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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the implementation of macro-financial assistance to third countries in 2013

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The implementation of macro-financial assistance to third countries in 2013

1. INTRODUCTION

Macro-financial assistance, or MFA, as part of the EU's external assistance framework, is an instrument designed to address exceptional external financing needs of countries that are geographically, economically and politically close to the EU. Its objective is to strengthen macroeconomic and financial stability in candidate and potential candidate countries, and in countries in the European neighbourhood, while encouraging the implementation of appropriate structural reforms. It complements and is conditional on the existence of an adjustment and reform programme agreed with the International Monetary Fund (IMF). Macro-financial assistance is a balance of payments support instrument. It takes the form of either loans, for which the Commission borrows the necessary funds in capital markets and lends them to the beneficiary country, or, in specific circumstances, grants financed by the EU budget.

The year 2013 was characterised by the unblocking of pending legislative files on MFA . This came after more than two years of disagreement between the European Parliament and the Council on the procedure to be used for the adoption of the Memorandum of Understanding (MoU), which lays down the economic policy measures to be undertaken by the country benefiting from the MFA. This enabled the adoption by the co-legislators of three MFA legislative decisions. Those for Georgia and the Kyrgyz Republic had been proposed by the Commission in 2011 and that for Jordan in 2013. The Commission's 2013 proposal for Tunisia is expected to be approved in 2014.

In light of political developments in early 2014 and the acute vulnerability of Ukraine's economy and its balance of payments situation, the Commission prepared a new MFA operation for Ukraine, for up to EUR 1 billion in loans. On 14 April 2014, the Council adopted the decision on this in an accelerated procedure under Article 213 of the Treaty on the Functioning of the European Union (TFEU).

This report is prepared in accordance with the various Council and joint European Parliament and Council decisions regarding MFA operations. It follows the reports presented in previous years. It is accompanied by a Commission Staff Working document providing more detailed information on, and analysis of, the macroeconomic context and implementation of individual MFA operations.

2. BACKGROUND

2.1. Developments over the last few years

The global economic and financial crisis of 2008-09, which profoundly affected the emerging economies of the European Union's neighbourhood, resulted in a surge of requests for EU financial support, including in the form of MFA. Four such programmes — in favour of Bosnia and Herzegovina, Serbia, Armenia and Georgia — were decided by the EU Council of Ministers at the end of 2009, and the previously approved MFA operation for Kosovo[1] was extended by one year in 2009. In 2010, two more programmes, in favour of Ukraine and the Republic of Moldova were decided — this time, following the entry into force of the Lisbon Treaty — by the EU's co-legislators, the Council and the Parliament. The operations for Georgia and Kosovo were finalised in 2010. In 2011, 2012 and 2013, the Commission completed the implementation of MFA programmes for Serbia, Armenia, Moldova and Bosnia and Herzegovina.

The overall economic situation in 2010 and early 2011 improved significantly and somewhat eased the pressure on the balance of payments position of MFA-eligible countries.

From the second half of 2011, financing conditions in global capital markets experienced a significant deterioration, partly reflecting the effects of the euro area's sovereign debt crisis. In addition, the Arab Spring and the resulting political and economic upheavals in the Arab Mediterranean partner countries[2] put heightened pressure on the budgets and the external financial positions in these countries. These developments led to an increased demand for MFA in 2012 and 2013, with requests for support from the authorities of Egypt, Jordan and Tunisia. A decision to provide MFA to Jordan was adopted by the co-legislators in December 2013. In the same month, the Commission presented a proposal for a decision to provide MFA to Tunisia; this is expected to be adopted by the co-legislators in the first half of 2014. A proposal for a MFA operation to Egypt was prepared by the Commission services, but it was put on hold pending the conclusion between Egypt and the IMF of a disbursing IMF programme, and in view of the developments in the second half of 2013.

More recently, a weakening in economic performance of some Eastern neighbours, coupled with significant deterioration in the political situation in some, is expected to lead to new MFA operations. In light of the developments of early 2014 and the further deterioration of Ukraine's balance of payments, the Council approved a new MFA operation for Ukraine in April 2014 under the urgency procedure (Article 213 TFEU). The new programme consists of a loan of up to EUR 1 billion, foreseen to be disbursed during 2014.

2.2. MFA Framework Regulation

As early as 2003, the European Parliament identified the lengthy decision-making process — decisions on individual MFA operations were taken on a case-by-case basis by the Council, after consultation of the Parliament — as one of the main shortcomings of MFA. Parliament stressed the need for a transparent legal basis for the MFA

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[1] This designation is without prejudice to positions on status, and in line with UN Security Council Resolution 1244 and the International Court of Justice Opinion on the Kosovo Declaration of Independence.

[2] For background information on economic developments in the southern neighbours, see also 'The EU's neighbouring economies: managing policies in a challenging global environment', Occasional Papers no. 160, August 2013, DG ECFIN, European Commission. (http://ec.europa.eu/economy_finance/publications/occasional_paper/2013/index_en.htm).

instrument as a whole. Since the entry into force of the Lisbon Treaty on 1 December 2009, legislative decisions on individual MFA operations have been taken by the Parliament and the Council under the ordinary legislative procedure (co-decision), resulting in an even lengthier decision-making process. However, as has been highlighted by the financial and sovereign debt crisis, dealing effectively with macroeconomic and financial emergency situations requires a crisis response instrument that can be deployed quickly and efficiently.

Responding to the need for a streamlining of the MFA instrument, the Commission submitted on 4 July 2011 a proposal for a Framework Regulation laying down general provisions for Macro-Financial Assistance to third countries[3]. The main objectives of the proposal were: (i) to make MFA more effective through a swifter and more efficient decision-making process; (ii) to align the decision-making process with that of other financing instruments, mainly related to external relations; (iii) to formalise, clarify and simplify the rules governing MFA.

The Commission's proposal was subject of a lenghty legislative procedure, during which the two co-legislators notably disagreed over the procedure to be used for the adoption of the MoU. More importantly, the Council insisted on maintaining the existing system where each individual MFA operation with a country in crisis requires a separate legislative decision. The European Parliament, while not sharing the views of Council at first, later in the process declared its wilingness to conclude an agreement with Council to this effect. The European Parliament and the Council intended therefore to adopt the Commission proposal, but without conferring implementing powers to decide the provision of MFA to a third country upon the Commission. In the view of the Commission, this meant that the nature of its proposal was changed, and that, if adopted, the MFA Framework Regulation would constitute a serious breach of the interinstitutional balance, in particular by affecting the Commission’s right of legislative initiative. Therefore, the Commission decided to withdraw its proposal on 8 May 2013. As a result, legislative decisions on individual MFA operations are still to be adopted by the Parliament and the Council under the ordinary legislative procedure[4].

Following the withdrawal by the Commission of its proposal, the Council, in accordance with Article 263 TFEU, brought an action for annulment against the Commission to the Court of Justice[5]. The case is still pending before the Court.

Recent experiences, and in particular the need to swiftly launch a new MFA operation in Ukraine, have again underlined the need to ensure that MFA, as an emergency instrument, can be mobilised rapidly in reaction to crisis situations. The Commission will therefore continue to reflect on ways to improve the effectiveness and efficiency of the decision-making process.

[3] COM(2011) 396 final, 4.7.2011.
[4] In the context of the adoption of Decision No 778/2013/EU providing further macro-financial assistance to Georgia, the European Parliament and the Council adopted a Joint Declaration reflecting compromises found between the two co-legislators during the negotiations on the Framework Regulation and the conciliation procedure for the decision on Georgia (OJ L 218, 14.8.2013, p. 18). The Declaration is a political agreement without legally binding effects.
[5] Case C-409/13.

2.3 Overcoming the stalemate in the approval of new MFA operations

With the entry into force of the new 'Comitology Regulation'[6] on 1 March 2011, the European Parliament and the Council disagreed over certain procedural issues related to the Commission's proposals for providing MFA to Georgia and to the Kyrgyz Republic. While there was an overall agreement on the substance of the proposals, the two institutions had different views on the comitology procedure to follow for the adoption of the MoU. The Parliament insisted on using the advisory procedure (non-binding opinion by Member States), whereas the Council claimed that the examination procedure (binding opinion by Member States) had to be used. A compromise solution was finally found in the context of the negotiations on the MFA Framework Regulation and the conciliation procedure for the decision on MFA to Georgia. The co-legislators thus agreed on applying a threshold of EUR 90 million to future operations: the examination procedure would apply for the adoption of the MoU for individual MFA operations above EUR 90 million, and the advisory procedure for MFA operations equal to or below this amount. This compromise (which was also reflected in the Joint Declaration mentioned in footnote 4), enabled the adoption of the MFA decisions for Georgia and the Kyrgyz Republic in August and October 2013, respectively.

3. MACRO-FINANCIAL ASSISTANCE OPERATIONS IN 2013

3.1. Overview

The MFA to Bosnia and Herzegovina, approved in 2009 for a total of EUR 100 million in loans, was completed in 2013. The first and second tranches, each of EUR 50 million, were disbursed in February and September 2013.

As indicated already, unblocking the MFA instrument in 2013 enabled the adoption of two MFA decisions (Georgia, Kyrgyz Republic) that had been held up for two years, and the adoption of two new MFA decisions (Jordan, Tunisia):

- In August 2013, the co-legislators adopted the Commission's 2011 proposal to extend MFA to Georgia for a total of EUR 23 million in loans and EUR 23 million in grants. Disbursement under this MFA operation will become possible once Georgia agrees on a new disbursing programme with the IMF.
- The Commission's 2011 proposal to extend an exceptional MFA to the Kyrgyz Republic for EUR 15 million in loans and EUR 15 million in grants was adopted in October 2013. The Commission and the Kyrgyz authorities are currently discussing the MFA-related documents. Disbursements of both the first and second tranches are planned in 2014.
- In April 2013, the Commission proposed a new legislative decision extending EUR 180 million in loans to Jordan; it was adopted in December 2013. The MoU and the Loan Facility Agreement were signed by the Jordanian authorities and the

[6] Regulation (EC) No 182/2011 of the European Parliament and of the Council of 16 February 2011.

EU on 18 March 2014. Disbursements of both the first and second tranches are planned in 2014.

- In December 2013, the Commission presented a new legislative proposal to provide MFA to Tunisia for up to EUR 250 million in loans. The decision was adopted by the co-legislators in May 2014. The assistance, the size of which was finally increased to EUR 300 million in the course of the legislative procedure, is planned to be implemented in 2014-15.

As regards Ukraine, two decisions to provide MFA for a total of EUR 610 million were adopted in 2002 and 2010. However, implementation could not start in 2013 owing to a protracted negotiation process. The MoU and Loan Agreement were signed in February and March 2013 and ratified one year later. Disbursement of these MFA funds is subject to an agreement between the Ukrainian authorities and the IMF on a disbursing IMF programme and is planned to take place in 2014-15.

3.2. Individual operations in the beneficiary countries in 2013

3.2.1. Bosnia and Herzegovina

Back in 2009, the Council approved an MFA operation for Bosnia and Herzegovina for a sum of up to EUR 100 million in the form of loans. The MoU and Loan Agreement were signed in November 2010, but the Loan Agreement was only ratified in August 2011, partly because of the lengthy government formation after the October 2010 general elections. No MFA funds were disbursed during 2012 as a result of the authorities' failure to meet the conditionality agreed in the MoU. Following the agreement of a new Stand-By-Arrangement with the IMF and the authorities' steps towards improving public finance sustainability, the Commission extended the MFA availability period by one additional year, until 7 November 2013. The first and second tranches, each of EUR 50 million, were both disbursed in 2013.

After entering negative territory in 2012 (GDP growth was -0.9 %), economic growth gained some momentum during 2013 and is set to reach 1.5%, partly in response to the recovery of the country's main trading partners. The 24-month Stand-By Arrangement with the IMF for about EUR 400 million remains on track despite some political tensions in late 2013, which deterred the timely disbursement of the sixth tranche. In January 2014, the Stand-By Arrangement was extended until June 2015 and increased by an additional EUR 300 million to address elevated financing needs in late 2014.

3.2.2. Georgia

At a donors conference in the aftermath of Georgia's August 2008 military conflict with Russia, the EU pledged a comprehensive package of up to EUR 500 million to support Georgia's economic recovery. This included two potential MFA programmes, amounting to EUR 46 million each. The first one was successfully completed in 2009-10. The adoption of the legislative decision for the second MFA programme (to be provided equally in loans and grants) was delayed for two years on account of disagreements between the European Parliament and the Council over the procedure to be used for the adoption of the MoU. The decision was finally adopted in August 2013. However, the disbursement of MFA funds is conditional on a disbursing IMF programme, and no disbursements have been carried out under the IMF programme that expired in April

2014, as the Georgian authorities were treating it as precautionary. However, the Georgian authorities and the IMF are currently negotiating a successor arrangement possibly entailing the use of IMF resources, which could open the way for the implementation of this MFA operation.

In 2013, Georgia's GDP growth slowed to 3.2 %, compared with 6.2 % in 2012. External vulnerabilities also remained of concern, as evidenced by a decreasing but still high current account deficit-to-GDP ratio, high gross external debt and declining foreign direct investment. In the last quarter of 2013, Georgia started to show signs of economic recovery, which continued into January and February 2014, with GDP growth and inflation picking up, driven by external and domestic demand.

3.2.3. Jordan

During the last three years, Jordan has been severely affected by external regional economic shocks. The economic and social implications of the Syrian conflict resulting from the mounting inflow of refugees, repeated disruptions to the flow of natural gas from Egypt, a weak global economic climate and high global energy prices have all taken a heavy toll on external receipts and GDP growth, which slowed to 3.3 % in 2013. Against this background, in August 2012, Jordan entered a 36-month Stand-By Arrangement with the IMF for a sum of USD 2 billion (800% of quota). According to the last review, the programme remains broadly on track, with half of its total amount disbursed by the end of 2013.

Following a December 2012 official request for MFA in December 2012, the Commission presented on 29 April 2013 a proposal for a decision to provide Jordan with MFA of up to EUR 180 million in loans. The decision was adopted by the Parliament and the Council on 11 December 2013. The MoU and Loan Facility Agreement were signed on 18 March 2014. Jordan's MFA operation is meant to complement the funds provided by the IMF under the Stand-By-Arrangement and is envisaged to be released in two instalments during 2014. The assistance aims at supporting reform efforts in the area of public finance management and tax reform; social safety net and labour markets; investment framework and trade; and the energy sector.

3.2.4. The Kyrgyz Republic

On 20 December 2011, the Commission presented a proposal to provide to the Kyrgyz Republic MFA of up to EUR 30 million (EUR 15 million each in loans and grants). This exceptional MFA operation was outside the normal geographical scope of macro-financial assistance. It was justified by the strength of the pro-democratic political and economic reform momentum in the country and by its position in a region of economic and political importance for the EU. In parallel, a three-year programme running from June 2011 until June 2014 was agreed with the IMF, supported by an Extended Credit Facility of USD 102.3 million. The MFA decision was finally adopted on 22 October 2013, after a delay of two years caused by the disagreement between the co-legislators over the procedure to be used for the adoption of the MoU (see Section 2.3). Should the ongoing discussions on MFA documents be successful, both tranches could be disbursed in 2014.

After a decline in GDP of 0.9 % in 2012 due to a 40 % contraction in gold production, the economy rebounded in 2013. GDP growth is estimated to have reached 7.8 % in 2013, driven not only by a recovery in gold production (notwithstanding a 25% decline in the gold price in 2013) but also a strong performance in the non-gold sector. Inflation remained under control in 2013, at an estimated 7.0%. The Kyrgyz government managed to slightly out-perform fiscal targets for 2013, with a fiscal deficit of 5.2% of GDP, thanks to stronger than expected growth and sizeable imports, which led to a better performance in VAT and income tax receipts. The current account deficit is also expected to narrow to 10.4% in 2013. External public debt slightly decreased to an estimated 44.6% of GDP by end-2013. The level of gross reserves declined to 3.3 months of imports, from 3.7 one year before, as a result of increased imports. The Kyrgyz Republic is broadly on track with the ongoing IMF programme.

3.2.5. Tunisia

In mid-April 2013, Tunisia reached an agreement with the IMF on a 24-month Stand-By Arrangement for USD 1.75 billion; the IMF Board gave its approval in June 2013. In this context, in August 2013, the Tunisian government requested MFA from the EU for an amount of EUR 500 million. In response, on 5 December, the Commission submitted a proposal to grant MFA to Tunisia for up to EUR 250 million, in the form of a loan to be disbursed in three tranches during 2014 and the first half of 2015. In the course of discussions in the Parliament and Council, the amount of the assistance was increased to EUR 300 million. The decision on this MFA operation was adopted by the co-legislators in May 2014.

The continuing political crisis, combined with a bad cereal harvest and weak external demand, had a negative impact on GDP growth in 2013, which is expected to be limited to 2.6%. The latest estimates of the fiscal situation and the current account pointed towards deficits of 8.8% and 8.2% of GDP, respectively, which is significantly higher than original IMF projections. Reserves were estimated to represent barely three months of imports at year-end 2013. Despite positive political events in early 2014 (approval of a new constitution and appointment of a caretaker government), the risks to the macroeconomic outlook remain high. In a climate of sluggish global growth, Tunisia is facing significant external and budgetary financing constraints. It is also vulnerable to increasing domestic security threats and moderate risks to regional stability. The interim Government should pursue the necessary structural reforms aimed at enhancing inclusive growth and addressing external and fiscal imbalances, supported by the ongoing IMF programme.

3.2.6. Ukraine

In July 2010, against the backdrop of a persistent external financing gap and in order to support the economic reform process in the country, the EU adopted a decision providing up to EUR 500 million in macro-financial assistance to Ukraine. In combination with the EUR 110 million still available under the 2002 MFA decision, this implied a total package of up to EUR 610 million in loans, to be disbursed in three tranches. The MoU and the Loan Agreement were signed in March 2013 and ratified by the Ukrainian Parliament in March 2014.

Ukraine is suffering from serious macroeconomic imbalances and the ongoing political turmoil is creating many uncertainties. After stagnating in 2012-13, GDP is expected to have declined by 10% in the first quarter of 2014. Inflation entered negative territory, at -

0.2% in 2013. The fiscal deficit increased to 6.5-7.5% of GDP in 2013. While the overall public debt level looked manageable by international standards (41% of GDP in 2013), Ukraine faced a peak of debt repayments in 2013. It had to deal with the major challenge of rolling over its debt at sustainable interest rates, until in December the authorities received USD 3 billion in financial support from Russia. The current account continued to deteriorate, on account of decreased exports, to an estimated deficit of 10% of GDP. By end-February 2014, official reserves had declined to only two months of next year's imports: this arose from the large current account deficit, pressure on the hryvnia and significant debt repayments in the last quarter of 2013. In the first months of 2014, the economic situation deteriorated further as a result of the acute political crisis. GDP growth is estimated to have decreased by some 3-4% year-on-year in January and February 2014.

In light of the political developments of early 2014 and the acute vulnerability of the Ukrainian economy and its balance of payments, the Commission prepared a new MFA operation for Ukraine, for up to EUR 1 billion in loans. The decision on this assistance was adopted in an accelerated procedure under Article 213 TFEU on 14 April 2014. Its disbursement is conditional on an IMF arrangement and on the implementation of policy conditions agreed in a MoU that was negotiated with the Ukrainian authorities in April and is foreseen to be signed and ratified by the Ukrainian parliament in May. The IMF Board approved a 24-month Stand-By Arrangement for Ukraine in April 2014 of up to USD 17 billion, essentially allowing to start disbursing both the 2002/2010 and the 2014 MFA operations.

4. ENSURING A PROPER USE OF MFA FUNDS: OPERATIONAL ASSESSMENTS AND *EX POST* EVALUATIONS

4.1. Operational assessments

In line with the requirements of the EU Financial Regulation, the Commission, with the help of external consultants, carries out operational assessments to obtain reasonable assurances on the functioning of administrative procedures and financial circuits in recipient countries.

Operational assessments focus on Public Finance Management (PFM) systems, in particular on the procedures and the organisation of the ministry of finance and the central bank and, more specifically, on the management of those accounts receiving EU funds. In addition, special attention is given to how external audit institutions function, their independence, their work programmes and the effectiveness of their controls. Public procurement procedures at the central level are also examined. In 2013, the Commission conducted operational assessments in Jordan, Egypt and Tunisia.

4.2. *Ex post* evaluations

In line with the EU Financial Regulation, the Commission conducts *ex post* evaluations of MFA programmes to assess the impact of MFA. The main objectives of *ex post* evaluations are: (i) to analyse the economic impact of MFA on the economy of the recipient country and in particular on the sustainability of its external position; and (ii) to assess the added value of the EU intervention. Three *ex post* evaluations of MFA operations with Serbia, Moldova and Armenia were completed in 2013[7].

- The *ex post* evaluation on the Serbian MFA programme concluded that the assistance, alongside the IMF package, had helped to prevent the Serbian economy from slipping into a major economic crisis. Nevertheless, Serbia's fiscal and external financial situation remained fragile and subject to numerous risks and challenges.
- For Moldova, the evaluation concluded that the MFA operation had a positive net impact on the Moldovan economy. It enabled a more gradual fiscal consolidation than would otherwise have been possible in the post-crisis period, thereby supporting economic growth over the period 2010 to 2012. Some structural reforms were promoted by linking disbursement of tranches to specific conditions agreed with the Moldovan authorities and coordinated with other donors.
- For Armenia, the evaluation found evidence of the reinforcing effect of MFA in the areas of tax and customs policy reforms. However, it was inconclusive as regards other reform areas, such as pension reform: as domestic ownership was already high, this reform would most likely have been undertaken in the absence of any MFA operation.

5. REQUESTS FOR ASSISTANCE AND FUTURE COMMISSION PROPOSALS — BUDGETARY SITUATION

The programme of MFA operations for 2014 is as follows:

(i) four decisions already approved for MFA operations in the Kyrgyz Republic, Jordan, Georgia and Ukraine;

(ii) one MFA decision for Tunisia, proposed by the Commission in 2013, for which implementation is planned to start in 2014;

(iii) one new MFA decision for Ukraine, adopted by the Council in April 2014 and which is expected to be implemented in 2014; and

(iv) up to two new programmes, based on requests received to date from European Neighbourhood Policy countries (currently Armenia and Egypt).

As mentioned above, the two tranches under the MFA operation for the Kyrgyz Republic (EUR 15 million in loans, EUR 15 million in grants) are scheduled to be disbursed in 2014. This is also the case for Jordan's MFA operation (EUR 180 million in loans).

Under the MFA programme for Ukraine approved in 2002/2010 (EUR 610 million in loans), subject to compliance with policy conditions in the MoU, disbursement of these funds is now planned in 2014-15. Ukraine's new MFA operation for EUR 1 billion, approved in April 2014, is expected to be fully implemented in 2014.

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[7] All ex-post evaluations are available on DG ECFIN website: http://ec.europa.eu/dgs/economy_finance/evaluation/completed/index_en.htm.

Under the new legislative decision for Tunisia's MFA operation of EUR 300 million (also in loans), approved in May 2014, disbursements are scheduled in three tranches in 2014-15.

Full implementation of all the above operations is subject to compliance with policy conditions set out in the corresponding MoU.

Should the ongoing discussions between the IMF and Georgia result in a new IMF programme, and subject to the Georgian authorities and the EU agreeing on a MoU, implementation of the MFA decision for Georgia (EUR 23 million in loans, EUR 23 million in grants) could start in 2014.

A new request for MFA support for Armenia was received by the Commission in February 2014. It is intended to follow up on the MFA programme completed in 2012 and would aim at helping the country cover the residual external financing gap that is forecast over 2014-15, complementing the resources made available by the IMF under a new financing arrangement (Extended Fund Facility of USD 125 million), which was approved on 7 March 2014.

In November 2012, Egypt renewed its MFA request for a total of EUR 500 million. On this basis, the Commission had considered submitting a proposal, possibly consisting of a loan of EUR 450 million coupled with a grant of EUR 50 million. An operational assessment, which analysed the financial circuits and controls of Egypt's Public Finance Management system, was also undertaken in June 2013. However, this proposal has been put on hold pending the conclusion between Egypt and the IMF of a disbursing IMF programme, and in view of the political developments in the second half of 2013.

The Commission may bring forward a proposal for a new MFA operation with Moldova, given the deterioration of its economic situation and recent talks with the IMF on a new programme.

The table below provides an overview of commitments and payments of MFA grants for 2012, 2013 and 2014 (indicative). The forecast for 2014 is of a very preliminary nature and includes only those MFA operations for which a decision has been proposed by the Commission or already been approved by the co-legislators.

With regard to loans, the total amount of outstanding MFA loans was EUR 582 million at year-end 2013. This sum is covered by the Guarantee Fund for external actions[8], which is maintained at 9 % of the outstanding amount. The Guarantee Fund covers not only MFA loans, but also Euratom loans and EIB loans to third countries; it is supported by the EU budget. MFA loan disbursements are estimated to reach about EUR 1.8 billion in 2014, which would correspond to a provisioning of the Guarantee Fund of about EUR 160 million. These figures do not, however, include possible new MFA operations for which the Commission has not yet presented a proposal.

[8] For more information, please see the Report from the Commission to the European Parliament and the Council on guarantees covered by the general budget.

MFA commitments and payments 2012-14 in EUR			
	2012	2013	2014 (indicative)
Commitment appropriations for grants in the budget	95 550 000	94 550 000	60 000 000
Commitments, total	498 316	173 856	
OAs, PEFA studies, *Ex post* evaluations	498 316	173 856	250 000
MFA Kyrgyz Republic (decision adopted)			15 000 000
MFA Georgia (decision adopted)			TBD
Other possible MFA operations (Moldova, Egypt, Armenia...)			TBD
Uncommitted budget allocations	95 051 684	94 376 144	
Payment appropriations for grants in the budget	79 050 000	56 339 890	52 153 011
Payments, total	30 325 812	529 345	
OAs, PEFA studies, *Ex post* evaluations	325 812	529 345	
MFA Moldova (decision adopted)	30 000 000		
MFA Kyrgyz Republic (decision adopted)			15 000 000
MFA Georgia (decision adopted)			TBD
Other possible MFA operations (Moldova, Egypt, Armenia...)			TBD
Unused allocations for grant payments	48 724 188	55 810 545	
Disbursements of MFA loans, total	39 000 000	100 000 000	
Armenia (decision adopted)	39 000 000		
Bosnia and Herzegovina (decision adopted)		100 000 000	
Kyrgyz Republic (decision adopted)			15 000 000
Jordan (decision adopted)			180 000 000
Tunisia (decision adopted)			200 000 000
Ukraine I (decision adopted)			360 000 000
Ukraine II (decision adopted)			1000 000 000
Georgia (decision adopted)			TBD
Other possible MFA operations (Moldova, Egypt, Armenia...)			TBD