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2013/0203 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

**amending Implementing Decision 2011/77/EU on granting Union financial assistance to
Ireland**

{SWD(2013) 212 final}

EXPLANATORY MEMORANDUM

Upon a request by Ireland, the Council granted financial assistance to Ireland on 7 December 2010 (Implementing Decision 2011/77/EU) in support of a strong economic and financial reform programme aiming at restoring confidence, enabling the return of the economy to sustainable growth, and safeguarding financial stability in Ireland, the euro area and the EU.

In line with Article 3(9) of Decision 2011/77/EU, the Commission, together with the IMF and in liaison with the ECB, has conducted the tenth review of the Irish authorities' progress on the implementation of the agreed measures as well as of the effectiveness and economic and social impact of the agreed measures.

Taking into account of intervened information, the Commission proposes to modify the economic policy conditions underpinning the assistance. The Commission views the proposed changes to the economic policy conditions as necessary to ensure the smooth implementation of the programme and secure the programme's objectives.

Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Implementing Decision 2011/77/EU on granting Union financial assistance to Ireland

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) No 407/2010 of 11 May 2010 establishing a European financial stabilisation mechanism¹, and in particular Article 3(2) and Article 3(7) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) Upon a request by Ireland, the Council granted financial assistance to it (Implementing Decision 2011/77/EU²) in support of a strong economic and financial reform programme aiming at restoring confidence, enabling the return of the economy to sustainable growth, and safeguarding financial stability in Ireland, the euro area and the Union.
- (2) In line with Article 3(9) of Implementing Decision 2011/77/EU, the Commission, together with the International Monetary Fund (IMF) and in liaison with the European Central Bank (ECB), has conducted the tenth review of the Irish authorities' progress on the implementation of the agreed measures as well as of the effectiveness and economic and social impact of the agreed measures.
- (3) Following the political agreement reached by the European Parliament and the Council, it is expected that the legislation setting up a Single Supervisory Mechanism (SSM) will be adopted soon. In this context the next EU-wide stress tests of banks, to be conducted under the aegis of the European Banking Authority (EBA), will not take place in 2013 as previously expected.
- (4) In preparation for the SSM entry stress test and with a view to (i) having meaningful diagnostics before the programme ends and (ii) ensuring as much as possible consistency across different assessment exercises, Ireland should therefore carry out a series of supervisory steps, including a preliminary comprehensive balance sheet assessment, before the end of 2013.

¹ OJ L 118, 12.5.2010, p. 1.

² OJ L 30, 4.2.2011, p. 34.

- (5) Ireland has reaffirmed its commitment to transfer without delay the responsibility for the water sector from local authorities to a national public utility and to introduce water charges for households. Ireland has demonstrated good progress in carrying out the reform of its water sector, including with the enactment of legislation, the establishment of Irish Water and the completion of operational steps for the transition process. Technical reasons would justify deferring the introduction of water charges for households to 2014, without compromising the reform process as whole.
- (6) In light of these developments and considerations, Implementing Decision 2011/77/EU should be amended,

HAS ADOPTED THIS DECISION:

Article 1

Article 3, paragraph 10, of Implementing Decision 2011/77/EU is amended as follows:

1) point (a) is replaced by the following:

"(a) in accordance with the methodology to be agreed by end July 2013, complete a preliminary balance sheet assessment before the end of the programme, as part of the preparatory work towards a stress test to be conducted in accordance with the new EU methodology."

2) the following point is added:

"(c) communicate to the Commission the funding model for Irish Water and announce a definitive time-plan for the introduction of domestic water charges in the fourth quarter of 2014."

Article 2

This Decision is addressed to Ireland.

Article 3

This Decision shall be published in the *Official Journal of the European Union*.

Done at Brussels,

For the Council
The President