

Proposal for a Council Decision providing exceptional financial assistance for Montenegro

(2000/C 337 E/03)

COM(2000) 288 final — 2000/0114(CNS)

(Submitted by the Commission on 11 May 2000)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the following:

(1) The Commission has consulted the Economic and Financial Committee before submitting its proposal.

(2) The Montenegrin government pursues a policy of openness towards the EU and reforms towards a well-functioning market economy.

(3) Montenegro's overall economic situation has deteriorated during recent years and the Republic's budget suffered a substantial deterioration in 1999.

(4) In recognition of the difficult situation of the democratic government of Montenegro and of the severe economic crisis afflicting the population, the Community has provided strong support for Montenegro in 1998-1999.

(5) Montenegro's budgetary needs are expected to remain substantial in 2000.

(6) The external support in the year 2000 required from international donors is expected to be substantial, also in view of the need to clear the arrears, notably in the pensions fund.

(7) The Republic of Montenegro is not in a position to obtain long-term borrowing either domestically or abroad.

(8) The Republic of Montenegro is not eligible for membership of the Bretton Woods Institutions. As a consequence, the Republic of Montenegro may not benefit from conventional IMF or World Bank arrangements in support of an economic programme.

(9) On 23-24 March 2000, the European Council in Lisbon underlined '... the urgent need for substantial assistance to Montenegro in order to ensure the survival of democratic government and to avoid another serious crisis in the region'. Furthermore, the European Council asked '... the competent institutions to take without delay the necessary decisions on the funding (...) of projects, programmes and other forms of assistance which would help to alleviate the immediate financial needs of Montenegro, if necessary by resorting to EU budgetary reserves, as well as macro-economic assistance'.

(10) Exceptional financial assistance from the Community in the form of straight grants to be made available to the Republic of Montenegro would ease the Republic's financial constraints in the current difficult circumstances.

(11) In the absence of macroeconomic monitoring and financial support from the IMF and the World Bank to the Republic of Montenegro particular attention should be devoted to the proper implementation and monitoring of this assistance; all related preparation, implementation and monitoring costs shall be covered by the assistance.

(12) The exceptional financial assistance should be managed by the European Commission.

(13) The Treaty does not provide, for the adoption of this decision, powers other than those of Article 308,

HAS ADOPTED THIS DECISION:

Article 1

1. The Community shall make available to the Republic of Montenegro exceptional financial assistance in the form of straight grants of up to EUR 20 million, with a view to alleviating the Republic's external financing needs

2. This assistance shall be managed by the Commission in close consultation with the Economic and Financial Committee.

Article 2

1. The Commission is empowered to agree with the Republic of Montenegro, after consultation with the Economic and Financial Committee, the economic conditions attached to this assistance.

2. The Commission shall verify at regular intervals, in consultation with the Economic and Financial Committee, that economic policies in the Republic of Montenegro respect the objectives and economic policy conditions of this assistance.

Article 3

1. The grant assistance shall be made available to the Republic of Montenegro in at least two instalments on the basis of a successful completion of the economic policy conditions referred to in Article 2(1). The second tranche shall not be released before two months after the release of the first tranche.

2. All related preparation, implementation and monitoring costs shall also be covered by this assistance.

3. The funds shall be made available to the budget of the Republic of Montenegro.

Article 4

The Commission shall address to the European Parliament and to the Council an annual report, which will include an evaluation on the implementation of this Decision.
