Press release – Partner countries get €3bn in loans to prop up economies affected by pandemic

The loans, which will be given on highly favourable terms and disbursed over a year, will help the following ten countries whose economies have been pushed into recession by the pandemic: the Republic of Albania (€180 million), Bosnia and Herzegovina (€250 million), Georgia (€150 million), the Hashemite Kingdom of Jordan (€200 million), Kosovo (€100 million), the Republic of Moldova (€100 million), Montenegro (€60 million), the Republic of North Macedonia (€160 million), the Republic of Tunisia (€600 million) and Ukraine (€1.2 billion).

The goal of the funding is to allow these countries to mitigate the negative social and economic effects of the crisis while preserving the state's financial stability.

To speed up the disbursement of the assistance, Parliament voted on its approval in urgent procedure (defined under Rule 163). Council greenlighted the package on 5 May.

The decision was adopted by 547 votes in favour, 93 against and 47 abstentions.

Next steps

The assistance can start being disbursed once the countries sign their respective Memorandum of Understanding, which will list the conditions of the loans. The European Commission expects the first tranche to be disbursed in the autumn of 2020, and the second and final tranche in early 2021.

Background

The EU regularly disburses macrofinancial assistance (MFA) to partner countries to help them with their balance of payments under stress. The current proposal is shorter in term than regular MFAs (one year instead of 2.5 years) and has to be repaid in 15 years. Providing the massive loan package is a way for the EU to show solidarity with the EU neighbourhood and Eastern Partnership countries hit by the pandemic.

The recipient countries must have an ongoing programme with the International Monetary Fund (IMF); the EU support comes on top of the IMF help to fight the recession caused by, among others, a plunge in tourism revenues, remittances, foreign direct investment, and an outflow of portfolio capital.