Basic information

2023/0018(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Decision	Procedure completed
Macro-financial assistance to Moldova Amending Decision 2022/563 2021/0438(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)	01/03/2023
	Shadow rapporteur KALNIETE Sandra (EPP) TUDOSE Mihai (S&D) PAET Urmas (Renew) WASZCZYKOWSKI Witold Jan (ECR) KRAH Maximilian (ID) SCHOLZ Helmut (The Left)	

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets	MUREŞAN Siegfried (EPP)	09/03/2023

Council of the European Union

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	GENTILONI Paolo

Key events

Date	Event	Reference	Summary
24/01/2023	Legislative proposal published	COM(2023)0053	Summary
13/02/2023	Committee referral announced in Parliament, 1st reading		
27/04/2023	Vote in committee, 1st reading		
28/04/2023	Committee report tabled for plenary, 1st reading	A9-0166/2023	
09/05/2023	Decision by Parliament, 1st reading	T9-0124/2023	Summary
09/05/2023	Results of vote in Parliament		
01/06/2023	Act adopted by Council after Parliament's 1st reading		
14/06/2023	Final act signed		
16/06/2023	Final act published in Official Journal		

Technical information

Procedure reference	2023/0018(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
Amendments and repeals	Amending Decision 2022/563 2021/0438(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/9/11170

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE745.206	16/03/2023	
Committee opinion	BUDG	PE745.333	18/04/2023	
Committee report tabled for plenary, 1st reading/single reading		A9-0166/2023	28/04/2023	
Text adopted by Parliament, 1st reading/single reading		T9-0124/2023	09/05/2023	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00014/2023/LEX	14/06/2023	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2023)0053	24/01/2023	Summary
Document attached to the procedure	SWD(2023)0025	24/01/2023	

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Decision 2023/1165 OJ L 155 16.06.2023, p. 0001	Summary

Macro-financial assistance to Moldova

2023/0018(COD) - 24/01/2023 - Legislative proposal

PURPOSE: to provide a further EUR 145 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: on 6 April 2022, the European Parliament and Council adopted Decision (EU) 2022/563 providing new macro-financial assistance (MFA) to Moldova for an amount of EUR 150 million, in medium term-loans and through a grant element. The MFA entered into force on 18 July for two and a half years. On 1 August 2022, following successful fulfilment of all policy actions agreed with the Union in the Memorandum of Understanding, the first instalment of EUR 50 million was disbursed.

However, during 2022, the global economic situation deteriorated. The circumstances underlying Moldova’s first request for macro-financial assistance, made in 2022, further worsened with the country both directly and indirectly affected by Russia’s war of aggression against Ukraine, as well as the continuing energy crisis. Moreover, since the start of the war, over half a million people have crossed the Moldovan border, and about 90 000 remain in the country. This has put additional pressure on Moldova’s public finances. Therefore, the overall macroeconomic position weakened significantly in 2022.

Against this backdrop and in line with the principle of fair burden-sharing, the Commission submits to the Parliament and the Council a proposal to increase the ongoing MFA to Moldova by EUR 145 million, of which EUR 100 million in loans and EUR 45 million in grants.

This increase is, under the current exceptional circumstances, considered to be an appropriate response to Moldova's request for support to the economic stabilisation. The Union's macro-financial assistance would support the economic stabilisation and the structural reform agenda of Moldova, supplementing resources made available under the IMF's financial arrangement. Therefore, Decision (EU) 2022/563 should be amended accordingly.

CONTENT: with this proposed increase of EUR 145 million, the Union will make macro-financial assistance of a maximum amount of EUR 295 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 220 million will be provided in the form of loans and up to EUR 75 million in the form of grants. The assistance will contribute to covering Moldova's balance of payments needs as identified in the IMF programme.

The proposed MFA increase would support the resources allocated to Moldova under the existing operation. The additional conditions attached to the increased amount would build on the reform priorities outlined in the existing Memorandum of Understanding, keeping the focus on public finance governance, the rule of law, combating corruption, improving the business climate, and promoting further energy sector reforms.

The additional MFA assistance would be disbursed in two new instalments, linked to:

- additional policy conditionality;

- good progress in implementing the Association Agreement and the Deep and Comprehensive Free Trade Area (DCFTA); and

- a positive track record in implementing the IMF programme. The policy conditions attached to the two new instalments would build on those agreed in the Memorandum of Understanding on the current MFA.

The policy conditions attached to the two new instalments would build on those agreed in the Memorandum of Understanding on the current MFA. This would strengthen the focus of the programme and ensure consistency with the EU-Moldova policy priorities and the Moldovan government agenda. The additional support is also in line with the strengthened EU-Moldova relationship under the candidate country status, which Moldova was granted on 23 June 2022.

Budgetary implications

The proposed increase of EUR 145 million in Moldova's ongoing MFA operation is planned to be disbursed in two equal instalments, to be released in 2023, if the conditions are fulfilled.

The financial programming over the 2022-2024 period provides that a grant component of EUR 45 million can be financed from the available budget under budget line 14 20 03 01 ‘Macro-financial assistance (MFA) - grants’. For the loan component of EUR 100 million, the required provisioning at a rate of 9% of the External Action Guarantee will be programmed under the NDICI, for a total amount of EUR 9 million (budget line 14 02 01 70 ‘NDICI – Provisioning of the Common Provisioning Fund’).

Macro-financial assistance to Moldova

2023/0018(COD) - 16/06/2023 - Final act

PURPOSE: to provide supplementary macro-financial assistance of EUR 145 million to Moldova.

LEGISLATIVE ACT: Decision (EU) 2023/1165 of the European Parliament and of the Council amending Decision (EU) 2022/563 as regards the amount of macro-financial assistance to the Republic of Moldova.

CONTENT: on 6 April 2022, the European Parliament and the Council adopted a decision providing EU macro-financial assistance to Moldova in the amount of EUR 150 million. With the present decision, this amount is increased by EUR 145 million, which means that a total of **EUR 295 million** will be made available to Moldova. Of this maximum amount, up to EUR 220 million will be disbursed in the form of loans, and up to EUR 75 million in the form of grants.

Russia's war in Ukraine is having a considerable negative impact on Moldova's economy. There remains a significant residual external financing requirement for Moldova's balance of payments for 2023, in addition to the resources provided by the IMF and other multilateral institutions. In the current exceptional circumstances, this increase is considered an appropriate response to Moldova's request for support for economic stabilisation, in conjunction with the IMF programme.

The Union’s macro-financial assistance will be made available by the Commission in five instalments, each of which will consist of a loan and a grant element.

The increase of the Union’s macro-financial assistance is subject to additional economic policy conditions, to be added to the existing Memorandum of Understanding which should, as a consequence, be amended accordingly.

ENTRY INTO FORCE: 19.6.2023

Macro-financial assistance to Moldova

2023/0018(COD) - 09/05/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 561 votes to 43, with 20 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council amending Decision (EU) 2022/563 as regards the amount of macro-financial assistance to the Republic of Moldova.

The European Parliament adopted its position at first reading in accordance with the ordinary legislative procedure by taking over the Commission proposal.

Russia's invasion of Ukraine had a strong primary and secondary negative impact on the Moldovan economy. As a result, the Moldovan economy contracted, and the uncertain economic climate has negatively affected investment and trade in general. The energy crisis, which intensified in 2022, combined with a fall in household consumption and investments, has put additional pressure on Moldova's public finances. In addition, the sharp rise in energy prices pushes for high inflation.

Given that Moldova's balance of payments for 2023 continues to show a significant residual external financing need, which exceeds the resources provided by the IMF and other multilateral institutions, the Commission's proposal suggests increasing the current macro-financial assistance (MFA) of EUR 150 million by an **additional EUR 145 million**.

With this proposed increase of EUR 145 million, the Union will make available to Moldova macro-financial assistance of up to **EUR 295 million**, with a view to supporting Moldova's economic stabilisation and a substantial reform agenda. Of this maximum amount, up to EUR 220 million will be provided in the form of loans and up to EUR 75 million in the form of grants. The assistance will contribute to covering Moldova's balance of payments needs as identified in the IMF programme.

The Commission will make available the EU macro-financial assistance in five instalments, each comprising of a loan and a grant element.