Macro-financial assistance to Moldova

2006/0184(CNS) - 09/10/2006 - Legislative proposal

PURPOSE: to provide macro-financial assistance to Moldova in the form of a grant amounting to a maximum of EUR 45 million.

PROPOSED ACT: Council Decision.

CONTENT: the Commission proposes to provide macro-financial assistance to Moldova in the form of a grant of a maximum amount of EUR 45 million with a view to supporting Moldova's balance of payments and the reserve build-up.

The proposed assistance will help Moldova alleviate the financial constraints on the implementation of its economic programme. It will also facilitate and encourage the authorities' efforts to implement reforms under the EU-Moldova European Neighbourhood Policy Action Plan and the Economic Growth and Poverty Reduction Strategy Paper.

The proposed macro-financial assistance will be exceptional and limited in time, will complement support from the Bretton Woods Institutions, bilateral donors and the Paris Club, and will be conditional, in particular, on progress in the implementation of the IMF-supported Poverty Reduction and Growth Facility arrangement.

The assistance will be made available in three instalments over a period of two years. The period of the implementation of the programme could be extended by one more year. 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 grant instalments. Specific provisions on the prevention of fraud and other irregularities, consistent with the Financial Regulation, will be duly taken into account.

Such assistance would be financed from commitment appropriations in 2007, subject to final approval of the 2007 EC Budget, with payments taking place in 2007 and 2008.

For further information concerning the financial implications of this measure, please refer to the financial statement.