Macro-financial assistance to Moldova

2021/0438(COD) - 15/03/2022 - Committee report tabled for plenary, 1st reading/single reading

The Committee on International Trade adopted the report by Markéta GREGOROVÁ (Greens/EFA, CZ) on the proposal for a regulation of the European Parliament and of the Council on providing macro-financial assistance to the Republic of Moldova.

The committee recommended that the European Parliament adopt its position at first reading, taking over the Commission proposal

Moldova’s economy has been affected significantly by the 2020 recession caused by the COVID-19 pandemic, the protracted political stalemate in the country after the Presidential elections in November 2020, as well as the recent energy crisis. The situation contributed to Moldova’s sizable financing gap, deteriorating external position, and growing fiscal needs.

With the renewed reform-commitment and strong political will, the authorities have significantly accelerated on reform implementation, which has also allowed Moldova to successfully complete the COVID-19 macro-financial assistance operation.

The Commission submitted to the European Parliament and the Council a proposal to provide a new MFA of **EUR 150 million** to the benefit of the Republic of Moldova, of which EUR 120 million in the form of loans and EUR 30 million in the form of grants. The assistance will be released in three instalments: (i) the disbursement of the first instalment is expected to take place mid-2022; (ii) the second instalment could be disbursed in early 2023; (iii) the third tranche could follow later that year or in the first half of 2024, provided that the policy measures attached to each instalment have been implemented in a timely manner.

It should be noted that a pre-condition for granting the Union's macro-financial assistance will be that Moldova **respects effective democratic mechanisms** - including a multi-party parliamentary system - and the rule of law and guarantees respect for human rights.

The explanatory memorandum accompanying the report stated that Moldova is following a **good reform trajectory**, and even though some spheres still need to be strengthened, the right conditions are presently fulfilled for the strong Union support of the government and the country. It was also highlighted that it is still regrettable that the Parliament is not further involved in the setting of the MFA conditionalities, which is why it is still important that, as co-legislator, the Parliament gets duly informed by the Commission throughout the disbursement of the MFA programme.