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INFORMATION NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
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Subject:	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 - Outcome of the European Parliament's first reading (Strasbourg, 8 to 11 May 2023)

I. INTRODUCTION

On 3 May 2023, the Permanent Representatives Committee confirmed that, should the European Parliament approve the abovementioned Commission's proposal without amendments, the Council would approve the European Parliament's position.

On 28 April 2023, the rapporteur Markéta GREGOROVÁ (Verts/ALE, CZ) presented a report on behalf of the Committee on International Trade (INTA) aiming at taking over the Commission proposal.

II. VOTE

The Parliament adopted its first-reading position on 9 May 2023 by taking over the Commission proposal. This position is contained in its legislative resolution.

The Council should therefore be in a position to approve the European Parliament's position as set out in the Annex hereto, thus bringing to a close the first reading for both Institutions.

The legislative act would then be adopted in the wording which corresponds to the European Parliament's position.

P9_TA(2023)0124

Macro-financial assistance to Moldova

European Parliament legislative resolution of 9 May 2023 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 (COM(2023)0053) – C9-0011/2023 – 2023/0018(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2023)0053),
 - having regard to Article 294(2) and Article 212(2) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0011/2023),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the undertaking given by the Council representative by letter of 3 May 2023 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the opinion of the Committee on Budgets,
 - having regard to the report of the Committee on International Trade (A9-0166/2023),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Position of the European Parliament adopted at first reading on 9 May 2023 with a view to the adoption of Decision (EU) 2023/... 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 AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 212(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure¹,

¹ Position of the European Parliament of 9 May 2023.

Whereas:

- (1) On 6 April 2022, the European Parliament and Council adopted Decision (EU) 2022/563² providing the Union's macro-financial assistance to the Republic of Moldova (Moldova) for an amount of EUR 150 000 000, in medium term-loans and in grants. The Memorandum of Understanding (MOU) setting out the Union's macro-financial assistance entered into force on 18 July 2022 and that assistance will be available for a period of two and a half years. On 1 August 2022, following the successful fulfilment by Moldova of all policy actions agreed with the Union in the MOU, the first instalment of EUR 50 000 000 was disbursed.
- (2) Decision (EU) 2022/563 providing the Union's macro-financial assistance was adopted in parallel with the International Monetary Fund (IMF) programme for Moldova of 20 December 2021 under the Extended Credit Facility/Extended Fund Facility arrangement for the amount of USD 564 000 000. On 11 May 2022, as a result of the growing financing needs stemming largely from the effects of the war in Ukraine on the Moldovan economy, the IMF adopted a decision to increase the arrangement by USD 267 000 000. On 9 January 2023, the IMF announced that Moldova had successfully undergone the second programme review, and provided for the immediate disbursement of a further USD 27 000 000 to Moldova under the arrangement.

² Decision (EU) 2022/563 of the European Parliament and of the Council of 6 April 2022 providing macro-financial assistance to the Republic of Moldova (OJ L 109, 8.4.2022, p. 6).

- (3) The Union's indicative allocation for Moldova under the European Neighbourhood Instrument was EUR 518 150 000 for the 2014-2020 period, including budgetary support and technical assistance. The single support frameworks for the periods 2014-2017 and 2017-2020 identified the priority sector for cooperation with Moldova funded by the European Neighbourhood Instrument for the previous budgetary period. The priorities for the period 2021-2027 are set out in the new multiannual indicative programme, which has been prepared in close consultation with all relevant stakeholders.
- (4) Given that there is still a significant residual external financing gap in Moldova's balance of payments for 2023, over and above the resources provided by the IMF and other multilateral institutions, it is necessary to increase the Union's macro-financial assistance provided to Moldova in accordance with Decision (EU) 2022/563. That increase is, under the current exceptional circumstances, considered to be an appropriate response to Moldova's request for support to its economic stabilisation, in conjunction with the IMF programme. 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.

- (5) The determination of the amount of the Union's increased macro-financial assistance is based on an updated quantitative assessment of Moldova's residual external financing needs, and takes into account its capacity to finance itself with its own resources, in particular the international reserves at its disposal. The determination of the amount of the assistance also takes into account expected financial contributions from multilateral donors, including the IMF and the World Bank, and the need to ensure fair burden sharing between the Union and other donors, as well as the pre-existing deployment of the Union's other external financing instruments in Moldova and the added value of the overall Union involvement.
- (6) The increase of the Union's macro-financial assistance should be subject to additional economic policy conditions, to be added to the existing MOU which should, as a consequence, be amended accordingly. In addition, it is necessary to lay down the detailed financial terms of the Union's macro-financial assistance in an *addendum* to the loan agreement and to the grant agreement that were signed on 22 June 2022 by the Commission and Moldova.
- (7) Decision (EU) 2022/563 should therefore be amended accordingly,

HAVE ADOPTED THIS DECISION:

Article 1

Decision (EU) 2022/563 is amended as follows:

(1) in Article 1, paragraph 1 is replaced by the following:

- ‘1. The Union shall make macro-financial assistance of a maximum amount of EUR 295 000 000 available to Moldova (the ‘Union’s macro-financial assistance’), with a view to supporting Moldova’s economic stabilisation and substantive reform agenda. Of that maximum amount, up to EUR 220 000 000 shall be provided in the form of loans and up to EUR 75 000 000 in the form of grants. The release of the Union’s macro-financial assistance is subject to the adoption of the Union budget for the relevant year by the European Parliament and the Council. The assistance shall contribute to covering Moldova’s balance-of-payments needs as identified in the IMF programme.’;

(2) Article 4 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Subject to the conditions referred to in paragraph 3, the Union’s macro-financial assistance shall be made available by the Commission in five instalments, each of which shall consist of a loan and a grant element. The size of each instalment shall be laid down in the MOU which shall be amended for that purpose.’;

(b) paragraph 4 is replaced by the following:

‘4. The release of the second instalment shall, in principle, take place at the earliest three months after the release of the first instalment. The release of the third instalment shall, in principle, take place at the earliest three months after the release of the second instalment. The release of the fourth instalment shall, in principle, take place at the earliest three months after the release of the third instalment. The release of the fifth instalment shall, in principle, take place at the earliest three months after the release of the fourth instalment.’.

Article 2

This Decision shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

Done at ...,

For the European Parliament

For the Council

The President

The President
