effectiveness and democratic scrutiny.

Amendment 4

Proposal for a regulation
Recital 3

Text proposed by the Commission

(3) A framework for delivering macro-financial assistance to third countries ***with which the Union has important political, economic and commercial ties*** should ***make the assistance more effective. In particular, it should be possible to provide macro-financial assistance to third countries*** to encourage them to adopt economic policy measures likely to solve a balance of payments crisis.

Amendment

(3) A framework for delivering macro-financial assistance to third countries should encourage them to adopt economic policy measures likely to solve a balance of payments crisis.

Amendment 5

Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) The adoption of a general regulation for macro-financial assistance based on Articles 209 and 212 is without prejudice to the provisions of Article 213 of the Treaty, governing urgent financial assistance to third countries, and of the related prerogatives of the Council.

Amendment

deleted

Amendment 6

Proposal for a regulation
Recital 7

Text proposed by the Commission

(7) In its conclusions of 8 October 2002, the Council established criteria (the so-

Amendment

(7) In its conclusions of 8 October 2002, the Council established criteria (the so-

called Genval criteria) to guide the *EU's* macro-financial assistance operations. It is appropriate to *formalise* these criteria in a legal act *endorsed* by *both* the Parliament and the Council *while updating and clarifying them*.

called Genval criteria) to guide the *Union* macro-financial assistance operations. It is appropriate to *update and clarify* these criteria in a legal act *adopted* by the *European* Parliament and the Council, *inter alia in relation to the criteria for determining the appropriate form of assistance (loan, grant or combination thereof)*.

Amendment 7

Proposal for a regulation

Recital 8

Text proposed by the Commission

(8) Appropriate procedures and instruments should be provided for in advance to enable the Union to *ensure that* macro-financial assistance *can be made* available expeditiously, especially when circumstances call for immediate action. *This would also* increase the clarity and transparency of the criteria applicable to the implementation of macro-financial assistance.

Amendment

(8) Appropriate procedures and instruments should be provided for in advance *in order* to enable the Union to *make* macro-financial assistance available expeditiously, especially when circumstances call for immediate action *and to* increase the clarity and transparency of the criteria applicable to the implementation of macro-financial assistance.

Amendment 8

Proposal for a regulation

Recital 9

Text proposed by the Commission

(9) The Commission should ensure that macro-financial assistance is in line with the key principles, objectives and measures taken within the different areas of external action and other relevant Union policies.

Amendment

(9) The Commission should ensure *in its choice of beneficiary countries and in the content of the Memorandums of Understanding* that macro-financial assistance is in line with the key principles, objectives and measures taken within the different areas of external action and other

relevant Union policies.

Amendment 9

Proposal for a regulation

Recital 9 a (new)

Text proposed by the Commission

Amendment

(9a) Macro-financial assistance is also a tool of Union foreign policy and should serve to enhance the visibility and influence of the Union beyond its borders. Close involvement of the European External Action Service (EEAS) for the purpose of coordination and the consistency of Union external policy should be ensured throughout the whole macro-financial assistance operation.

Amendment 10

Proposal for a regulation

Recital 10

Text proposed by the Commission

Amendment

(10) Macro-financial assistance should **support** the beneficiary countries' **commitments** to common values with the Union, including democracy, the rule of law, good governance, respect for human rights, sustainable development and poverty reduction, as well as to the principles of open, rules-based and fair trade.

(10) Macro-financial assistance should **include measures to improve** the beneficiary countries' **commitment** to common values with the Union, including democracy, the rule of law, good governance, respect for human rights, **the fight against forced child labour, support for** sustainable development and poverty reduction, as well as to the principles of open, rules-based and fair trade. **The fulfilment of these objectives should be regularly monitored by the Commission.**

Amendment 11

Proposal for a regulation

Recital 13

Text proposed by the Commission

(13) Macro-financial assistance should be complementary to the resources provided by the International Monetary Fund and other multilateral financial institutions and there should be a fair burden sharing with other donors. Macro-financial assistance should **ensure** the added value of the involvement of the Union.

Amendment

(11a) In general macro-financial assistance should be complementary to the resources provided by the International Monetary Fund and other **European or** multilateral financial institutions and there should be a fair burden sharing with **those institutions and** other donors. Macro-financial assistance should **be provided where it ensures** the added value of the involvement of the Union.

Amendment 12

Proposal for a regulation

Recital 13 a (new)

Text proposed by the Commission

Amendment

(13a) In order to ensure that macro-financial assistance can meet the demands caused by urgent economic crises, the Union should ensure that sufficient financial resources are allocated to its budget. It is also necessary to ensure that macro-financial assistance is available to all eligible countries regardless of their economic size and applied appropriately in conjunction with the Union's other external financing instruments.

Amendment 13

Proposal for a regulation

Recital 14 a (new)

(14a) In order to achieve a balance between the need for effectiveness and efficiency of Union assistance on the one hand, and greater coherence, transparency and democratic scrutiny on the other, the power to adopt acts in accordance with Article 290 of the Treaty of the Functioning of the European Union should be delegated to the Commission in respect of eligible countries and territories and granting assistance to particular countries and territories . It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

Amendment 14

Proposal for a regulation

Recital 15

(15) In order to ensure uniform conditions for the implementation of this Regulation, ***as regards the approval and management of macro-financial assistance operations in beneficiary countries***, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) 182/2011 of the European Parliament and of the Council laying down the rules and general principles concerning mechanisms for control by Member States

(15) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) ***No 182/2011*** of the European Parliament and of the Council ***of 16 February 2011*** laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing

of the Commission's exercise of powers.
implementing powers.

Amendment 15

Proposal for a regulation Recital 16

Text proposed by the Commission

Amendment

(16) The examination procedure should be used for the adoption of implementing decisions defining the amount, form, duration and general conditions of individual macro-financial assistance operations given that such decisions have substantial budgetary implications. *deleted*

Amendment 16

Proposal for a regulation Recital 17

Text proposed by the Commission

Amendment

(17) The advisory procedure should be used for the adoption of the Memorandum of Understanding (MoU) laying down the economic policy measures associated with the Union's macro-financial assistance given that the MoU is not an implementing act of general scope, nor an act entailing budgetary implications or implications for third countries beyond those already entailed by the decision granting the assistance. *deleted*

Amendment 17

Proposal for a regulation

Article 1 – paragraph 1

Text proposed by the Commission

1. This Regulation lays down general provisions for the granting of macro-financial assistance to eligible third countries and territories *as set out in* Article 2.

Amendment

1. This Regulation lays down general provisions for the granting of **Union** macro-financial assistance to eligible third countries and territories *referred to in* Article 2 (*the 'beneficiary countries'*).

Amendment 18

Proposal for a regulation

Article 1 – paragraph 2

Text proposed by the Commission

2. Macro-financial assistance shall be an exceptional financial instrument of untied and undesignated balance-of-payments support to **eligible third countries and territories**. It shall aim at restoring a sustainable external finance situation for countries facing external financing difficulties. It shall underpin the implementation of strong adjustment and structural reform measures designed to remedy balance of payments difficulties.

Amendment

2. Macro-financial assistance shall be an exceptional financial instrument of untied and undesignated balance-of-payments support to **beneficiary** countries. It shall aim at restoring a sustainable external finance situation for **beneficiary** countries facing external financing difficulties. It shall underpin the implementation **by such beneficiary countries of relevant bilateral agreements and programmes with the Union and shall be aimed at** strong adjustment and structural reform measures designed to remedy balance of payments difficulties.

Amendment 19

Proposal for a regulation

Article 1 – paragraph 3

Text proposed by the Commission

Amendment

3. Macro-financial assistance may be granted on condition of the existence of a significant and residual external financing gap jointly identified with the multilateral financial institutions over and above the resources provided by the International Monetary Fund (IMF) and other multilateral institutions, despite the implementation of strong economic stabilisation and reform programmes.

3. Macro-financial assistance may be granted on condition of the existence of a significant and residual external financing gap ***in the respective beneficiary country*** jointly identified with the ***European or*** multilateral financial institutions over and above the resources provided by the International Monetary Fund (IMF) and other ***European or*** multilateral ***financial*** institutions, despite the implementation of strong economic stabilisation and reform programmes ***by the respective beneficiary country***.

Amendment 20

Proposal for a regulation
Article 2 – title

Text proposed by the Commission

Amendment

Eligible countries

Eligible countries ***and territories***

Amendment 21

Proposal for a regulation
Article 2 – introductory part

Text proposed by the Commission

Amendment

The third countries and territories eligible for macro-financial assistance shall be:

1. The third countries and territories eligible for macro-financial assistance ***provided that they fulfil the conditionality criteria set out in Article 6 (the 'beneficiary countries')*** shall be:

Amendment 22

Proposal for a regulation
Article 2 – paragraph 1 – point c

Text proposed by the Commission

(c) Other third countries in exceptional and duly justified circumstances. Such countries must be politically, economically and geographically close to the **European** Union.

Amendment

(c) Other third countries ***that play a determining role in regional stability and are of strategic importance for the Union,*** in exceptional and duly justified circumstances. Such countries must be politically, economically and geographically close to the Union.

Amendment 23

Proposal for a regulation
Article 2 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The Commission shall be empowered to adopt delegated acts in accordance with Article 14a to amend points 1 and 2 of Annex I in order to update it following appropriate political decisions regarding countries' status as candidate or potential candidate countries or regarding the scope of the European Neighbourhood Policy.

Amendment 24

Proposal for a regulation
Article 2 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. The Commission shall be empowered to adopt delegated acts in accordance with Article 14a to supplement, when

necessary, this Regulation with eligible countries that meet the criteria of point c of paragraph 1 of this Article.

Amendment 25

Proposal for a regulation Article 4 – paragraph 1

Text proposed by the Commission

1. The amounts of macro-financial assistance provided *in grants* under this Regulation shall be consistent with the budget appropriations established in the multi-annual financial framework.

Amendment

1. The amounts of macro-financial assistance provided under this Regulation *in the form of a grant* shall be consistent with the budget appropriations established in the multi-annual financial framework.

Amendment 26

Proposal for a regulation Article 4 – paragraph 2

Text proposed by the Commission

2. The amounts of macro-financial assistance provided *in loans* under this Regulation shall be provisioned in accordance with Council Regulation (EC, Euratom) 480/2009 of 25 May 2009 on the Guarantee Fund for external actions.

Amendment

2. The amounts of macro-financial assistance provided under this Regulation *in the form of a loan* shall be provisioned in accordance with Council Regulation (EC, Euratom) *No* 480/2009 of 25 May 2009 establishing a Guarantee Fund for external actions.

Amendment 27

Proposal for a regulation Article 4 – paragraph 3

Text proposed by the Commission

3. Annual appropriations shall be authorised by the budgetary authority within the limits of the financial framework. ***The corresponding reference amounts for the period 2011 to 2013 are set out in Annex II.***

Amendment

3. Annual appropriations shall be authorised by the budgetary authority within the limits of the ***multi-annual*** financial framework.

Amendment 28

**Proposal for a regulation
Article 5 – paragraph 1**

Text proposed by the Commission

1. The amount of the assistance shall be based on the residual external financing needs of the beneficiary country. These shall be established by the Commission in cooperation with ***international*** financial institutions, based on a comprehensive and well documented quantitative assessment. In particular, the Commission ***will*** draw on the latest balance of payments projections for the country in question produced by the IMF and take into account the expected financial contributions from multilateral donors.

Amendment

1. The ***proposed*** amount of the assistance shall be based on the residual external financing needs of the beneficiary country. These shall be established by the Commission in cooperation with ***the IMF and other European or multilateral*** financial institutions, based on a comprehensive and well documented quantitative assessment. In particular, the Commission ***shall*** draw on the latest balance of payments projections for the ***beneficiary*** country in question produced by the IMF ***and other European or multilateral financial institutions*** and take into account the expected financial contributions from multilateral donors ***as well as pre-existing deployment of the Union's other external financing instruments in the respective beneficiary country.***

Amendment 29

**Proposal for a regulation
Article 5 – paragraph 2**

Text proposed by the Commission

2. The determination of the **amounts** of macro-financial assistance shall also take into account the need to ensure a fair burden sharing **with** other donors.

Amendment

2. The determination of the **amount** of macro-financial assistance shall also take into account the need to ensure a fair burden sharing **between the Union and the** other donors. ***The Union's contribution should be sufficient to guarantee that it brings Union added value and should not normally be below 20%.***

Amendment 30

Proposal for a regulation
Article 5 – paragraph 3

Text proposed by the Commission

3. In case the financing needs of the beneficiary country decline fundamentally during the period of disbursement of the macro-financial assistance, the Commission, ***acting in accordance with Article 14(2), may decide*** to reduce the amount of funds made available in the context of the assistance, suspend or cancel the assistance.

Amendment

3. In case the financing needs of the beneficiary country decline fundamentally during the period of disbursement of the macro-financial assistance, the Commission ***shall re-assess the economic and financial situation in the beneficiary country and, based on that assessment, shall be empowered to adopt delegated acts in accordance with Article 14a to amend Annex IIa,*** to reduce the amount of funds made available in the context of the assistance, suspend or cancel the assistance.

Amendment 31

Proposal for a regulation
Article 6 – paragraph 1

Text proposed by the Commission

1. A pre-condition for granting macro-financial assistance shall be that the recipient country respects effective

Amendment

1. A pre-condition for granting macro-financial assistance shall be that the recipient country respects effective

democratic mechanisms, including multi-party parliamentary systems, the rule of law and respect for human rights.

democratic mechanisms, including multi-party parliamentary systems, the rule of law and respect for human rights. ***This assessment shall be entrusted to the EEAS in cooperation with the Commission and shall take into consideration the resolutions and reports adopted by the European Parliament concerning beneficiary countries. The assessment may identify policy recommendations as regards the strengthening of democratic institutions, human rights, transparency and the fight against corruption. This report shall be added to each individual delegated act referred to in Article 7(3). With a view to protecting Union democratic values and interests and reinforcing beneficiary countries' respect for fundamental rights, the Memorandum of Understanding shall include country specific recommendations that are consistent with Union external policies aimed at strengthening the rule of law, human and labour rights, transparency and combating corruption.***

Amendment 32

Proposal for a regulation Article 6 – paragraph 2

Text proposed by the Commission

2. Macro-financial assistance shall be conditional on the existence of an IMF programme entailing the use of IMF resources.

Amendment

2. Macro-financial assistance shall be conditional on the existence of an IMF programme entailing the use of IMF resources ***or that of another European or multilateral financial institution.***

Amendment 33

Proposal for a regulation Article 6 – paragraph 3

Text proposed by the Commission

3. The disbursement of the assistance shall be conditional on a satisfactory track record of an IMF programme. It shall also be conditional on the implementation, within a specific time frame, of a series of clearly defined economic policy measures focusing on structural reforms, to be agreed between the Commission and the beneficiary country and to be laid down in a Memorandum of Understanding.

Amendment

3. The disbursement of the assistance shall be conditional on a satisfactory track record of an IMF programme ***or that of another European or multilateral financial institution and of respect for the political and value-based principles.*** It shall also be conditional on the implementation, within a specific time frame, of a series of clearly defined economic policy measures focusing on structural reforms, to be agreed between the Commission and the beneficiary country and to be laid down in a Memorandum of Understanding.

Amendment 34

**Proposal for a regulation
Article 7 – paragraph 2**

Text proposed by the Commission

2. ***If*** the conditions referred to in Article 1, Article 2, Article 4 and Article 6 are met, macro-financial assistance ***shall be granted by the Commission acting in accordance with Article 14(2).***

Amendment

2. ***Upon receiving the request, the Commission shall make an assessment as to whether*** the conditions referred to in Article 1, Article 2, Article 4 and Article 6 are met ***for granting*** macro-financial assistance. ***If those conditions are met,*** the Commission ***shall determine in its decision the amount and the form of the assistance under the conditions referred to in Article 5 and Article 3 respectively.***

Amendment 35

**Proposal for a regulation
Article 7 – paragraphs 3 and 3a (new)**

3. The decision to provide a loan **shall specify** the amount, the maximum average maturity, the maximum number of instalments of the macro-financial assistance. The decision to provide a grant **shall specify** the amount, and the maximum number of instalments. **In both cases the availability period of the macro-financial assistance shall be defined.** As a rule, **it** shall not exceed three years.

3. **For the purpose of paragraph 2 the Commission shall be empowered to adopt delegated acts in accordance with Article 14a to establish and to amend Annex IIa in order to provide macro-financial assistance to a particular country or territory. In the delegated act the Commission shall, inter alia, stipulate the following:**

(a) in all cases, the beneficiary of the assistance, the total maximum amount of the assistance, the form of the assistance, and the availability period of the assistance;

(b) in case of the decision to provide a loan, the amount, the maximum average maturity, **and** the maximum number of instalments of the macro-financial assistance;

(c) in case of the decision to provide a grant, the amount, and the maximum number of instalments. **The decision to provide a grant shall be accompanied by a justification for the grant (or grant element) of assistance.**

3a. As a rule, **the availability period of the macro-financial assistance** shall not exceed three years.

Amendment 36

Proposal for a regulation Article 7 – paragraph 4

4. Following the **approval** of the **decision** granting macro-financial assistance, the

4. Following the **adoption** of the **delegated act on** granting macro-financial assistance,

Commission, *acting in accordance with Article 14(3)*, shall agree the policy measures referred to in *Article 6(3), (4), (5) and (6)* with the beneficiary country.

the Commission, *in close cooperation with the EEAS*, shall *be empowered to adopt delegated acts in accordance with Article 14a* to agree *in the Memorandum of Understanding* the policy measures referred to in *Article 6(1), (3), (4), (5) and (6)* with the beneficiary country.

Amendment 37

Proposal for a regulation Article 7 – paragraph 5

Text proposed by the Commission

5. Following the *approval* of the *decision* granting macro-financial assistance, the Commission shall agree the detailed financial terms of the assistance with the beneficiary country. These shall be laid down in a Grant or Loan Agreement.

Amendment

5. Following the *adoption* of the *delegated act on* granting macro-financial assistance, the Commission shall agree the detailed financial terms of the assistance with the beneficiary country. These shall be laid down in a Grant or Loan Agreement.

Amendment 38

Proposal for a regulation Article 7 – paragraph 6

Text proposed by the Commission

6. The Commission shall inform the European Parliament and the Council of developments in country-specific assistance and provide them with the relevant documents.

Amendment

6. The Commission shall inform the European Parliament and the Council of developments in country-specific assistance and provide them with the relevant documents *in due time*.

Amendment 39

Proposal for a regulation Article 9 – paragraph 2

Text proposed by the Commission

2. The assistance shall be disbursed in successive instalments, conditional upon the fulfilment of the conditions referred to in **Article** 6(2) and 6(3).

Amendment

2. The assistance shall be disbursed in successive instalments, conditional upon the fulfilment of the conditions referred to in **Article 6(1), (2) and (3)**.

Amendment 40

Proposal for a regulation
Article 9 – paragraph 3

Text proposed by the Commission

3. The Commission shall verify at regular intervals that the conditions referred to in Article 6(2) and 6(3) continue to be met.

Amendment

3. The Commission shall verify at regular intervals that the conditions referred to in Article 6(2) and (3) continue to be met. ***The EEAS shall verify at regular intervals, and without delay in the case of unforeseen developments, that the conditions referred to in Article 6(1) continue to be met, and inform the Commission accordingly.***

Amendment 41

Proposal for a regulation
Article 9 – paragraph 4

Text proposed by the Commission

4. In case the conditions referred to in **Article** 6(2) and 6(3) are not met, the Commission can temporarily suspend, reduce or cancel the disbursement of the assistance.

Amendment

4. In case the conditions referred to in **Article 6(1), (2) and (3)** are not met, the Commission, ***in close cooperation with the EEAS***, can temporarily suspend, reduce or cancel the disbursement of the assistance.

Amendment 42

Proposal for a regulation Article 9 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. In these instances, and in case the suspension of the operation is lifted after consultation of the EEAS, the Commission shall inform the European Parliament and the Council of the reasons thereof.

Amendment 43

Proposal for a regulation Article 11 – paragraph 1

Text proposed by the Commission

Amendment

1. Beneficiary countries shall regularly check that financing provided from the budget of the Union has been properly used, take appropriate measures to prevent irregularities and fraud, and, if necessary, take legal action to recover any funds provided under this Regulation that have been misappropriated.

1. Any agreements resulting from this Regulation shall contain provisions ensuring that beneficiary countries shall regularly check that financing provided from the budget of the Union has been properly used, take appropriate measures to prevent irregularities and fraud, and, if necessary, take legal action to recover any funds provided under this Regulation that have been misappropriated.

Amendment 44

Proposal for a regulation Article 11 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. The Memorandum of Understanding referred to in Article 6(3) and any other agreements resulting from this Regulation shall ensure the rights of the Commission and the Court of Auditors under paragraphs 2 and 3 of this Article during and after the availability period of the macro-financial assistance.

Amendment 45

Proposal for a regulation Article 12 – paragraph 1

Text proposed by the Commission

1. The Commission shall regularly evaluate the results and efficiency of macro-financial assistance in order to ascertain whether the objectives have been met and enable it to formulate recommendations with a view to improving future operations.

Amendment

1. The Commission shall regularly evaluate the results and efficiency of macro-financial assistance *regarding each and every particular recipient country or territory* in order to ascertain whether the objectives have been met and enable it to formulate recommendations with a view to improving future operations. *When evaluating the functioning of the political conditionality under Article 6(1), the Commission shall consult the EEAS.*

Amendment 46

Proposal for a regulation Article 12 – paragraph 2

Text proposed by the Commission

2. The Commission shall send ex-post evaluation reports to the European Parliament *and* the Council, assessing the extent to which recently completed *MFA* operations have contributed to the aims of the assistance.

Amendment

2. The Commission shall send ex-post evaluation reports to the European Parliament, the Council *and the Court of Auditors*, assessing the extent to which recently completed *macro-financial assistance* operations *regarding a particular recipient country or territory*

have contributed to the aims of the assistance.

Amendment 47

Proposal for a regulation Article 12 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. The Court of Auditors shall audit the financial management of the assistance.

Amendment 48

Proposal for a regulation Article 14 – paragraph 3

Text proposed by the Commission

Amendment

3. Where reference is made to this paragraph, Article 4 of Regulation (EU) 182/2011 shall apply.

deleted

Amendment 49

Proposal for a regulation Article 14 a (new)

Text proposed by the Commission

Amendment

Article 14a

Exercise of the delegation

1. The power to adopt delegated acts referred to in Articles 2(1a), 2(1b), 5(3), 7(3) and 7(4) shall be conferred on the

Commission for a period of applicability of this Regulation.

2. The delegation of power may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

3. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and the Council.

4. A delegated act adopted pursuant to Articles 2(1a), 2(1b), 5(3), 7(3) and 7(4) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of the act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.

Amendment 50

Proposal for a regulation Article 14 b (new)

Text proposed by the Commission

Amendment

Article 14b

Review

1. No later than and every four years thereafter, the Commission shall present*

to the European Parliament and the Council a report on the application of this Regulation.

2. The report referred to in paragraph 1 shall include a detailed overview of macro-financial assistance granted under this Regulation and shall be accompanied, if appropriate, by a legislative proposal for a review of this Regulation.

** OJ: four years after the entry into force of this Regulation.*

Amendment 51

Proposal for a regulation Article 15

Text proposed by the Commission

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union *and shall expire on 31 December 2013.*

Amendment

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

Amendment 52

Proposal for a regulation Annex II

Text proposed by the Commission

Amendment

Annex deleted.

Amendment 53

Proposal for a regulation
Annex II a (new)

Amendment by Parliament

ANNEX II a

**MACRO-FINANCIAL ASSISTANCE TO PARTICULAR COUNTRIES AND
TERRITORIES**

<i>Beneficiary of assistance</i>	<i>Total maximum amount of assistance</i>	<i>Form of assistance</i>					<i>Availability period of assistance</i>
		<i>Loan</i>			<i>Grant</i>		
		<i>Amount</i>	<i>Maximum average maturity</i>	<i>Maximum number of instalments</i>	<i>Amount</i>	<i>Maximum number of instalments</i>	
...