II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 28 November 1994

providing further macro-financial assistance for Albania

(94/773/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission (1), submitted following consultation with the Monetary Committee,

Having regard to the opinion of the European Parliament (2),

Whereas Albania is undertaking fundamental political and economic reforms and has decided to adopt a market economy model;

Whereas the said reforms are under implementation with the financial support from the Community; whereas the reform process needs to be strengthened and broadened;

Whereas trade, commercial and economic links between Community and Albania are developing within the framework of the Cooperation Agreement, one of the essential elements of which is the respect for democratic principles and human rights as defined in the Helsinki Final Act and the Charter of Paris for a New Europe;

Whereas financial assistance from the Community will be instrumental in supporting the adjustment and reform efforts of Albania, will strengthen mutual confidence and will bring Albania closer to the Community;

Whereas, by Decision 92/482/EEC (3), the Council granted Albania financial assistance of a maximum amount of ECU 70 million, with a view to ensuring a sustainable balance of payments situation in that country;

Whereas, however, despite the Government of Albania's courageous implementation of adjustment measures and structural reforms, the stabilization phase of the Albanian economy is still under way; whereas further official support is required in order to support the balance of payments and consolidate the reserve position of that country;

Whereas Albania is a low-income country eligible for highly concessional loans from the World Bank and the International Monetary Fund (IMF);

Whereas the Albanian authorities have requested financial assistance from the IMF, the Group of 24 industrial countries (G-24) and the Community;

Whereas on 14 July 1993 the IMF Executive Board approved the first annual arrangements under a three-year enhanced structural adjustment facility (ESAF); whereas the G-24 agreed to consider complementary financial assistance particularly through grants or loans on concessional terms;

Whereas, over and above the financing which could be provided by the IMF, the World Bank and official bilateral creditors, a financing gap of some US $ 72 million remains to be covered in order to strengthen Albania's reserve position and avoid an additional degree of import compression which would jeopardize the achievement of the policy objectives underlying the Government's reform effort;

Whereas the Commission, as coordinator of assistance from the G-24, has invited them to provide highly concessional financial assistance to Albania in order to support that country's adjustment and reform efforts;

(1) OJ No C 112, 22. 4. 1994, p. 10.
(2) OJ No C 205, 25. 7. 1994, p. 533.
(3) OJ No L 287, 2. 10. 1992, p. 25.

Whereas, taking into account the economic and financial situation of Albania, this financial assistance intended to support that country's balance of payments should take the form of grants;

Whereas the Community grant should be managed by the Commission;

Whereas the Treaty does not provide, for the adoption of this Decision, powers other than those of Article 235,

HAS DECIDED AS FOLLOWS:

Article 1

1. The Community shall grant to Albania macro-financial assistance of a maximum amount of ECU 35 million in the form of a grant, with a view to ensuring a sustainable balance of payments situation and strengthening the reserve position of that country.

2. This grant will be managed by the Commission in close consultation with the Monetary Committee and in a manner consistent with any agreement reached between the IMF and Albania.

Article 2

1. The Commission is empowered to negotiate with the Albanian authorities, after consultation with the Monetary Committee, the economic policy conditions attached to the grant. These conditions shall be consistent with any agreement as referred to in Article 1 (2) and with the agreements entered into by the G-24.

2. The Commission shall verify at regular intervals, in collaboration with the Monetary Committee and in close coordination with the G-24 and the IMF, that economic policy in Albania is in accordance with the objectives of this grant and that the conditions of the latter are being fulfilled.

Article 3

1. The grant shall be made available to Albania in two instalments. Subject to Article 2 (1), a first instalment of ECU 15 million shall be released on the basis of a successful completion of the mid-term review of the First Annual Arrangement under the ESAF between Albania and the IMF. The second instalment shall be paid no earlier than the fourth quarter of 1994, subject to Article 2 (2) and subject to satisfactory progress being recorded in Albania's application of the ESAF.

2. The funds shall be paid to the National Bank of Albania.

Article 4

At least once a year the Commission shall address to the European Parliament and to the Council a report, which will include an evaluation, on the implementation of this Decision.

Done at Brussels, 28 November 1994.

For the Council

The President

K. KINKEL