COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 8.10.2009
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2009/0145 (CNS)

Proposal for a

COUNCIL DECISION

providing macro-financial assistance to Serbia

{SEC(2009)1311}

EXPLANATORY MEMORANDUM

CONTEXT OF THE PROPOSAL

Grounds for and objectives of the proposal

The Commission proposes to provide macro-financial assistance (MFA) to Serbia in the form of a loan with a view to supporting Serbia's economic stabilisation and financing its external balance-of-payments and budgetary needs identified by the IMF. The proposed assistance will support the authorities' stabilisation programme with a view to ensuring sustainable fiscal and external accounts. It will contribute to helping Serbia to address the consequences of the global financial crisis.

The proposed Community macro-financial assistance will complement support from the IMF foreseen under the stand-by arrangement's revision agreed by the IMF board on 15 May 2009, as well as World Bank support due to take the form of budget support policy loans. Community MFA will be exceptional and limited in time, and will be conditional, in particular, on progress in the implementation of the current IMF programme and on the successful fulfilment of economic policy conditions that will be attached to this assistance.

In view of the financing needs identified for 2010, it is important that the Community macro-financial assistance to Serbia is disbursed before the end of 2010.

General context

The global economic crisis started to increasingly affect Serbia as of mid-2008. Growth for the whole year 2008 slowed to an estimated 5.4% compared to 6.9% a year earlier. The slowing world economy resulted in a contraction of Serbian foreign trade during the fourth quarter of 2008. While imports declined faster than exports (11.7% vs. 7.3% year-on-year, respectively), the trade deficit started to improve. During the fourth quarter, the current account deficit narrowed to 13.8% of GDP, compared to 18.8% a quarter earlier. During the same period, capital inflows slowed, in particular with respect to enterprise cross-border borrowing.

In early 2009, advance indicators confirmed an aggravation of the crisis. Industrial production declined by 17.6% year-on-year in Q1 2009 while wholesale and retail trade fell by 14%. The slowdown of economic activity and decline in domestic demand led to a further decline of imports of goods by 25.3% year-on-year in Q1, and exports of goods decreased 22.4%. As a consequence of the economic contraction, the current account deficit improved and fell in Q1 2009 to 9.0% of GDP compared to 13.8% of GDP in the previous quarter. The outlook for the current year and beyond remains difficult. Growth was already expected by the IMF in March to contract substantially, from 5.4% in 2008 to -2% in 2009, however latest data suggest that the economic downturn will be even more severe, and that GDP may decrease by several percentage points in 2009.

In November 2008 the authorities agreed with the IMF a new Stand-By Arrangement, which was approved by the IMF board on 15 January 2009. The assumption at the time was that this EUR 400 million arrangement would remain precautionary. However, in

early 2009 it became obvious that the programme's underlying economic assumptions were too optimistic, in view of the impact of the crisis on Serbia's real economy and on fiscal performance, and that the country would need additional external assistance. In March, the Serbian authorities and IMF staff agreed an overhaul of the current SBA programme turning it into a EUR 3 billion disbursing programme. The Government agreed on a 2009 budget rebalancing which was subsequently adopted by Parliament on 29 April, targeting a fiscal deficit of 3% of GDP for 2009, instead of the 6% deficit estimated in the absence of rebalancing measures. The programme revision was approved by the IMF Board on 15 May 2009. Latest indications as of early July suggest that that economic downturn is even more severe than foreseen in the revised March assumptions, and revenue performance has been very poor in the first five months of the year. As the public deficit is now expected to exceed the target foreseen under the programme for the first half of 2009, this situation will require further fiscal adjustments in the form of additional expenditure cuts and revenue enhancing measures.

Existing provisions in the area of the proposal

None

Consistency with other policies and objectives of the Union

- The proposal aims at supporting Serbia's economic stabilisation programme at the current economic juncture. It is both complementary to:

- - the European Economic Recovery Programme agreed by the Council to foster and coordinate EU and Member States' crisis response policies within the EU; and

- - the Stabilisation and Association Process with candidate and potential candidate countries, aimed at supporting future member states in the course of the pre-accession process; in particular, the economic Copenhagen accession criteria, notably the establishment of a functioning market economy, requires the relevant countries to have established macro-economic stability.

CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

Consultation of interested parties

Commission services have been in contact with the Serbian authorities, the International Monetary Fund and the World Bank during the preparation of the present Commission proposal to discuss assistance needs. Before submitting its proposal the Commission has consulted the Economic and Financial Committee, which raised no objections to the present proposal. Following the adoption of the Council Decision, the Commission services will negotiate with the authorities of Serbia a Memorandum of Understanding and a Loan Agreement to lay down in detail the implementation modalities of the assistance.

Collection and use of expertise

An Operational Assessment assessing the quality and reliability of Serbia's public financial circuits and administrative controls is being prepared with the support of external consultants appointed by the Commission.

Impact assessment

Macro-financial assistance will have an immediate impact on Serbia's balance of payments and will in this way contribute to the alleviation of financial constraints on the implementation of the authorities' economic programme and to financing the budget deficit. Macro-financial assistance will further support the general objectives of the stabilisation programme agreed with the IMF, which in particular aims at improving the country's fiscal sustainability in the short- to medium-term.

Project finance and/or technical assistance would not be suitable to address these macroeconomic objectives. When delivered as balance-of-payments and budget support, as proposed in the case of Serbia, the disbursements contribute to the building up of reserves in the Central Bank as foreseen under the macro-economic stabilisation programme and can also be channelled to finance the budget deficit.

EC assistance will also support the authorities' efforts to implement short- and medium-term policies identified in the EU-Serbian European Partnership.

LEGAL ELEMENTS OF THE PROPOSAL

Summary of the proposed action

The Community shall make available to Serbia macro-financial assistance in the form of a loan. To this end, the Commission shall be empowered to borrow up to EUR 200 million on the capital markets or from financial institutions.

The assistance will be made available in two instalments. The maximum average loan maturity shall not exceed 15 years. The assistance will be managed by the Commission which shall agree with the authorities the specific economic policy and financial conditions attached to the payment of the loan instalments. Specific provisions on the prevention of fraud and other irregularities, consistent with the Financial Regulation, will be duly taken into account.

The assistance will be fully consistent with the macroeconomic targets already set in Serbia's economic policy documents, such as the 2009 Budget Memorandum and the Memorandum of Economic and Fiscal Policies agreed with the IMF. It will be also consistent with longer-term policy objectives contemplated in the EU-Serbia European Partnership adopted in December 2007. As regards specific economic policy conditions attached to the disbursement of the loan instalments, the Commission intends to focus on a limited number of areas, including in particular public finance management. Also, the Commission may consider targeting specific policies of particular importance, such as priorities identified in the context of the EU-Serbia European Partnership and the 2009 Progress Report scheduled for adoption in October 2009, or measures deemed appropriate following the above mentioned Operational Assessment.

Legal basis

Article 308 of the Treaty.

Subsidiarity principle

The proposal falls under the exclusive competence of the Community. The subsidiarity principle therefore does not apply.

Proportionality principle

The proposal complies with the proportionality principle for the following reasons.

The amount of the assistance –up to EUR 200 million– corresponds to the residual financing needs of Serbia for the year 2010 in the context of the IMF programme, over and above macro-economic support provided by the IMF an the World Bank, and notwithstanding budget support under the Instrument for Pre-accession (IPA) expected to be released for the same year (EUR 50 million in 2010, following a first tranche of EUR 50 million in 2009). This high burden sharing by the Community takes account of the current exceptional juncture, as the unfolding of the global crisis is having a severe effect on Serbia's economy.

Choice of instruments

Proposed instruments: other.

In the absence of a framework regulation for the macro-financial assistance instrument, ad hoc Council decisions under Article 308 of the Treaty are the only available legal instrument for this assistance.

BUDGETARY IMPLICATION

In line with the Guarantee Fund Regulation[1] the provisioning of a EUR 200 million loan disbursed in 2010 would intervene in 2012 and amount to a maximum of EUR 18 million.

ADDITIONAL INFORMATION

Review/revision/sunset clause

The proposal sets a limited availability period.

[1] Article 5 of Council Regulation (EC, Euratom) No 480/2009 of 25 May 2009 establishing a Guarantee Fund for external action (codified version). The provisioning is appropriated from "the provisioning of the Guarantee Fund" (budget line 01 04 01 14).

2009/0145 (CNS)

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COUNCIL DECISION

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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[2],

Having regard to the opinion of the European Parliament[3],

After consulting the Economic and Financial Committee,

Whereas:

(1) Relations between Serbia and the European Union are developing within the framework of the Stabilisation and Association Process and the European Partnership; Serbia and the Commission signed on 29 April 2008 a Stabilisation and Association Agreement and the Interim Agreement on Trade and Trade related Matters.

(2) The Serbian economy has been increasingly hit by the international financial crisis since the second half of 2008, with declining output, falling fiscal revenues and rising external financing needs.

(3) Serbia's economic stabilisation and recovery is supported by financial assistance of the International Monetary Fund (IMF). In November 2008, the Serbian authorities agreed initially with the IMF on a new Stand-By Arrangement which was approved in January 2009.

(4) Following a further deterioration of the economic situation and a necessary revision of the programme's underlying economic assumptions as well as higher external financing needs, an agreement was reached between Serbia and the IMF in March 2009 to turn the Stand-By Arrangement into a EUR 3 billion disbursing programme, which was approved on 15 May 2009 by the IMF board.

(5) The Community intends to provide in 2009 and 2010 Instrument for Pre-Accession (IPA) budget support grants of a total of EUR 100 million.

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2 OJ C […], […], p. […].
3 OJ C […], […], p. […].

(6) Serbia has requested additional Community macro-financial assistance in view of the worsening economic situation and outlook.

(7) Given that a residual financing gap remains in the balance of payments in 2010, macro-financial assistance is considered an appropriate response to Serbia's request under the current exceptional circumstances to support economic stabilisation in conjunction with the current IMF programme. The present financial assistance is also expected to contribute to alleviate budgetary financing needs.

(8) In order to ensure efficient protection of the Community's financial interests linked to the present financial assistance, it is necessary to provide for appropriate measures by Serbia 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.

(9) The release of the Community financial assistance is without prejudice to the powers of the budgetary authority.

(10) This assistance should be managed by the Commission, in consultation with the Economic and Financial Committee.

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

HAS DECIDED AS FOLLOWS:

Article 1

1. The Community shall make available to Serbia macro-financial assistance in the form of a loan facility with a maximum principal amount of EUR 200 million and a maximum average maturity of 15 years with a view to supporting Serbia's economic stabilisation and alleviating its balance of payments and budgetary needs as identified in the current IMF programme.

2. To this end, the Commission is empowered to borrow on behalf of the European Community the necessary resources.

3. The release of the Community financial assistance shall be managed by the Commission in a manner consistent with the agreements or understandings reached between the IMF and Serbia.

4. The Community financial assistance shall be made available for two years starting from the first day after the entry into force of the Memorandum of Understanding referred to in Article 2(1). However, if circumstances so require, the Commission, after consultation of the Economic and Financial Committee, may decide to extend the availability period by a maximum of one year.

Article 2

1. The Commission is empowered to agree with the authorities of Serbia, after consulting the Economic and Financial Committee, the economic policy conditions attached to the Community macro-financial assistance, to be laid down in a Memorandum of Understanding. The conditions shall be consistent with the agreements or understandings reached between the IMF and Serbia. The detailed financial terms of the assistance shall be laid down in a Loan Agreement to be agreed between the Commission and the authorities of Serbia.

2. During the implementation of the Community financial assistance, the Commission shall monitor the soundness of Serbia's financial arrangements, administrative procedures, and the internal and external control mechanisms which are relevant to such assistance.

3. The Commission shall verify at regular intervals that Serbia's economic policies are in accordance with the objectives of the Community assistance and that the agreed economic policy conditions are being satisfactorily fulfilled. In doing so, the Commission shall coordinate closely with the Bretton Woods Institutions, and, when required, with the Economic and Financial Committee.

Article 3

1. The Community financial assistance shall be made available by the Commission to Serbia in two loan instalments, subject to the conditions of paragraph 2. The size of the loan instalments will be laid down in the Memorandum of Understanding.

2. The Commission shall decide on the release of the instalments subject to satisfactory implementation of the economic policy conditions agreed in the Memorandum of Understanding. The disbursement of the second instalment shall not take place earlier than three months after the release of the first instalment.

3. The Community funds shall be paid to the National Bank of Serbia. Subject to provisions to be spelled out in the Memorandum of Understanding, including a confirmation of residual budgetary financing needs, their counter-value in local currency may be transferred to the Treasury of Serbia as the final beneficiary.

Article 4

1. The Community borrowing and lending operations referred to in this Decision shall be carried out in euro using the same value date and shall not involve the Community in the transformation of maturities, in any exchange or interest rate risks, or in any other commercial risk.

2. The Commission shall take the necessary steps, if Serbia so requests, to ensure that an early repayment clause is included in the loan terms and conditions and matched by a corresponding clause in the terms and conditions of the borrowing operations.

3. At the request of Serbia, 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 or restructuring operations shall be carried out in accordance with the conditions set out in paragraph 1 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.

4. All costs incurred by the Community which are related to the borrowing and lending operations under this Decision shall be borne by Serbia.

5. The Economic and Financial Committee shall be kept informed of developments in the operations referred to in paragraphs 2 and 3.

Article 5

The Community financial assistance shall be implemented in accordance with the provisions of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities[4] and its implementing rules[5]. In particular, the Memorandum of Understanding and the Loan Agreement to be agreed with the authorities of Serbia shall provide for appropriate measures by Serbia in relation to the prevention of, and the fight against, fraud, corruption and other irregularities affecting the assistance. They shall also provide for controls by the Commission, including the European Anti-Fraud Office (OLAF), with the right to perform on-the-spot checks and inspections, and for audits by the Court of Auditors, where appropriate, to be carried out on the spot.

Article 6

By 31 August of each year the Commission shall submit to the European Parliament and to the Council a report, including an evaluation of the implementation of this Decision in the preceding year. The report shall indicate the connection between the policy conditions as laid down in a Memorandum of Understanding pursuant to Article 2(1), Serbia's on-going economic and fiscal performance, and the Commission's decision to release the instalment of the assistance.

Article 7

This Decision shall take effect on the day of its publication in the *Official Journal of the European Union*.

Done at Brussels, […]

For the Council
The President
[…]

[4] OJ L 248, 16.9.2002 p. 1.
[5] Commission Regulation (EC, Euratom) No 2342/2002 OJ L 357 31.12.2002, p.1

LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL:

Macro-financial assistance to Serbia

2. ABM / ABB FRAMEWORK

Policy Area(s) concerned and associated Activity/Activities:

Title 01 – Economic and Financial Affairs, 03 – International economic and financial affairs

3. BUDGET LINES

3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B.A lines)) including headings:

01 04 0114 Provisioning of the Guarantee Fund

3.2. Duration of the action and of the financial impact:

Start 2010, tentatively all disbursements will take place over the year 2010 in two tranches (second and fourth quarter). However, delays cannot be excluded that would prolong the operation.

3.3. Budgetary characteristics:

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
01.04.01.14	Comp	Diff	NO	NO	NO	**No 4**

Assistance in the form of loan

01 04 01 14 – Provisioning of the Guarantee Fund

The Guarantee Fund for external actions has to be provisioned according to the Fund Regulation as amended. In line with this Regulation, loans are not any more provisioned for the entire amount at the time of the decision but based on the outstanding amount at the end of a year. 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% (maximum of EUR 18 million) 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.

01 04 01 04 – EC guarantee for Community loans raised for macro-financial assistance to third countries.

The budget entry ("p.m.") reflecting the budget guarantee for the loan (EUR 200 million) will be activated only in the case of an effective call on the guarantee. It is expected that normally the budget guarantee will not be called.

4. SUMMARY OF RESOURCES

4.1. Financial Resources

4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

Expenditure type	Section no.		2009	2010			Total
Operational expenditure[6]							
Commitment Appropriations (CA)	8.1.	a	0	0			
Payment Appropriations (PA)		b	0	0			
Administrative expenditure within reference amount[7]							
Technical & administrative assistance (NDA)	8.2.4.	c	0	0			
TOTAL REFERENCE AMOUNT							
Commitment Appropriations		a+c	0	0			
Payment Appropriations		b+c	0	0			
Administrative expenditure not included in reference amount[8]							
Human resources and associated expenditure (NDA)	8.2.5.	d	0	0			
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6.	e	0	0			
Total indicative financial cost of intervention							
TOTAL CA including cost of Human Resources		a+c +d+ e	0	0			
TOTAL PA including cost of Human Resources		b+c +d+ e	0	0			

4.1.2. Compatibility with Financial Programming

X Proposal is compatible with existing financial programming.

6 Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.
7 Expenditure within article xx 01 04 of Title xx.
8 Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.

☐ Proposal will entail reprogramming of the relevant heading in the financial perspective.

☐ Proposal may require application of the provisions of the Inter-institutional Agreement[9] (i.e. flexibility instrument or revision of the financial perspective).

4.1.3. Financial impact on Revenue

X Proposal has no financial implications on revenue

☐ Proposal has financial impact – the effect on revenue is as follows:

4.2. Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.

Annual requirements	2009	2010				
Total number of human resources	1/3	1/3				

5. CHARACTERISTICS AND OBJECTIVES

5.1. Need to be met in the short or long term

The Serbian economy has been severely hit by the global economic and financial crisis. Economic growth started to decelerate in the second half of 2008 and output is expected to contract by 2% in 2009. Although the current account deficit is declining, overall external financing needs remain high due to an increase in short-term debt repayment obligations. The International Monetary Fund identified an external financing gap to be filled by IMF, World Bank and official donors of EUR2.4 billion in 2009 and EUR 1.1 billion in 2010. Whereas the programme is under current assumptions expected to be fully financed in 2009 and 2011, a residual financing gap remains in 2010 after IMF and expected World Bank support, and is estimated by the IMF at about EUR 200 million, to be covered by the European Community.

5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy

The Community financial support reflects the country's strategic importance as a potential candidate country for EU accession. Macro-financial assistance is an appropriate instrument to complement existing Community assistance and contributes to a fully financed IMF-supported economic stabilisation programme. Thereby, important synergies can be established with respect to its impact on economic reform and stabilisation.

[9] See points 19 and 24 of the Interinstitutional agreement.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

Within the Activity "International Economic and Financial Affairs" of the Directorate General for Economic and Financial Affairs, the Objective of "providing macro-financial assistance to third countries in resolving their balance of payment crises and restoring external debt sustainability" is related to the general objective "to promote prosperity beyond the EU".

The related indicators are: "official reserves in months of imports of goods and services" (expected result: "a stabilisation or an increase"); and "external debt as a percentage of GDP" (expected result: a level deemed sustainable upon the end of the current programme).

5.4. Method of Implementation (indicative)

X ***Centralised Management***

- X directly by the Commission
- ☐ indirectly by delegation to:
  - ☐ executive Agencies
  - ☐ bodies set up by the Communities as referred to in art. 185 of the Financial Regulation
  - ☐ national public-sector bodies/bodies with public-service mission

☐ ***Shared or decentralised management***

- ☐ with Member states
- ☐ with Third countries

☐ ***Joint management with international organisations (please specify)***

Relevant comments:

6. MONITORING AND EVALUATION

6.1. Monitoring system

The monitoring of the action by the Commission services will take place on the basis of macroeconomic and structural policy measures to be agreed with the Serbian authorities in a Memorandum of Understanding. The authorities will be required to report on those measures to the Commission services on a regular basis. The Delegation of the European Commission in Belgrade will also provide reporting on issues relevant for the monitoring of the assistance. The Commission services will remain in close contact with the IMF and the World Bank to benefit from their expertise.

6.2. Evaluation

6.2.1. Ex-ante evaluation

An ex–ante evaluation was carried out by Commission services (Unit D1 of the Economic and Financial Affairs Directorate-General).

6.2.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)

An ex-post evaluation on a previous macro-financial assistance operation in favour of Serbia was carried out in 2008. Ex-post evaluations were also carried out for other countries of the Western Balkans (Albania, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia) and for two new independent states of the former Soviet Union (Armenia, Tajikistan). The results of those evaluations provide some useful lessons for the current operation in favour of Serbia.

6.2.3. Terms and frequency of future evaluation

An independent ex-post evaluation of the assistance to Serbia is planned to be carried out under the multi-annual evaluation programme of the Directorate-General for Economic and Financial Affairs.

7. ANTI-FRAUD MEASURES

Commission services have put in place an on-going programme of Operational Assessments of the financial circuits and administrative procedures in all third countries benefiting from the Community macro-financial assistance in order to fulfil requirements of the Financial Regulation applicable to the General Budget of the European Communities.

In Serbia, the Commission services assessed in 2004, with the support of duly mandated external experts, the reliability of financial circuits and administrative procedures that are relevant for to this type of assistance, concluding that the existing fiduciary environment was broadly satisfactory. At the same time, the assessment identified a number of areas for improvement, notably in the field of internal controls. A new Operational Assessment has been commissioned by the European

Commission and is underway. Its results will be used to guide the definition of the specific policy measures to be attached to the release of the assistance with a view of strengthening efficiency, transparency and accountability of public finance management systems in Serbia.

The proposed legal basis for macro-financial assistance to Serbia includes a provision on fraud prevention measures. These measures will be elaborated further in a Memorandum of Understanding and the loan agreement. It is envisaged that a number of specific policy conditions will be attached to the assistance mainly in the field of public finance management, with a view of strengthening efficiency, transparency and accountability of the assistance. The macro-financial assistance 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.

8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

(Headings of Objectives, actions and outputs should be provided)	**Type of output**	**Av. cost**	**Year 2009**		Year 2010		Year 2011		Year 2012		Year n+4		Year n+5 and later		**TOTAL**	
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
OPERATIONAL OBJECTIVE No.1																
Action 1 Balance of payments/ budget support to Serbia																
- Output 1	Guarantee Fund provisioning	0	0	.0						18.0						
- Output 2																
Action 2 Update of Operational Assessment.																
- Output 1	Report		1	0.05												
Sub-total Objective 1				0.05						18.0						
OPERATIONAL OBJECTIVE No.2 [1] ……																

Action 1……..																
- Output 1																
Sub-total Objective 2																
OPERATIONAL OBJECTIVE No.n [1]																
Sub-total Objective n																
TOTAL COST				0.05						18.0						

8.2. Administrative Expenditure

8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources (**number of posts/FTEs**)					
		Year 2009	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5
Officials or temporary staff[10] (XX 01 01)	A*/AD	1/3	1/3				
	B*, C*/AST						
Staff financed[11] by art. XX 01 02							
Other staff[12] financed by art. XX 01 04/05							
TOTAL		1/3	1/3				

8.2.2. Description of tasks deriving from the action

Inter alia prepare/negotiate memoranda of understanding and loan agreement, liaise with the authorities and the International Financial Institutions, monitor economic and structural policies of the beneficiary country, conduct review missions and prepare Commission staff reports, prepare Commission procedures related to the management of the assistance.

8.2.3. Sources of human resources (statutory)

X Posts currently allocated to the management of the programme to be replaced or extended

☐ Posts pre-allocated within the APS/PDB exercise for year n

☐ Posts to be requested in the next APS/PDB procedure

☐ Posts to be redeployed using existing resources within the managing service (internal redeployment)

☐ Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

[10] Cost of which is NOT covered by the reference amount
[11] Cost of which is NOT covered by the reference amount
[12] Cost of which is included within the reference amount

8.2.4. Other Administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)

EUR million (to 3 decimal places)

Budget line 01 03 02 Macro-economic assistance	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
1 Technical and administrative assistance (including related staff costs)							
Executive agencies[13]							
Other technical and administrative assistance							
- *intra muros*							
- *extra muros* *1) Operational assessment* *2) Ex-post evaluation*	0.050	0.250					
Total Technical and administrative assistance	0.050	0.250					

8.2.5. Financial cost of human resources and associated costs <u>not</u> included in the reference amount

EUR million (to 3 decimal places)

Type of human resources	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5

[13] Reference should be made to the specific legislative financial statement for the Executive Agency(ies) concerned.

						and later
Officials and temporary staff (XX 01 01)	0.030	0.030				
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.) (specify budget line)						
Total cost of Human Resources and associated costs (NOT in reference amount)	**0.030**	**0.030**				

Calculation– ***Officials and Temporary agents***

Reference should be made to Point 8.2.1, if applicable

NOT APPLICABLE

Calculation– ***Staff financed under art. XX 01 02***

Reference should be made to Point 8.2.1, if applicable

NOT APPLICABLE

8.2.6. Other administrative expenditure <u>not</u> included in reference amount

EUR million (to 3 decimal places)

	Year 2009	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
XX 01 02 11 01 – Missions	0.020	0.010					0.030
XX 01 02 11 02 – Meetings & Conferences							
XX 01 02 11 03 – Committees[14]							
XX 01 02 11 04 – Studies & consultations							

[14] Specify the type of committee and the group to which it belongs.

XX 01 02 11 05 - Information systems							
2 Total Other Management Expenditure (XX 01 02 11)							
3 Other expenditure of an administrative nature (specify including reference to budget line)							
Total Administrative expenditure, other than human resources and associated costs (NOT included in reference amount)	0.020	0.010					0.030

Calculation - ***Other administrative expenditure <u>not</u> included in reference amount***

Three staff missions for one/two persons