Macro-financial assistance to Moldova

2017/0007(COD) - 13/09/2017 - Final act

PURPOSE: to provide macro-financial assistance to Moldova.

LEGISLATIVE ACT: Decision (EU) 2017/1565 of the European Parliament and of the Council on providing macro-financial assistance to the Republic of Moldova.

CONTENT: Moldova’s economy was affected by political instability that followed the November 2014 elections and lasted until January 2016. It has also been affected by a banking fraud scandal, weak economic activity in the region and import bans by Russia. Since the beginning of 2016, the authorities have adopted a number of reforms but need to undertake further efforts in implementing them.

Amounts of assistance: under this Decision, the Union shall make available to Moldova macro-financial assistance of up to a maximum of **EUR 100 million** with a view to facilitating the stabilisation of its economy, implementation of a major reform programme.

Of this maximum amount, **EUR 60 million was agreed in loans and EUR 40 million in the form of grants**. This will supplement resources provided by the IMF and other multilateral institutions.

The Union's macro-financial assistance shall contribute to covering Moldova's balance of payments needs and complement the programmes and resources provided by the International Monetary Fund (IMF) and the World Bank.

Objectives: the specific objectives of the assistance shall be to::

- increase the efficiency, transparency and accountability of Moldova’ public finance management systems;
- ensure the efficiency of the fight against corruption and money laundering;
- reinforce the governance and supervisions of its financial and banking sector;
- improve the governance of the energy sector;
- promote structural reforms to support sustainable growth, job creation, good business climate and fiscal consolidation.

Union's macro-financial assistance shall also include measures to support the implementation of the Association Agreement, including the Deep and Comprehensive Free Trade Agreement.

Conditions: the assistance shall be released in three instalments. The disbursement of each instalment shall depend on the programme’s progress agreed with the IMF and on the fulfilment of clearly defined economic policy and financial conditions, focusing on structural reforms and sound public finances, to which the Union's macro-financial assistance is to be subject, to be laid down in a Memorandum of Understanding which shall include a timeframe for the fulfilment of those conditions.

The assistance shall be made available for a period of two and a half years, starting from the first day after the entry into force of the Memorandum of Understanding.

The Commission shall regularly inform the European Parliament and the Council of developments regarding the Union's macro-financial assistance, including disbursements thereof.

Joint Declaration: Parliament, Council and Commission agreed on a joint declaration in the light of changes in the electoral system in Moldova. The Declaration stressed that respect for **effective democratic mechanisms**, including a multi-party parliamentary system and the rule of law, as well as **guarantees of respect for human rights**, was a pre-condition for granting assistance. The Commission and the European External Action Service shall monitor the fulfilment of this pre-condition throughout the lifecycle of the macro-financial assistance

ENTRY INTO FORCE: 23.9.2017.