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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

laying down general provisions for Macro-Financial Assistance to third countries

{SEC(2011) 865 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Since its launch in 1990, Macro-Financial Assistance (MFA) has been used to grant financial assistance of a macroeconomic nature to third countries that are experiencing short-term balance-of-payments difficulties. A total of 55 MFA decisions benefiting 23 countries have so far been approved, with total commitments amounting to EUR 7.4 billion, in the form of grants and loans.

MFA complements financing provided by the International Monetary Fund (IMF) in the context of an adjustment and reform programme. This is in recognition of the fact that, although within the global economic architecture the provision of balance-of-payments support is primarily the role of the IMF, it is in some cases appropriate for the EU to supplement, on an exceptional basis, the IMF's assistance for countries politically, economically and geographically close to the EU.

In addition to the existence of an IMF financial arrangement, key pre-conditions for the provision of MFA by the EU are the existence of a residual external financing gap, as estimated by the Commission in liaison with the IMF, and the respect of effective democratic institutions and mechanisms in the beneficiary country. Following the approval of an MFA operation, disbursements of the assistance are conditional on satisfactory progress under the IMF programme and on the fulfilment by the recipient country of certain economic and financial policy measures, agreed between the EU and the beneficiary country based on a joint understanding of the country's main economic and structural challenges. MFA is exceptional in nature and is to be discontinued once the country can satisfy its external financing needs through other sources, such as the international financial institutions (IFIs) and private capital inflows.

MFA has made a valuable contribution to macroeconomic stability in EU candidate, potential candidate and neighbourhood countries, with positive spill-over effects on the EU economy. However, some of its features tend to reduce its effectiveness and transparency. In particular, MFA is currently subject to case-by-case legislative decisions, i.e. the launch of each individual MFA operation with a country in crisis requires a separate legislative decision.

1.1. Grounds for and objectives of the proposal

With the proposed Framework Regulation, the Commission intends to create a formal legal instrument for MFA to third countries. The primary objective is to make MFA more effective by streamlining its decision-making process. As highlighted by the global financial crisis, dealing effectively with macroeconomic and financial emergency situations requires a crisis response instrument that can be deployed quickly and efficiently. This calls for a decision-making process that avoids long procedures and delays. The proposed Regulation would speed up the decision-making for individual MFA operations so that the instrument can better help beneficiary countries withstand short-term external financial pressures, while supporting them in adopting adjustment measures designed to restore a sustainable balance-of-payments position. The ability to deploy MFA more swiftly should also increase its complementarity with the facilities of the IFIs.

Furthermore, the proposed Regulation would align the decision-making process for MFA with that of other external financial assistance instruments of the EU. Notably, the Commission would have competence for adopting decisions granting MFA under the supervision of a committee of Member State representatives in accordance with the examination procedure introduced by the new comitology rules, which entered into force on 1 March 2011.[1]

The proposed Framework Regulation also aims at formalising and clarifying the key rules governing MFA, with a view to reinforcing the transparency and predictability of the instrument, albeit without substantially altering it. So far, MFA has been based on principles established by Council conclusions. These "Genval criteria"[2] stipulate the geographical scope, pre-conditions and principal modalities for implementation of MFA. They have served as a useful guideline for past MFA operations. They should therefore be maintained and reaffirmed. The proposed Regulation updates and clarifies some of these criteria.

The need to adopt a Framework Regulation in order to make the decision-making process of MFA more efficient, provide a more transparent legal basis for this instrument and refine some of the Genval criteria was recognised by the European Parliament as early as 2003 in its Resolution on the implementation of MFA to third countries.[3]

Moreover, following the entry into force of the Lisbon Treaty, MFA decisions are no longer taken by the Council alone, but in accordance with the ordinary legislative procedure (co-decision). This has underlined the need to give to the Parliament co-ownership of the rules and criteria governing MFA by enshrining them in a basic legal instrument approved by both co-legislators. The proposed Framework Regulation would give the Genval criteria such a formal, legally binding status.

1.2. General context

The global financial crisis of 2008-09 has highlighted the importance for the EU of endowing itself with solid and expeditious crisis prevention and management systems, including appropriate financial facilities. The process of adoption of separate legislative decisions for each MFA operation has tended to result in significant delays between the request for support by the country and the first disbursement. This is harming the effectiveness of an instrument meant to be used in the context of critical balance-of-payments situations that require an expeditious response. The lengthy process has resulted in a time lag between the approval of IMF programmes and the EU MFA operations associated with them. In line with these considerations, a 2009 meta-evaluation of past MFA operations[4] has identified the delays in adopting MFA decisions as an important shortcoming of the instrument – a shortcoming that the proposed Framework Regulation aims to address. Furthermore, the co-decision procedure, which applies to MFA under the Lisbon Treaty, combined with the need to allow for at least eight weeks for the national parliaments to use their right of scrutiny of new legislation, could

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1 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 of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13), which replaces Council Decision 1999/468/EC.

2 The Genval criteria were last stated in the conclusions of the ECOFIN Council of 8 October 2002.

3 OJ C 68 E, 18.3.2004, p. 86.

4 "Meta-evaluation of Macro-Financial Assistance Operations, 2004-2008. Final Report", GHK Consulting, October 2009, available on: http://ec.europa.eu/economy_finance/evaluation/pdf/final_report_meta_annex_en.pdf.

result in a further lengthening of the decision-making process. This has added another reason for proposing the Framework Regulation now.

1.3. Comparison with existing provisions in the area of the proposal

Decision-making process

Under the proposed Framework Regulation, the Commission would submit draft country-specific MFA decisions to a committee of Member State representatives ("the Committee" hereafter). The Committee would deliver an opinion in accordance with the examination procedure established by the comitology regulation that entered into force on 1 March 2011.[5] This decision-making process would replace the current lengthier case-by-case legislative decisions for MFA.

In line with the comitology regulation, the Committee would be composed of representatives of the Member States and chaired by the Commission, with the chair not having the right to vote. The procedure would be as follows: The Commission would submit to the Committee draft Commission decisions granting MFA to a third country ("draft implementing acts"). In case of a positive opinion by the Committee (adopted by a qualified majority of the representatives of the Member States) on the proposed decisions, the Commission would adopt them. In case of a negative opinion of the Committee (also adopted by a qualified majority of the representatives of the Member States), the Commission would not adopt them, although it could refer them to the appeal committee or present amended drafts. Finally, if no opinion was delivered, the Commission could still adopt the draft decisions, unless a simple majority of the Committee's members opposed them.

Once a decision to provide assistance to a third country has been adopted in accordance with the procedure described so far, the Commission would implement the MFA operation. The Memorandum of Understanding laying down the policy measures associated with the assistance would be adopted by the Commission, subject to the opinion of the Committee. For this purpose, the Committee would act in accordance with the advisory procedure since these Memoranda have no budgetary implications, or implications for third countries, beyond those of the decision granting the assistance. Once a Memorandum of Understanding has been adopted, the Commission would decide on the release of the assistance subject to a satisfactory implementation of the economic programme supported by the IMF and of the policy measures agreed between the EU and beneficiary country.

As foreseen in Articles 10 and 11 of Regulation (EU) 182/2011, the European Parliament and the Council would have access to the documents concerning the proceedings of the Committee and the right to challenge draft implementing acts submitted by the Commission, should either of them consider that these go beyond the implementing powers provided for in the Framework Regulation.

Guidelines for MFA operations

Aside from the changes to the decision-making process, the Framework Regulation would also formalise and, where appropriate, update the Genval criteria that guide MFA operations. These criteria were stated in the conclusions of the ECOFIN Council of 8 October 2002 and confirmed by the Economic and Financial Committee in March 2006.

[5] Regulation (EU) 182/2011, *op. cit.*

- *Exceptionality:* MFA is exceptional in nature, mobilised on a case-by-case basis to help the recipient country deal with short-term balance-of-payments or budget difficulties. It is to be discontinued once the country can satisfy its external financing needs through other sources.

- *Geographical delimitation:* According to the Genval criteria, MFA is reserved for third countries with close political and economic links to the EU. In 2002, the Council specified that is meant to cover candidate and potential candidate countries, the three European countries of the CIS (Belarus, Moldova and Ukraine) and the countries concerned by the Barcelona process (i.e. countries having signed, or expected to sign, Euro-Mediterranean Association Agreements). Other third countries may in exceptional circumstances also become eligible.

  The Framework Regulation defines, as countries and territories eligible for MFA, the candidate and potential candidate countries, all countries and territories covered by the European Neighbourhood Policy (including those in the South Caucasus: Armenia, Azerbaijan and Georgia), as well as other third countries in exceptional and duly justified circumstances. Such other countries must be politically, economically and geographically close to the EU.

- *Political pre-conditions:* In line with the EU's fundamental values, a potential recipient country must have in place effective democratic institutions and mechanisms, including multi-party parliamentary systems, and respect human rights and the rule of law.

- *Complementarity and burden sharing:* MFA operations are contingent on the existence and satisfactory implementation of an IMF-supported programme in the recipient country entailing the use of IMF funds. With a view to an appropriate financial burden sharing between the EU and other donors, the Genval criteria established a ceiling for the EU's contribution of 60% of the country's residual external financing gap (i.e. after the support expected from the IFIs) for candidate and potential candidate countries and of one-third of the residual external financing gap for other countries.

  While reaffirming the principles of complementarity to IFI support and burden sharing with other donors, the Commission does not propose to include explicit ceilings for the share of the contribution made by EU MFA to covering the residual financing gaps of beneficiary countries. This reflects past experience that financing gaps are in certain cases difficult to estimate in a precise manner. Furthermore, non-EU bilateral donors generally participate only on a small scale, if at all, in covering the external financing gaps of countries neighbouring the EU.

- *Conditionality:* The launch of any MFA operation is conditional on the country having an IMF-supported programme in place that entails the use of IMF funds. In addition, the Commission, on behalf of the EU, agrees with the recipient country on a separate set of policy conditions. These conditions are laid down in a Memorandum of Understanding (MoU).

- *Financial discipline:* When MFA takes the form of a grant, the funds come from the EU budget. The amounts provided as MFA have to be consistent with the ceilings established for the relevant budget appropriations in the EU's multi-annual Financial Perspectives. When it takes the form of a loan, the Commission, on behalf of the EU, issues a bond in the capital markets that matches the financial terms agreed with the beneficiary country and on-lends the proceeds immediately. To cover against the risk of default by beneficiary countries, the EU bond is guaranteed by the Guarantee Fund, which is provisioned at a rate of 9% of the outstanding amount.

In order to strengthen financial discipline and enhance the predictability of the instrument, the Framework Regulation proposes a more transparent approach for determining under what circumstances MFA should be provided in the form of a loan or a grant, or a combination of the two. In line with World Bank and IMF practice, the main criteria determining the form of the assistance are: the level of economic and social development (average income levels, poverty ratios); and debt sustainability, also in view of a country's capacity to repay.

1.4. Consistency with the other policies and objectives of the Union

Framework regulations have been adopted for all key external financial instruments of the EU (the Instrument for Pre-Accession, the European Neighbourhood and Partnership Instrument, the Development Cooperation Instrument, the Instrument for Stability, the Instrument for Nuclear Safety Cooperation and Humanitarian Aid). These cover the 2007-13 financial perspective and grant implementation powers to the Commission. The decision-making procedure envisaged for MFA under the proposed Framework Regulation is similar to the procedure used in other external financing instruments.

MFA and other external assistance instruments are mutually reinforcing. The policy measures to be agreed between the Commission and the beneficiary country are consistent with existing partnership, cooperation or association agreements concluded between the EU and the beneficiary country. Moreover, MFA can increase the effectiveness of the programmes supported by other EU external financial instruments, in particular projects financed under the Instrument for Pre-Accession Assistance and the European Neighbourhood and Partnership Instrument, notably by contributing to ensure an appropriate overall framework for macroeconomic stability and structural reform through its conditionality. Conversely, policy measures included in Memoranda of Understanding of MFA operations are often supported by technical assistance provided by the EU through its regular cooperation instruments, as well as by the sectoral actions identified under direct budgetary support operations. Finally, they complement the public finance management and other objectives of the EU's longer-term sectoral budgetary support operations.

2. CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

A comprehensive meta-evaluation of MFA operations undertaken between 2004 and 2008 was conducted by the Commission in 2009 with support from external experts. In the context of this meta-evaluation, the Commission organised in May 2009 a high-level workshop gathering officials from the relevant Commission services, the IMF and the World Bank. The proposed Framework Regulation is consistent with the results of this meta-evaluation and consultation process, which underlined the need for a swifter decision-making process and a more transparent legal basis. It is also consistent with the Resolution on the implementation of MFA adopted by the European Parliament in 2003[6], which called for a Framework Regulation

[6] OJ C 68 E, 18.3.2004, p. 86.

in order to expedite decision procedures and create a clearer legal basis. Since the main objective of the proposed Framework Regulation is a change in the EU's decision-making procedure for MFA operations, rather than a change of substance of the instrument, the Commission did not conduct a formal Impact Assessment. The impact of the proposed Regulation is assessed in some detail in the Commission Staff Working Document accompanying the proposal.

3. LEGAL ELEMENTS OF THE PROPOSAL

3.1. Legal basis

In contrast with the situation under the EC Treaty, the article of the TFEU governing economic and financial cooperation with third countries (Article 212 TFEU) includes MFA. This article has formed the legal basis for the MFA decisions adopted since the entry into force of the Lisbon Treaty. However, if the recipient country of MFA is a developing country, the decision would be adopted on the basis of Article 209 TFEU, which governs the EU's development cooperation. As the proposed Regulation provides the framework for future MFA operations in crisis-hit third countries, it has the same legal basis as individual country-specific post-Lisbon MFA decisions, i.e. Articles 209 and 212 TFEU.

Furthermore, it is proposed that the Commission will be able to adopt country-specific MFA decisions under the supervision of a committee of Member State representatives. This is in recognition of the fact that MFA belongs to the category of legally binding acts that need to be implemented uniformly and hence centrally, as governed by Article 291 TFEU on implementing powers conferred on the Commission, in particular its paragraph 2. As MFA decisions are draft implementing acts with substantial budgetary implications, the aforementioned committee of Member State representatives would act in accordance with the examination procedure as established by the comitology regulation.[7]

3.2. Subsidiarity principle

The proposed Framework Regulation concerns EU financial assistance to third countries, which is an area of shared competence of the EU. The MFA instrument complies with the subsidiarity principle as the objective of restoring short-term macroeconomic stability in third countries can be achieved more efficiently and effectively by the EU than by Member States individually. The EU as a whole can bundle financial resources and negotiate with recipient countries on modalities of the assistance and policy conditions as a single interlocutor.

3.3. Proportionality principle

The proposal complies with the proportionality principle. This is guaranteed by the continued application of key principles of MFA such as complementarity to IFI support and burden sharing with other donors, which ensures that the EU does not cover an unduly large part of a recipient country's financing gap. Furthermore, proportionality is assured by the fact that MFA will not go beyond authorised budgetary appropriations and is consistent with the multi-annual financial perspectives.

[7] Regulation (EU) 182/2011, *op. cit.*

3.4. Choice of instruments

The proposed Framework Regulation does not imply a fundamental change of substance in MFA as an instrument; it focuses instead on streamlining the decision-making process. For a financial instrument such as MFA that is managed centrally by the Commission for the whole of the EU, a regulation (as opposed to a directive) is the appropriate legal instrument to achieve this. A Framework Regulation will align the decision-making procedures for MFA with those of other external assistance instruments, while also offering the opportunity to achieve other objectives related to MFA, such as the formalisation and updating of the Genval criteria, including ensuring their formal endorsement by both the Council and the Parliament.

A conceivable alternative way to achieve the primary objective of streamlining the decision-making process for MFA would have been the use on a regular basis of Article 213 TFEU for MFA. This article empowers the Council to “adopt the necessary decisions on a proposal from the Commission” when “the situation in a third country requires urgent financial assistance from the Union”. However, as underlined by the legal services of the Council and the Commission, the use of an urgency procedure as the regular legal basis for all or most operations under a specific instrument, such as MFA, would not have been appropriate.

4. BUDGETARY IMPLICATIONS

The proposed Framework Regulation in itself does not imply a change from the current practice regarding the number of MFA operations or the amounts granted in each of them. The number and scale of operations is determined by the frequency and severity of economic and financial crises, as is the case for any crisis response instrument. In any case, MFA will remain consistent with the current financial perspectives covering the period of 2007-13 and the budgetary appropriations foreseen therein.

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 209 and 212 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The European Union is a major provider of economic, financial and technical assistance to third countries. Union macro-financial assistance (hereinafter "macro-financial assistance") has proved an efficient instrument for economic stabilisation and a driver for structural reforms in the beneficiary countries. In accordance with its overall policy vis-à-vis candidate, potential candidate, and neighbourhood countries, the Union should be in a position to provide macro-financial assistance to those countries with the aim of developing a zone of shared stability, security, and prosperity.

(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.

(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.

(4) The European Parliament, in its resolution on the implementation of macro-financial assistance to third countries of 3 June 2003[1], called for a framework regulation for macro-financial assistance in order to expedite the decision-making process and provide this financial instrument with a formal and transparent basis.

[1] OJ C 68 E, 18.3.2004, p. 86.

(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.

(6) In 2006, the Union overhauled and streamlined its external assistance framework to make it more effective. For all the key external financial instruments, it adopted framework regulations granting implementation powers to the Commission. The only major instrument that does not currently have a framework regulation is macro-financial assistance.

(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.[2] It is appropriate to formalise these criteria in a legal act endorsed by both the Parliament and the Council while updating and clarifying them.

(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.

(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.

(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.

(11) The specific objectives of individual macro-financial assistance operations should include the strengthening of efficiency, transparency and accountability of public finance management in the beneficiary countries. The fulfilment of these objectives should be regularly monitored by the Commission.

(12) Since the objectives of this Regulation, namely to contribute to macroeconomic stabilisation in partner third countries, cannot be sufficiently achieved by the Member States and can, by reason of the scale of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.

(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.

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[2] Ecofin Council Conclusions – "Review of EU macro-financial assistance and the EC lending and guarantee capacity for external actions", 8 October 2002.

(14) In order to ensure efficient protection of the Union's financial interests linked to macro-financial assistance, it is necessary to provide for appropriate measures by the beneficiary countries related to the prevention of, and the fight against, fraud, corruption and any other irregularities linked to this assistance, as well as for controls by the Commission and audits by the Court of Auditors.

(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 of the Commission's exercise of implementing powers[3].

(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.

(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.

HAVE ADOPTED THIS REGULATION:

Article 1

Aim and scope of the assistance

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.

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.

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] OJ L 55, 28.11.2011, p. 13.

4. Macro-financial assistance shall be of a temporary nature and shall be discontinued as soon as the beneficiary country's external financial situation has been brought back into a sustainable situation.

Article 2

Eligible countries

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

(a) Candidate and potential candidate countries as listed in Point 1 of Annex I to this Regulation,

(b) Countries and territories covered by the European Neighbourhood Policy as listed in Point 2 of Annex I to this Regulation,

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

Article 3

Form of the assistance

1. Macro-financial assistance shall take the form of a loan or a grant or of a combination of both. In determining the appropriate form, the Commission shall take into consideration the level of economic development of the beneficiary country, as measured by per capita income and poverty ratios, as well as its capacities for repayment drawing on debt sustainability analysis.

2. Where macro-financial assistance takes the form of a loan, the Commission shall be empowered on behalf of the Union to borrow the necessary funds on the capital markets or from financial institutions and on-lend them to the beneficiary country.

3. Borrowing and lending operations shall be carried out in euro using the same value date and shall not involve the Union in the transformation of maturities, or in any exchange or interest rate risk.

4. All costs incurred by the Union which are related to borrowing and lending operations shall be borne by the beneficiary country.

5. At the request of the beneficiary country, and where circumstances permit an improvement of the interest rate of the loan, the Commission may refinance all or part of its initial borrowings or restructure the corresponding financial conditions. Refinancing and restructuring operations shall be carried out in accordance with the conditions laid down in paragraph 4 and shall not have the effect of extending the average maturity of the borrowing concerned or increasing the amount of capital outstanding at the date of the refinancing or restructuring.

Article 4

Financial provisions

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.

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[4].

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.

Article 5

Amount of the assistance

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.

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.

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.

Article 6

Conditionality

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.

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

[4] OJ L 145, 10.6.2009, p. 10.

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.

4. With a view to protecting the Union's financial interests and reinforcing beneficiary countries' governance, the Memorandum of Understanding shall include measures aiming at strengthening the efficiency, transparency and accountability of public finance management systems.

5. Progress on mutual market opening, the development of rules-based and fair trade and other priorities in the context of the Union's external policy should also be duly taken into account in designing the policy measures.

6. The policy measures shall be consistent with the existing partnership agreements, cooperation agreements or association agreements concluded between the Union and the beneficiary country and with the macroeconomic adjustment and structural reform programmes implemented by the beneficiary country with the support of the IMF.

Article 7

Procedure

1. A country seeking to be granted macro-financial assistance shall request it in writing to 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).

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.

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

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.

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

Article 8

Implementation and financial management

1. The Commission shall implement assistance under this Regulation in accordance with Regulation (EC, Euratom) No 1605/2002[5] and its implementing rules[6].

2. The implementation of macro-financial assistance shall be under direct centralised management.

3. Budget commitments shall be made on the basis of decisions taken by the Commission in accordance with this Article. Budget commitments for assistance extending over a number of financial years may be split into annual instalments.

Article 9

Disbursement of the assistance

1. Macro-financial assistance shall be disbursed to the central bank of the beneficiary country.

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).

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

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.

Article 10

Support measures

1. Within the limits referred to in Article 4(1), budgetary funds of the Union may be used to cover expenditure associated with the preparation, follow-up, monitoring, auditing, and evaluation of macro-financial assistance operations necessary for the implementation of this Regulation and for the achievement of its objectives.

2. The activities referred to in paragraph 1 shall be implemented through consultancy contracts.

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5 Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p. 1).

6 Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357, 31.12.2002, p. 1).

3. Where these consultancy contracts exceed a unitary value of EUR 250,000, they shall be signed by the Commission following the procedure established by Article 14(2).

Article 11

Protection of the Union's financial interests

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.

2. Any agreements resulting from this Regulation shall contain provisions ensuring the protection of the European Union's financial interests, in particular with respect to fraud, corruption and any other irregularities, in accordance with Regulation (Euratom, EC) No 2988/95[7], Regulation (Euratom, EC) No 2185/96[8] and Regulation (EC) No 1073/1999[9].

3. The Memorandum of Understanding referred to in Article 6(3) shall expressly entitle the Commission and the Court of Auditors to perform audits, including document audits and on-the-spot audits such as operational assessments. The Memorandum shall also expressly authorise the Commission or its representatives to carry out on-the-spot checks and inspections, as provided for in Council Regulation (Euratom, EC) No 2185/96.

4. During the implementation of the macro-financial assistance, the Commission shall monitor, by means of operational assessments, the soundness of the beneficiary country's financial arrangements, administrative procedures, internal and external control mechanisms which are relevant to such assistance.

5. Where it has been established that, in relation to the management of assistance under this Regulation, a beneficiary country has engaged in any act of fraud or corruption or any other illegal activity detrimental to the financial interests of the Union, the Commission shall be entitled to the full repayment of the grant and/or the early repayment of the loan.

Article 12

Evaluation

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7 Council Regulation (Euratom, EC) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

8 Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission to protect the Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

9 Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 on investigations conducted by the European Anti-Fraud Office (OLAF) (OJ L 136, 31.5.1999, p. 1).

6. 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.

7. 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.

Article 13

Annual report

1. The Commission shall examine the progress made on implementing the measures taken under this Regulation and shall submit annually a report on the implementation of macro-financial assistance to the European Parliament and the Council.

2. The annual report shall assess the economic situation and prospects of the beneficiary countries, as well as the progress made with the implementation of the policy measures referred to in Article 6(3).

Article 14

Committee

1. The Commission shall be assisted by a Committee.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) 182/2011 shall apply.

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

Article 15

Entry into force

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.

Done at Brussels,

For the European Parliament *The President*	*For the Council* *The President*

ANNEX I

COUNTRIES AND TERRITORIES ELIGIBLE UNDER ARTICLE 2(a) AND (b)

1. Candidate and potential candidate countries

Albania

Bosnia-Herzegovina

Croatia

Iceland

Kosovo (under UNSC resolution 1244/99)

Former Yugoslav Republic of Macedonia

Montenegro

Serbia

Turkey

2. Countries and territories covered by the European Neighbourhood Policy

Algeria

Armenia

Azerbaijan

Belarus

Egypt

Georgia

Israel

Jordan

Lebanon

Libya

Moldova

Morocco

Occupied Palestinian Territory

Syria

Tunisia

Ukraine

ANNEX II

REFERENCE AMOUNTS REFERRED TO IN ARTICLE 4(3)

Budget line	Reference amounts in '000 euro		
	2011[1]	2012	2013
Commitments in Macroeconomic assistance grants (budget line 01 03 02)	104,869	104,900	137,436

[1] Appropriation entered in 2011 Budget.

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSAL

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

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

1.2. Policy area(s) concerned in the ABM/ABB structure[1]

Policy area: Title 01 – Economic and Financial Affairs **Activity: 03 – International Economic and Financial Affairs**

1.3. Nature of the proposal/initiative

☐ The proposal/initiative relates to **a new action**

☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action**[2]

X The proposal/initiative relates to **the extension of an existing action**

☐ The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. The Commission's multiannual strategic objective targeted by the proposal:

"To promote prosperity beyond the EU"

The main area of DG ECFIN related activity is to develop, monitor and implement macro-financial assistance for third countries, in co-operation with the relevant international financial institutions.

1.4.2. Specific objective(s) and ABM/ABB activity(ies) concerned

<u>Specific objective No 3:</u> "Providing macro-financial assistance to third countries in resolving their balance of payment crises and restoring external debt sustainability"

<u>ABM/ABB activity concerned</u>: International Economic and Financial Relations. Global Governance.

[1] ABM: Activity-Based Management – ABB: Activity-Based Budgeting.
[2] As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

1.4.3. Expected result(s) and impact

The main objective for the proposed Framework Regulation is to make the Macro-Financial Assistance (MFA) instrument more effective through a streamlining of its decision-making process.

As highlighted by the global financial crisis, dealing effectively with macroeconomic and financial emergencies requires a crisis response instrument that can be deployed quickly and efficiently. This calls for a decision-making system that avoids long procedures. The proposed Regulation would speed up the decision-making for individual MFA operations so that the instrument can better help beneficiary countries withstand short-term external financial pressures, while supporting them in adopting measures designed to restore a sustainable balance-of-payments position.

Under the proposed Regulation, the Commission would be able to adopt country-specific MFA decisions under the supervision of a committee consisting of Member State representatives and chaired by the Commission, in accordance with the examination procedure. This would allow for a swifter decision process compared to the case-by-case procedure applied to past decisions.

While the Framework Regulation constitutes a new legal instrument, it will not change the substance of MFA.

1.4.4. Indicators of results and impact

The implementation of MFA operations adopted under the proposed Regulation will be monitored based on the system of regular reporting of indicators agreed in MFA operations, the compliance statements provided by the authorities of the beneficiary ahead of disbursements and IMF documents.

As at present, each MFA operation will be subject to an ex-ante evaluation and to an ex-post evaluation, to be carried out by the Commission or its duly authorised representatives within two years after the expiry of the operation. An annual report to the Council and European Parliament is foreseen in the proposed Regulation, containing an assessment of the implementation of MFA operations.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

No particular requirements have been identified for the adoption of the proposal.

A number of pre-conditions must be met by the recipient country to be eligible to receive MFA. These are specified in the Framework Regulation.

1.5.2. Added value of EU involvement

The financial assistance provided under MFA operations and the policy measures attached to them aim at supporting the EU agenda vis-à-vis the recipient countries, notably by promoting macroeconomic and political stability in the EU's neighbourhood. The policy measures associated with MFA cover selected provisions related, where applicable, to the accession-related agreements, Stabilisation and Association Agreements, Partnership and Cooperation Agreements and European

Neighbourhood Policy Action Plans or equivalent documents. They also cover other conditions aimed at fostering a sustainable balance of payments and budgetary position, raising potential growth, promoting integration and regulatory convergence with the EU and strengthening public finance management.

MFA operations allow the EU as a whole to bundle financial resources and negotiate with recipient countries on modalities of the assistance and policy conditions as a unified actor.

By complementing the resources made available by the IFIs and other donors, EU MFA contributes to the overall effectiveness of the financial support agreed by the international donor community.

1.5.3. Lessons learned from similar experiences in the past

In addition to the country-specific evaluations, a meta-evaluation of MFA operations was carried out in 2009, which reviewed the evaluations of seven individual MFA operations conducted between 2004 and 2008. One of the findings of the meta-evaluation were the delays in the decision-making process of the MFA, which it described as an important shortcoming of the instrument, notably when compared with interventions of the IFIs.

The meta-evaluation also found that, in general, MFA operations had a positive impact on the implementation of structural reforms in beneficiary countries, particularly for public finance and financial sector reforms.

1.5.4. Coherence and possible synergy with other relevant instruments

As indicated, MFA operations are complementary to, and closely coordinated with, interventions by the IFIs, in particular the IMF.

MFA and other external assistance instruments of the EU are mutually reinforcing. MFA can increase the effectiveness of the programmes supported by other EU external financial instruments, in particular the Instrument for Pre-Accession Assistance and the European Neighbourhood and Partnership Instrument, by contributing to ensure an appropriate overall framework for macroeconomic stability and structural reform. Conversely, some of the policy measures attached to MFA operations are often supported by technical assistance provided by the EU through its regular cooperation instruments and by the sectoral actions identified under direct budgetary support operations. Finally, they complement the public finance management and other objectives of longer-term direct budgetary support operations.

1.6. Duration and financial impact

X Proposal/initiative of **limited duration**

– ☐ Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY]

– X Financial impact from 2011 to 2013

☐ Proposal/initiative of **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– followed by full-scale operation.

1.7. Management mode(s) envisaged[3]

X **Centralised direct management** by the Commission

☐ **Centralised indirect management** with the delegation of implementation tasks to:

– ☐ executive agencies

– ☐ bodies set up by the Communities[4]

– ☐ national public-sector bodies/bodies with public-service mission

– ☐ persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation

☐ **Shared management** with the Member States

☐ **Decentralised management** with third countries

☐ **Joint management** with international organisations ***(to be specified)***

If more than one management mode is indicated, please provide details in the "Comments" section.

Comments :

Active cooperation is achieved with the EU Delegations in the monitoring of the assistance.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

See section 1.4.4 above.

2.2. Management and control system

2.2.1. Risk(s) identified

There are both fiduciary and policy risks related to MFA operations.

There is a risk that MFA could be used in a fraudulent way. This risk is related to factors such as central bank independence, quality of management systems and administrative procedures, control and oversight functions in the financial circuits, security of IT systems, and adequate internal and external audit capabilities in the beneficiary country.

3 Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

4 As referred to in Article 185 of the Financial Regulation.

As regards policy risks, MFA operations are based on the assumption that the government of the beneficiary country remains committed to the adjustment and reform programme agreed with the IMF. There is a risk that the governments of beneficiary countries do not comply with IMF programme conditions, as targets may turn out more difficult to reach than assumed and as political conditions may change.

Finally, there is a limited risk of a non-repayment of the MFA provided in the form of loans. The macroeconomic adjustment and reform programme supported by the MFA operation and the related IMF's financial arrangement help to mitigate this risk, to the extent that they contribute to restore balance of payments and fiscal sustainability. Also, the provisioning of the Guarantee Fund for external lending of the EU, in line with the rules governing the Guarantee Fund mechanism, is aimed at addressing possible adverse implications of non-repayment of the loan.

2.2.2. Control methods envisaged

See section 2.3 below.

2.3. **Measures to prevent fraud and irregularities**

The Commission services have put in place a programme of Operational Assessments (OAs) of the financial circuits and administrative procedures in all third countries benefiting from EU MFA, consistent with the requirements of the Financial Regulation applicable to the General Budget of the EU. Conclusions of other relevant reports of the IMF and the World Bank are also taken into consideration.

The Commission services, with the support of duly mandated external experts, will continue to carry out OAs at the ministries of finance and the central banks of beneficiary countries. These reports cover areas such as management structure and organisation, management and control of funds, security of IT systems, internal and external audit capacity as well as the independence of the central bank.

The proposed Regulation includes specific provisions on fraud prevention. Each MFA operation will be liable to verification, control and auditing procedures under the responsibility of the Commission, including the European Antifraud Office (OLAF), and by the European Court of Auditors. Fraud prevention provisions are also to be included in the Memorandum of Understanding of each MFA operation.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines:

In order of multiannual financial framework headings and budget lines.

01 03 02 – Macroeconomic assistance

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
		DA/NDA (5)	from EFTA[6] countries	From candidate countries[7]	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
4	01 03 02 01 Macroeconomic assistance	DA	NO	NO	NO	NO

01 04 01 14 – Provisioning of the Guarantee Fund

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
		Diff./non-diff.	from EFTA countries	From candidate countries	from third countries	within the meaning of Article 18(1)(a) of the Financial Regulation
4	01 04 01 14 Provisioning of the Guarantee Fund	DA	NO	NO	NO	NO

The Guarantee Fund for external actions has to be provisioned according to the Fund Regulation, as amended. In line with this Regulation, loans' provisioning is based on their outstanding amount at the end of a year. The Guarantee Fund is providing a guarantee to three types of EU external loans: EIB in the context of its external mandate, Euratom and MFA.

Regarding MFA operations, the guarantee Fund is linked with budget line 01 04 01 04 – EC guarantee for Community loans raised for macro-financial assistance to third countries. The budget entry (“p.m.”) on this line reflects the budget guarantee for each MFA loan. It will be activated only in the case of an effective call on the guarantee. In view of the past implementation, it is not expected that the budget guarantee will be called.

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5 DA= Differentiated appropriations / DNA= Non-Differentiated Appropriations

6 EFTA: European Free Trade Association.

7 Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

New budget lines requested: No.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to 3 decimal places)

Heading of multiannual financial framework:	4	01 03 02 Macroeconomic assistance 01 04 01 14 Provisioning of the Guarantee Fund

EUR million

DG: ECFIN			**2011**[8]	**2012**	**2013**
• Operational appropriations (grants)					
Number of budget line: 01 03 02	Commitments	(1)	104.869	104.900	137.436
	Payments	(2)	88.700	88.500	116.000
• Of which, estimate of appropriations of an administrative nature financed from the envelop of specific programs[9]: operational assessments and ex-post evaluations					
Number of budget line: 01 03 02	Commitments	(3)	0.700	0.600	0.600
	Payments	(4)	0.600	0.600	0.700
• Operational appropriations (loans)					
Number of budget line: 01 04 01 14	Commitments[10]	(3)	138.880	260.170	200.000
	Payments[11]	(4)			58.320

The provisioning amount is calculated at the beginning of the year "n" as the difference between the target amount and the Fund's net assets at the end of the year "n-1". This provisioning amount is introduced in the year "n" to the "n+1" preliminary budget and effectively paid in one transaction at the beginning of the year "n+1" from "the provisioning of the Guarantee Fund" (budget line 01 04 01 14). As a result, 9% of the effectively disbursed amount will be considered in the target amount at the end of the year "n-1" for the calculation of the provisioning of the Fund."

TOTAL appropriations under HEADING 4 of the multiannual financial framework	Commitments	=4+6	243.749	365.070	337.436
	Payments	=5+6	88.700	88.500	174.320

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8 2011 is the year in which implementation of the Regulation is expected to start. As from 2014, amounts should be consistent with new multi-annual financial framework starting on that year.

9 Technical and/or administrative assistance and expenditure in support of the implementation of MFA operations.

10 Appropriations for all types of EU loans: EIB, Euratom and MFA.

11 Estimate of payment appropriations for MFA loans only on the basis of a provisioning of 9 % of their outstanding amount in year after the disbursement takes place.

Heading of multiannual financial framework:	**5**	" Administrative expenditure "

EUR

		2011[12]	2012	2013	**TOTAL**
DG: ECFIN					
• Human resources		762,000	762,000	762,000	**2,286,000**
• Other administrative expenditure : 01 01 02 11 01 - Missions and representation costs		160,000	133,000	200,000	**493,000**
TOTAL DG ECFIN	Appropriations	**922,000**	**895,000**	**962,000**	**2,779,000**

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	**922,000**	**895,000**	**962,000**	**2,779,000**

3.2.2. Estimated impact on appropriations of an administrative nature

3.2.2.1. Summary

– ☐ The proposal/initiative does not require the use of administrative appropriations

– X The proposal/initiative requires the use of administrative appropriations[13].

The administrative appropriations required will be met by the appropriations which are already assigned to management of the action and/or which have been redeployed, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of existing budgetary constraints.

3.2.2.2. Estimated requirements of human resources

– ☐ The proposal/initiative does not require the use of human resources

– X The proposal/initiative requires the use of human resources, as explained below:

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12 2011 is the year in which implementation of the Regulation is expected to start. As from 2014, amounts should be consistent with new multi-annual financial framework starting on that year.

13 Existing staff in charge of MFA operations in DG ECFIN

Estimate to be expressed in full amounts (or at most to one decimal place)

		2011[14]	2012	2013
Establishment plan posts (officials and temporary agents)				
Economic and Financial Affairs 01 01 01 (Headquarters and Commission's Representation Offices)		6.0	6.0	6.0
XX 01 01 02 (Delegations)		-	-	-
XX 01 05 01 (Indirect research)		-	-	-
10 01 05 01 (Direct research)		-	-	-
External personnel (in Full Time Equivalent unit: FTE)[15]				
XX 01 02 01 (CA, INT, SNE from the "global envelope")		-	-	-
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)				
XX 01 04 ***yy***	- at Headquarters			
	- in delegations			
XX 01 05 02 (CA, INT, SNE – Indirect research)				
10 01 05 02 (CA, INT, SNE - Direct research)				
Other budget lines (specify)				
TOTAL		**6.0**	**6.0**	**6.0**

The human resources required will be met by staff from the DG who are already assigned to the management of MFA operations and/or have been redeployed within the DG, if necessary along with any additional allocation that may be granted to the managing DG under the annual allocation procedure and in light of budgetary constraints. The cost of the staff needed in geographic desks to formulate and monitor MFA is estimated on the basis of 50% of the annual expenditure for an AD5-AD12 grade official per each MFA operation. Based on the experience of the past 5 years, 8 MFA operations per year are foreseen on average either as ongoing or new operations. Support functions including coordination, financial management, contribution to operational assessments and ex-post evaluations and secretarial work are estimated to represent an additional cost of 50% of that of the geographic desks.

Description of tasks to be carried out:

Officials and temporary agents	E.g. prepare memoranda of understanding and loan or grant agreements, liaise with the authorities and the IFIs, liaise with external experts for the operational assessments and ex-post evaluations, conduct review missions and prepare Commission staff reports, prepare Commission procedures related to the management of the assistance including comitology.
External personnel	N.A.

[14] 2011 is the year in which implementation of the Regulation is expected to start. As from 2014, amounts should be consistent with new multi-annual financial framework starting on that year.

[15] CA= Contract Agent; INT= agency staff ("*Intérimaire"*); JED= "*Jeune Expert en Délégation"* (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert.

3.2.3. *Compatibility with the current multiannual financial framework*

– X Proposal/initiative is compatible with the current multiannual financial framework.

– ☐ Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

– ☐ Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework[16].

3.2.4. *Third-party contributions*

– The proposal/initiative does not provide for co-financing by third parties

3.3. **Estimated impact on revenue**

– X Proposal/initiative has no financial impact on revenue.

– ☐ Proposal/initiative has the following financial impact:

  – ☐ on own resources

  – ☐ on miscellaneous revenue

[16] See points 19 and 24 of the Inter-institutional Agreement.