Basic information

2021/0438(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Decision	Procedure completed
Macro-financial assistance to Moldova Amended by 2023/0018(COD) **Subject** 6.20.07 Macro-financial assistance to third countries **Geographical area** Moldova	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	GREGOROVÁ Markéta (Greens/EFA)	26/01/2022

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
BUDG Budgets	The committee decided not to give an opinion.	

Council of the European Union

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	GENTILONI Paolo

Key events

Date	Event	Reference	Summary
04/01/2022	Legislative proposal published	COM(2022)0004	Summary
20/01/2022	Committee referral announced in Parliament, 1st reading		
14/03/2022	Vote in committee, 1st reading		
15/03/2022	Committee report tabled for plenary, 1st reading	A9-0043/2022	Summary

23/03/2022	Debate in Parliament		
24/03/2022	Decision by Parliament, 1st reading	T9-0090/2022	Summary
24/03/2022	Results of vote in Parliament		
28/03/2022	Act adopted by Council after Parliament's 1st reading		
06/04/2022	Final act signed		
08/04/2022	Final act published in Official Journal		

Technical information

Procedure reference	2021/0438(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
Amendments and repeals	Amended by 2023/0018(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 212
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	INTA/9/08069

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE704.923	15/02/2022	
Committee report tabled for plenary, 1st reading/single reading		A9-0043/2022	15/03/2022	Summary
Text adopted by Parliament, 1st reading/single reading		T9-0090/2022	24/03/2022	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00009/2022/LEX	06/04/2022	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2022)0004	04/01/2022	Summary
Document attached to the procedure	SWD(2022)0001	04/01/2022	

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act
Decision 2022/0563 OJ L 109 08.04.2022, p. 0006

Macro-financial assistance to Moldova

2021/0438(COD) - 24/03/2022 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 558 votes to 20, with 10 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to the Republic of Moldova

Parliament adopted its position at first reading in accordance with the ordinary legislative procedure, **taking over** the Commission's proposal.

The proposal aims at providing Moldova with **macro-financial assistance of up to EUR 150 million** with a view to facilitating the stabilisation of its economy and the implementation of a major reform programme. Of this maximum amount, up to EUR 120 million will be disbursed in the form of loans and up to EUR 30 million in the form of grants.

The Commission should agree with the Moldovan authorities on clearly defined economic policy and financial conditions, focusing on structural reforms and sound public finances, set out in a **Memorandum of Understanding** including a timeframe for the fulfilment of these conditions.

The Commission will make available EU macro-financial assistance in three instalments subject to the fulfilment of all the following conditions:

- the precondition that Moldova respects **effective democratic mechanisms**, including parliamentary pluralism, and the rule of law, and that it ensures respect for human rights;

- a continuous satisfactory track record of implementing **policy programme that contains strong adjustment and structural reform measures**, supported by a non-precautionary International Monetary Fund (IMF) credit arrangement;

- satisfactory implementation of the economic policy and financial conditions set out in the Memorandum of Understanding.

Where these conditions are not met, the Commission may temporarily suspend or cancel the disbursement of the Union's macro-financial assistance. In such a case, it will inform the European Parliament and the Council of the reasons for the suspension or cancellation.

Moldova’s economy has been significantly affected by the recession in 2020 which was caused by the COVID-19 pandemic, by the protracted political stalemate in the country after the presidential elections in November 2020, and by the recent energy crisis. Those circumstances have contributed to Moldova’s sizable financing gap, deteriorating external position and growing fiscal needs.

Following the parliamentary elections in July 2021, the new Moldovan government has demonstrated its strong commitment to further reforms, with an ambitious programme focusing on key policy areas, including justice sector reform, anti-corruption, good governance and the rule of law.

In view of the deteriorating economic situation and outlook, Moldova has requested further macro-financial assistance from the EU in November 2021. As Moldova's balance of payments continues to show a significant residual external financing need, EU macro-financial assistance is considered, under the current exceptional circumstances, an appropriate response to Moldova's request to support the stabilisation of its economy in combination with the IMF programme.

By 30 June each year at the latest, the Commission should submit a report to the European Parliament and the Council on the implementation of this Decision in the previous year, including an evaluation of its implementation.

Macro-financial assistance to Moldova

2021/0438(COD) - 04/01/2022 - Legislative proposal

PURPOSE: to provide a further EUR 150 million in macro-financial assistance to Moldova.

PROPOSED ACT: Decision of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the EU and the Republic of Moldova have developed a close political and economic relationship over the years. The last Association Agenda for 2017-2019 has been extended over the period of one year (due to the pandemic last year), whilst a new document is under preparation, covering the 2021-2027 period. Moldova's economic ties with the EU are also well developed. The EU continues to be Moldova's largest trading partner, accounting for 52% of its total trade in 2020.

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.

Following the election in July 2021, the new Moldovan government has demonstrated a strong commitment to further reforms, with an ambitious programme 'Moldova in good times 2021-2025', focusing on key policy areas including, among others, justice sector reforms, fight against corruption, good governance and the rule of law.

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.

In view of a worsening economic situation and outlook, Moldova requested a complementary macro-financial assistance from the Union in November 2021.

The proposed MFA would help Moldova cover part of its residual external financing needs, which are estimated at USD 480 million, in the context of the new IMF programme over the period of 2021-2025.

Given that Moldova is a country covered by the European Neighbourhood Policy, it should be considered to be eligible to receive macro-financial assistance from the Union.

CONTENT: the Union will provide macro-financial assistance of a maximum amount of **EUR 150 million** available to Moldova, with a view to supporting Moldova's economic stabilisation and a substantive reform agenda. Of that maximum amount, up to **EUR 120 million will be provided in the form of loans** and up to **EUR 30 million in the form of grants**. The loans will have a maximum average maturity of 15 years. Moreover, the assistance will contribute to covering Moldova's balance of payments needs as identified in the IMF programme.

The Commission is considering releasing the assistance in three instalments:

- the disbursement of the first instalment is expected to take place mid-2022;

- the second instalment could be disbursed in early 2023;

- 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 proposed MFA would be made available for two and a half years, starting from the first day after the entry into force of the Memorandum of Understanding. They Commission should regularly inform the European Parliament and the Council of developments relating to MFA.

Budgetary implications

The financial programming of the EUR 150 million assistance over the 2022-2024 period allows for a grant component of EUR 30 million to be financed from the available budget on budget line 14 20 03 01 'Macro-financial assistance (MFA) – grants''. For the loan component of EUR 120 million, the required provisioning at a rate of 9% of the External Action Guarantee will be programmed under the Neighbourhood, Development and International Cooperation Instrument (NDICI), for a total amount of EUR 10.8 million (budget line 14 02 01 70 'NDICI – Provisioning of the Common Provisioning Fund').

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.