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'I' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
No. Cion doc.:	14449/24
No. prev. doc.:	16525/24 + COR 1
Subject:	Proposal for a Regulation of the European Parliament and of the Council on establishing the Reform and Growth Facility for the Republic of Moldova (first reading) • Confirmation of the final compromise text with a view to agreement

I. INTRODUCTION

1. On 10 October 2024, the Commission submitted to the Council and the European Parliament a proposal for a Regulation of the European Parliament and of the Council on establishing the Reform and Growth Facility for the Republic of Moldova[1]. The draft Regulation aims at providing assistance to Moldova for the delivery of EU- related reforms and investments.

[1] ST 14449 2024 INIT

2. The draft Regulation is based on Article 212 of the Treaty on the Functioning of the European Union (TFEU) (ordinary legislative procedure).

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II. WORK IN OTHER INSTITUTIONS

3. In the European Parliament, the file is assigned to the Committees on Foreign Affairs (AFET) and Budgets (BUDG), with Sven Mikser (AFET, EE, S&D) and Siegfried Mureșan (BUDG, RO, EPP) as co-rapporteurs. The European Parliament adopted its position on 12 February 2025.

III. WORK AT THE COUNCIL PREPARATORY BODIES

4. The proposal was examined by the Working Party on Enlargement and Countries Negotiating Accession to the EU (COELA) at five meetings in October and November 2024. Members of the Financial Counsellors Working Party and Budget Committee were invited to attend these meetings.

5. At its meeting on 17 December 2024, the Council (General Affairs Council) adopted its general approach, mandating the Presidency to enter negotiations with the European Parliament.[2]

IV. INTER-INSTITUTIONAL NEGOTIATIONS

6. Two trilogues have been held, on 13 and 19 February 2025. The 19 February trilogue resulted in a provisional agreement on the compromise text set out in the Annex.

7. The Commission will submit a statement on the origin of the increased grant component.

8. The Presidency considers that the overall compromise reached with the European Parliament is balanced and should be acceptable to the Council.

[2] ST 16525/24 INIT + COR 1

V. MAIN ELEMENTS OF THE COMPROMISE TEXT

9. While retaining the main thrust of the Commission proposal, the compromise text now includes a stronger focus on supporting Moldova in managing and mitigating the challenges stemming from Russia's war of aggression against Ukraine.

10. This includes increasing the grant component with additional EUR 100 million (in total EUR 385 million[3]), to be sourced from the "emerging challenges and priorities cushion" of the Neighbourhood, Development and International Cooperation Instrument ("NDICI"). This will increase the share of the grant component in the overall funds (EUR 1 885 million) to around 20%, similarly to the Western Balkans Facility.

11. This also includes increasing the prefinancing rate to 18% of the overall funds (compared to 7% in the Commission proposal and 20% proposed by the European Parliament) to ensure that Moldova has at its disposal sufficient start-up funding to address its immediate challenges.

12. The proposal of the European Parliament for bridge financing was not taken on board.

13. Regarding the approval of payments, the Commission will now be obliged to inform the Council and European Parliament before adopting a decision authorising the payments (Article 19(3)), or when assessing that payment conditions are not met (Article 19(4)).

14. The procedure for approving the payments (Article 19(3)) and granting reciprocal access to third countries for the participation in procurement and in grant award procedures under the Facility (Article 7(2)) is kept as per the Commission proposal (Commission decisions), which is also the model used in the Western Balkans Facility.

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[3] In this case, the total non-repayable support would be EUR 520 million out of which EUR 135 million would be used for the provisioning of the loans (EUR 1,5 billion) and the rest (EUR 385 million) would be given to Moldova as a grant.

VI. CONCLUSIONS

15. The Permanent Representatives Committee is therefore invited to:

a) confirm agreement on the final compromise text as set out in the Annex, with a view to reaching an agreement in first reading with the European Parliament.

b) authorise the Chair of Coreper to send a letter to inform the Chairs of the European Parliament's Committees on Foreign Affairs (AFET) and Budgets (BUDG) that, should the European Parliament adopt its position at first reading on the text of the proposal in the exact form as set out in the annex to this note, and subject to revision of that text by the lawyer-linguists of both institutions, the Council will approve the European Parliament's position and the act will be adopted in the wording which corresponds to the European Parliament's position.

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ANNEX

2024/0258 (COD)

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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on establishing the Reform and Growth Facility for 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 thereof,

Having regard to the proposal from the European Commission,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The Union is founded on the values referred to in Article 2 of the Treaty on the European Union (TEU), which include democracy, the rule of law and respect for human rights. Those values form part of the accession criteria established at the Copenhagen European Council in June 1993 (‘Copenhagen criteria’), which constitute the conditions of eligibility for the Union membership,

(2) The enlargement process is built on established criteria, fair and rigorous conditionality and the principle of own merits. A firm commitment to 'fundamentals first' approach, which requires a strong focus on the rule of law, fundamental rights, the functioning of democratic institutions and public administration reform, as well as on economic criteria, remains essential. Progress depends on implementation by the Republic of Moldova (hereinafer referred to as 'Moldova') of the necessary reforms to align with the Union acquis,

(3) Russia's war of aggression against Ukraine further showed that enlargement is a geo-strategic investment in peace, security and stability. The Union is fully and unequivocally committed to the Union membership perspective of Moldova. Moldova's orientation and commitment towards the Union is a strong expression of its strategic choice and place in a community of values. Moldova's EU path needs to be firmly anchored in tangible and concrete progress on reforms,

(4) It is in the common interest of the Union and Moldova to advance with the reforms its political, legal and economic systems with a view to its future Union membership and to support its accession process. The prospect of Union membership has a powerful transformative effect, embedding positive democratic, political, economic and societal change ***and contributes to strengthening Moldova's resilience***,

(5) It is necessary to bring forward some of the advantages of Union membership before accession. Economic convergence is at the heart of those benefits. Currently, the convergence of Moldova in terms of GDP per capita expressed in purchasing power standards remains low at 29% of the Union average and is not progressing fast enough**.** ***Moldova's diaspora should also be considered as an important contributor to Moldova's social and economic development.***

PUBLIC

(6) As accession negotiations with Moldova opened in June 2024, it is important ***to provide necessary*** support to Moldova's accession track***. This support*** is brought to levels that are comparable with other candidate countries engaged in accession negotiations and to ensure commensurate resources.

(6a) Given Russia's unjust war of aggression against Ukraine, which has profoundly impacted Moldova's security, economy, and citizens' livelihoods, as well as the ongoing and unprecedented hybrid attacks targeting the country and democratic institutions, the Facility should aim to support Moldova in facing significant challenges, in particular as regards economy, energy, food and value chains. It is appropriate for the Facility to provide support to Moldova in a timely manner and to enable Moldova to strengthen its resilience to foreign malign interference in its sovereignty, democratic processes and institutions.

(7) The implementation of the Growth Plan for Moldova requires the appropriate funding under a dedicated new financing instrument, the Facility to assist the country in implementing reforms for sustainable economic growth and advance on the fundamentals.

(8) To achieve the goals of the Growth Plan for Moldova, emphasis with respect to investment areas should be placed on sectors that are likely to function as key multipliers for social and economic development: connectivity, ***infrastructure,*** including sustainable transport, decarbonisation, energy, green and digital transitions***, agriculture and food industry, rural development***, as well as education, labour market participation and skills development, with a particular focus on ***children and*** youth ***and on raising the standard of living throughout the country***.

PUBLIC

(9) The Facility should build on the Association Agenda with Moldova as well as the work of the Economic and Investment Plan for the Eastern Partnership in Moldova which spearheaded investments in critical sectors such as connectivity, energy efficiency ***and energy security while avoiding stranded assets***, business development, and competitiveness***, recognizing that enhanced access to the EU single market, through the implementation of theDeep and Comprehensive Free Trade Area, improved infrastructure, and participation in EU programmes and policies, subject to Moldova's alignment with the relevant EU single market rules will deliver immediate and tangible socio-economic benefits***

(10) Sustainable transport infrastructure is essential to improve connectivity between Moldova and the Union. It should contribute to the integration of Moldova in the Union's transport network In the revised trans-European transport network (TEN-T), the Commission extended the Baltic Sea – Black Sea – Aegean Sea European Transport Corridor to Moldova. The TEN-T network is the reference for funding sustainable transport infrastructure, including for environmentally friendly means of transport, such as railways as well as digitalisation of transport. ***Cross-border energy infrastructure projects and interconnections are essential for regional energy security and integration within the Union.***

(11) The Facility should support investments and reforms that promote Moldova's path to the digital transformation of the economy and society in line with the Union vision for 2030 presented in the Commission communication, entitled '2030 Digital Compass: the European way for the Digital Decade', fostering an inclusive digital economy that benefits all citizens. The Facility should strive to facilitate Moldova' achievement of the general objectives and digital targets with regard to the Union. As outlined by the Commission in its communication of 15 June 2023, entitled 'Implementation of the 5G cybersecurity Toolbox', the 5G cybersecurity Toolbox should be the reference for Union funding to ensure security, resilience and the protection of integrity of digital infrastructure projects in the region.

PUBLIC

(12) The support under the Facility should be provided to meet general and specific objectives, based on established criteria and with clear payment conditions. Those general and specific objectives should be pursued in a mutually reinforcing manner. The Facility should support the enlargement process by accelerating the alignment with Union values, laws, rules, standards, policies and practices ('acquis') with a view to Union membership, accelerate progressive integration of Moldova in the Union single market, and accelerate its socio-economic convergence with the Union. The Facility should also foster good neighbourly relations.

(13) In addition to boosting socio-economic convergence, the Facility should also help accelerate reforms related to the fundamentals of the enlargement process including rule of law, fundamental rights, inter alia, the rights of refugees, of persons belonging to minorities, including national minorities and Roma, as well as the rights of lesbian, gay, bisexual, transgender and intersex (LGBTI) persons. It should also improve the functioning of democratic institutions and public administrations; public procurement, state aid control and public finance management; the fight against all forms of corruption and organised crime; quality education and training as well as employment policies; the country's green transition, climate and environmental objectives.

(14) This Facility should help Moldova in its preparation for Union Membership and in line with the existing enlargement methodology[1].

(15) The Facility should complement the existing Economic and Financial Dialogue without compromising its scope, thereby enhancing economic integration and preparation for the Union's multilateral surveillance of economic policies.

[1] COM(2020) 57 final

(16) The Facility should promote the development of effectiveness principles, respecting additionality to and complementarity with the support provided under other Union programmes and instruments and striving to avoid duplication and ensure synergies between assistance under this Regulation and other assistance, including integrated financial packages composed of both export and development financing provided by the Union, the Member States, third countries, multilateral and regional organisations and entities. ***Moldova's continued participation in other EU funding programmes is crucial.***

(17) In line with the principle of inclusive partnerships, ***and in accordance with Moldova's national legal framework,*** the Commission should strive to ensure that ***Moldova's parliament, local authorities and*** relevant stakeholders in Moldova, including social partners and civil society organisations are duly consulted and have timely access to relevant information to allow them to play a meaningful role during the design and implementation of programmes and the related monitoring processes.

(18) Technical assistance, as well as cross-border cooperation assistance, should be provided in support of the objectives of this Facility and in order to strengthen the relevant capacities of Moldova to implement the Reform Agenda.

(19) The Facility should ensure consistency with, and support for the general objectives of Union external action as laid down in Article 21 of the TEU, including the respect for fundamental rights as enshrined in the Charter of Fundamental Rights of the European Union. It should in particular ensure the protection and promotion of human rights, and the rule of law.

PUBLIC

(20) The Facility should boost innovation, research, and cooperation between academic institutions and industry in support of the green and digital transitions, promoting local industries with a particular emphasis on locally based micro, small and medium-sized enterprises and start-ups;

(21) Moldova should demonstrate a credible commitment to European values, including through its alignment with the Union's Common Foreign and Security Policy, including Union restrictive measures.

(22) In the implementation of the Facility, account should be taken of the Union's strategic autonomy as well as of the Union and its Member States' strategic interests and the values on which the Union is founded.

(23) Activities under the Facility should support progress towards Union social, climate and environmental standards, and support progress towards the United Nations Sustainable Development Goals, the Paris Agreement adopted under the United Nations Framework Convention on Climate Change, the United Nations Convention on Biological Diversity and the United Nations Convention to Combat Desertification and should not contribute to environmental degradation or cause harm to the environment or climate. Measures funded under the Facility should be in line with Moldova' Energy and Climate Plans, their Nationally Determined Contribution and ambition to reach climate neutrality by 2050. The Facility should contribute to the mitigation of climate change and to the ability to adapt to its adverse effects, and foster climate resilience. In particular, funding under the Facility should promote the transition towards a decarbonised, climate-neutral, climate-resilient and circular economy.

PUBLIC

(24) The implementation of this Regulation should be guided by the principles of equality and non-discrimination, as elaborated in the Union of Equality strategies. It should promote and advance gender equality and mainstreaming, ensure meaningful participation of women in decision-making processes, and the empowerment of women and girls, and seek to protect and promote ***the advancement and full enjoyment of all human rights by all*** women ▌ and girls ▌ , as well as prevent and combat violence against women and domestic violence, taking into consideration relevant EU Gender Action Plans and relevant Council conclusions and international conventions. Furthermore, this Regulation should be implemented in full respect of the European Pillar of Social Rights, including on child protection and labour rights. The implementation of the Facility should be in line with the United Nations Convention on the Rights of Persons with Disabilities and its protocol and ensure accessibility in its investments and technical assistance, in line with Directive (EU) 2019/882 of the European Parliament and of the Council.

PUBLIC

(25) Reflecting the European Green Deal as Europe's sustainable growth strategy and the importance of tackling climate and biodiversity objectives in line with the commitments of the Interinstitutional Agreement, the Facility should contribute to the achievement of an overall target of 30 % of Union budget expenditure supporting climate objectives and 7,5 % in 2024 and 10 % in 2026 and 2027 to biodiversity objectives. At least 37 % of the non-repayable financial support, including provisioning, provided to investment projects approved under the Neighbourhood Investment Platform (NIP), one of the regional investment platforms referred to in Article 32 of Regulation (EU) 2021/947[1], should account to climate objectives. That amount should be calculated using the Rio markers following the obligation to report the EU's international climate finance to the OECD, as well as other international agreements or frameworks. As early as June 2025, the EU climate coefficients, applicable across all programmes under the 2021-2027 Multi-annual Financing Framework (MFF) and set out in the Commission Staff Working Document entitled 'Climate Mainstreaming Architecture in the 2021-2027 Multiannual Financial Framework' (SWD(2022) 225), will also be applied to climate expenditure under the MFF's Heading 6 ('Neighbourhood and the world'). The Facility will align with the approach of other Heading 6 instruments, in order to ensure consistent climate reporting in the region. The Facility should support activities that fully respect the climate and environmental standards and priorities of the Union and the principle of 'do no significant harm' within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council (6).

[1] Regulation (EU ▌) ***2021/947*** of the European Parliament and of the Council of ***9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU*** of the ***European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009, OJ L 209, 14.6.2021 ,***ELI: http://data.europa.***eu/eli/reg/2021/947/oj***.

(26) Projects are approved under the NIP after assessment by the Commission and subject to a positive opinion by the Member States in the NIP Board.

(27) The Commission, in cooperation with the Member States and Moldova, should ensure the compliance, coherence, consistency and complementarity, increased transparency and accountability in the delivery of assistance, including by implementing appropriate internal control systems and anti-fraud policies. The support under the Facility should be made available under the preconditions that Moldova upholds and respects effective democratic mechanisms, including a multi-party parliamentary system, free and fair elections, ***free, independent and*** pluralistic media, an independent judiciary and the rule of law, and to guarantee respect for all human rights obligations, including the rights of persons belonging to minorities.

(28) The Facility should be supported with resources from the Neighbourhood, Development and International Cooperation Instrument – Global Europe***, primarily from the financial allocation for Neighborhood East,*** amounting to EUR ***520*** million ***in non-repayable support*** and a maximum amount of EUR 1 500 million in loans for the period from 2025-2027. The ***non-repayable support*** should cover the 9% provisioning required for the loans corresponding to EUR 135 million, support provided by the Union for projects approved under the NIP, as referred to in Article 18(2), and complementary support, including support to civil society organisations and technical assistance. The non-repayable support should be financed from the envelope allocated to the Neighbourhood geographic programme under Article 6(2), point (a), of Regulation (EU) 2021/947. All provisions under Regulation (EU) 2021/947 should apply unless otherwise mentioned in this Regulation. The proposed Facility is closely modelled on the Reform and Growth Facility for the Western Balkans.

PUBLIC

(29) Decisions on the release referred to in Article 19(3) for the support in the form of loans should be adopted in the period from 1 January 2025 to 30 June 2029. This final date includes the time necessary for the Commission to evaluate the successful fulfilment of the payment conditions concerned and to adopt the subsequent release decision.

(30) In order to maximise the leverage of Union financial support to attract additional investment, and to ensure Union control over the expenditure, the investments supporting the Reform Agenda should be implemented through the NIP. At least 25% of the loan amount released to Moldova should be made available by Moldova to investment projects approved under the NIP. This is in addition to the non-repayable support provided by the Union for these projects.

(31) The financial liability from loans under the Facility should not constitute part of the amount of the External Action Guarantee within the meaning of Article 31(4) of Regulation (EU) 2021/947 of the European Parliament and of the Council.

(32) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union (TFEU) should apply to this Regulation. Those rules are laid down in Regulation (EU, Euratom) 2024/2509 and determine in particular the procedure for establishing and implementing the budget in direct and indirect management through grants, procurement, financial assistance, blending operations and the reimbursement of external experts, and provide for checks on the responsibility of financial actors.

(33) Restrictions on eligibility in award procedures under the Facility should be provided for, where appropriate, given the specific nature of the activity or when the activity affects security or public order.

PUBLIC

(34) In order to ensure the efficient implementation of the Facility, including the facilitation of Moldova' integration in European value chains, all supplies and materials financed and procured under this Facility should originate from Member States, Moldova, candidate countries and contracting parties to the Agreement on the European Economic Area and countries which provide a level of support to Moldova comparable to the one provided by the Union, taking into account the size of their economy, and for which reciprocal access to external assistance in Moldova is established by the Commission, unless the supplies and materials cannot be sourced under reasonable conditions in any of those countries.

(35) A Facility Agreement should be concluded with Moldova to set up the principles of the financial cooperation between the Union and Moldova, and to specify the necessary mechanisms related to the control, supervision, monitoring, evaluation, reporting and audit of Union funding under the Facility, rules on taxes, duties and charges and measures to prevent, detect, investigate and correct irregularities, fraud, corruption and conflicts of interest. Consequently, a loan agreement should also be concluded with Moldova setting out specific provisions for the management and implementation of funding provided in the forms of loans. Both the Facility Agreement and the loan agreement should be transmitted ***simultaneously and without delay*** to the European Parliament and to the Council

(36) The Facility Agreement should provide the obligation for Moldova to ensure the collection of, and access to data in compliance with Union data protection principles and with applicable data protection rules, adequate data on persons and entities receiving funding, including beneficial ownership information, for the implementation of Reform Agenda.

PUBLIC

(37) The implementation of the Facility should be underpinned by a coherent and prioritised set of targeted reforms and investment-related priorities in Moldova (the 'Reform Agenda'), providing a framework for boosting inclusive sustainable socio-economic growth, clearly articulated and aligned with Union accession requirements and the fundamentals of the enlargement process. The Reform Agenda will serve as an overarching framework to achieve the objectives of the Facility. The Reform Agenda should be prepared in close consultation with ***Moldova's parliament and*** relevant stakeholders, including social partners and civil society organisations and their input should be reflected. ***Moldova should, where appropriate, and in accordance with its national legal framework, strive to ensure engagement and consultation of local authorities.*** Disbursement of Union support should be conditional on compliance with the payment conditions and on measurable progress in the implementation of reforms set out in the Reform Agenda assessed and formally approved by the Commission. The release of funds should be structured accordingly, reflecting the objectives of the Facility.

(38) The Reform Agenda should include targeted reform measures and priority investment areas, along with payment conditions in the form of measurable qualitative and quantitative steps that indicate satisfactory progress or completion of those measures, and a timetable for the implementation of those measures. The Reform Agenda should also include a preliminary list of planned investment projects intended for implementation under NIP. Those steps should be planned to be implemented for no later than 31 December 2027, although it should be possible for the overall completion of the measures, to which such steps refer, to extend beyond 2027 but not later than 31 December 2028. The Reform Agenda should include an explanation of Moldova's system to effectively prevent, detect and correct irregularities, corruption, including high-level corruption, fraud and conflicts of interest, when using the funds provided under the Facility, and the arrangements to avoid double funding from the Facility and other Union programmes as well as other donors.

PUBLIC

(39) The Reform Agenda should include an explanation on how the measures are expected to contribute to the climate and environmental objectives and the principle of 'do no significant harm', and the digital transformation.

(40) Measures under the Reform Agenda should contribute to improving an efficient public financial management and control system, money laundering, tax avoidance, tax evasion, fraud and organised crime and to an effective system of State aid control, with the aim of ensuring fair conditions for all undertakings.

(41) The Reform Agenda should contain a description of such systems as well as specific steps related to Chapter 32 in order to support Moldova in bringing its audit and controls requirements in line with Union standards. In the event that a request for the release of funds includes a step related to Chapter 32, referred to in Article 19(2), the Commission may not adopt a decision authorizing the release of funds unless it assesses such step positively.

(42) The ***Reform Agenda*** should also include indicators for assessing progress towards the achievement of general and specific objectives of the Facility set out in this Regulation. Those indicators should be based on internationally agreed indicators. Indicators should also, to the extent possible, be coherent with the key performance indicators included in Commission Implementing Decision approving the Reform Agendas for the Western Balkans under Regulation (EU) 2024/1449 and in the EFSD+ Results Measurement Framework. The indicators should be relevant, accepted, credible, easy, and robust.

PUBLIC

(43) The Commission should assess the Reform Agenda based on the list of criteria set out in this Regulation. In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission to approve the Reform Agenda. ***Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council.*** The Commission will duly take into account Council decision 2010/427/EU (11) and the role of the European External Action Service (EEAS), where appropriate.

(44) The work programme within the meaning of Article 110(2) of Regulation (EU, Euratom) 2024/2509 adopted in accordance with the relevant provisions of Regulation (EU) 2021/947 should cover the amounts funded from the envelope allocated to the Neighbourhood geographic programme under Article 6(2), point (a), of Regulation (EU) 2021/947.

(45) Given the need for flexibility in the implementation of the Facility, it should be possible for Moldova to make a reasoned request to the Commission to amend the implementing decision, where the Reform Agenda, including relevant payment conditions, is no longer achievable, either partially or totally, because of objective circumstances. Moldova should be able to make a reasoned request to amend the Reform Agenda, including by proposing addenda, where relevant. The Commission should be able to amend the implementing decision.

PUBLIC

(46) The Facility Agreement should provide the obligation for Moldova to ensure the collection of, and access to data in compliance with Union data protection principles and with applicable data protection rules, adequate data on persons and entities receiving funding, including beneficial ownership information, for the implementation of the Reform Agenda. Financial support for the Reform Agenda should be possible in the form of a loan. In the context of Moldova's financing needs, it is appropriate to organise the financial assistance under the diversified funding strategy provided for in Article 224of Regulation (EU, Euratom) 2024/2509 and established as a single funding method therein, which is expected to enhance the liquidity of Union bonds and the attractiveness and cost-effectiveness of Union issuance.

(47) It is appropriate to provide loans to Moldova on highly concessional terms with a maximum duration of 40 years and to not start the repayment of the principal before 2034.

(48) Considering that the financial risks associated with the support to Moldova in the form of loans under the Facility is comparable to the financial risks associated with lending operations under Regulation (EU) 2021/947, provisioning for the financial liability from loans under this Regulation should be constituted at the rate of 9 %, in line with Article 214 of Regulation (EU, Euratom) 2024/2509 and the funding of the provisioning should be sourced from the envelope allocated to the Neighbourhood geographic programme under Article 6(2)(a) of Regulation (EU) 2021/947.

(48a) The provisioning rate for the financial liability from loans under this Regulation should be set out at the rate of 9% to be reviewed at least every three years from the date of application of this Regulation. The Commission is empowered to adopt a delegated act established under Article 31(5), fourth subparagraph, of the Regulation (EU) 2021/947.

PUBLIC

(49) In order to ensure that Moldova disposes of start-up funding for the implementation of the first reforms, it should have access to up to ***18*** % of the total amount provided for in this Facility, after deduction of complementary support, including support to civil society organisations and technical assistance, and provisioning for loans, in the form of a pre-financing, subject to availability of funding and to the respect of the preconditions for support under the Facility.

(50) It is important to guarantee both flexibility and programmability in providing Union support to Moldova. Moldova should submit on a six-monthly basis a duly justified request for the release of funds at the latest two months after the timeline for the planned fulfilment of steps, set in the Commission Implementing Decision approving the Reform Agenda. For that purpose, funds under the Facility should be released according to a fixed semi-annual schedule, subject to availability of funding, on the basis of a request for the release of funds submitted by Moldova and following verification by the Commission of the satisfactory fulfilment of both the general conditions related to macro-financial stability, sound public financial management, transparency and oversight of the budget and the relevant payment conditions. Where a payment condition is not fulfilled as per the indicative timeline set in the decision approving the Reform Agenda, the Commission could withhold in whole or in part the release of funds corresponding to that condition, following a methodology on partial payments. The release of the corresponding withheld funds could take place during the next window for the release of funds and up to twelve months after the original deadline set out in the indicative timeline, provided that the payment conditions have been fulfilled. In the first year of implementation, that deadline should be extended to 24 months from the initial negative assessment.

PUBLIC

(51) By way of derogation from Article 116(2) and (5) of the Financial Regulation, it is appropriate to set the payment deadline for contributions to state budgets starting from the date of the communication of the decision authorising the disbursement to Moldova and to exclude the payment of default interest by the Commission to Moldova.

(52) The Commission should provide, upon request of the European Parliament in the framework of the discharge procedure, detailed information about the implementation of the Union budget under the Facility, in particular as regards audits carried out, including weaknesses identified and corrective measures taken, and as regards projects approved under NIP, including where applicable the amount of Moldova's co-financing as well as other sources of contributions including from other Union financing instruments.

(53) In the framework of the Union's restrictive measures, adopted on the basis of Article 29 TEU and Article 215 TFEU, no funds or economic resources may be made available, directly or indirectly, to or for the benefit of designated legal persons, entities or bodies. Such designated entities, and entities owned or controlled by them, therefore should not be supported by the Facility.

(54) In the interest of transparency and accountability, Moldova should publish data on final recipients receiving amounts of funding exceeding the equivalent of EUR 50 000 cumulatively during the implementation of reforms and investments under this Facility.

(55) In accordance with Regulation (EU, Euratom) 2024/2509, Regulation (EU, Euratom) 883/2013 of the European Parliament and of the Council (13) and Council Regulations (EC, Euratom) No 2988/95 (14), (Euratom, EC) No 2185/96 (15) and (EU) 2017/1939 (16), the financial interests of the Union are to be protected by means of proportionate measures, including measures relating to the prevention, detection, correction and investigation of irregularities, fraud, corruption, conflicts of interest, double funding, to the recovery of funds lost, wrongly paid or incorrectly used.

PUBLIC

(56) In particular, in accordance with regulations (Euratom, EC) No 2185/96 and (EU, Euratom) 883/2013, the European Anti-Fraud Office (OLAF) should be in a position to carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union.

(57) In accordance with Article 129 of Regulation (EU, Euratom) 2024/2509, the necessary rights and access should be granted to the Commission, OLAF, the Court of Auditors and, where applicable the European Public Prosecutor's Office (EPPO), including by third parties involved in the implementation of Union funds.

(58) The Commission should ensure that the financial interests of the Union are effectively protected under the Facility. Considering the long track record of financial assistance provided to Moldova also under indirect management and taking into account its gradual alignment with the Unions internal control standards and practices, the Commission should rely to a great extent on the operation of Moldova's internal control and fraud prevention systems. In particular, the Commission and OLAF and, where applicable, the EPPO should be informed of all suspected cases of irregularities, fraud, corruption and conflicts of interest affecting the implementation of funds under the Facility without delay.

(59) Furthermore, Moldova should report the irregularities including fraud which have been the subject of a primary administrative or judicial finding, without delay, to the Commission and keep it informed of the progress of administrative and legal proceedings. With the objective of alignment to good practices in Member States, this reporting should be done by electronic means, using the Irregularity Management System, established by the Commission.

PUBLIC

(60) Moldova should establish a monitoring system feeding into a semi-annual report on the fulfilment of its Reform Agenda's payment conditions accompanying the semi-annual request for the release of funds. Moldova should collect and provide access to data and information allowing the prevention, detection and correction of irregularities, fraud, corruption and conflicts of interest, in relation to the measures supported by the Facility.

(61) The Commission should ensure that clear monitoring and independent evaluation mechanisms are in place in order to provide effective accountability and transparency in implementing the Union budget, and to ensure effective assessment of progress towards the achievement of the objectives of this Regulation.

(62) The Commission should provide an annual report to the European Parliament and the Council on progress towards the achievement of the objectives of this Regulation.

(63) The Commission should carry out an evaluation of the Facility upon its completion.

(64) Moldova should support free***, independent and*** pluralistic media that enhance and promote the understanding of Union values and the benefits and obligations of potential Union membership, while undertaking decisive actions in terms of tackling Foreign Information Manipulation and Interference. They should also ensure pro-active, clear and consistent public communication, including on the Union support. The recipients of Union funding should actively acknowledge the origin and ensure visibility of the Union funding, in line with the Communication and Visibility Manual for EU External Actions.

(65) Implementation of the Facility should also be accompanied by enhanced strategic communication and public diplomacy to promote the values of the Union and highlight the added value of the Union's support ***and how the Facility benefits the citizens of Moldova***.

PUBLIC

(66) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States, but can rather be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the TEU. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives.

(67) In order to provide funding for Moldova in due time without further delay, this Regulation should enter into force on the day following that of its publication in the Official Journal of the European Union,

HAVE ADOPTED THIS REGULATION:

PUBLIC

CHAPTER I

General Provisions

PUBLIC

Article 1

Subject matter

1. This Regulation establishes the Reform and Growth Facility for Moldova for the period 2025-2027 (the 'Facility').

2. The Regulation shall provide assistance to Moldova for the delivery of EU-related reforms, in particular inclusive and sustainable socio-economic reforms and reforms concerning fundamentals of the enlargement process, aligned with Union values, as well as investments to implement Moldova's Reform Agenda.

3. The rules set out in Regulation (EU) 2021/947 shall apply to the implementation of the Facility, unless specified otherwise in this Regulation.

Article 2

Definitions

For the purposes of this Regulation, the following definitions apply:

(1) 'Moldova' means the Republic of Moldova.

(2) 'Facility Agreement' means an arrangement concluded between the Commission and Moldova laying down the principles for the financial cooperation between Moldova and the Commission under this Regulation; this arrangement constitutes a financing agreement within the meaning of Article 114(2) of Regulation (EU, Euratom) 2024/2509 ;

(3) ‘enlargement policy framework’ means the overall policy framework for the implementation of this Regulation as defined by the European Council and the Council, and includes the revised enlargement methodology, agreements that establish a legally binding relationship with Moldova, the negotiating frameworks governing accession negotiations with candidates, where applicable, as well as resolutions of the European Parliament, relevant communications from the Commission, including, where applicable, on the rule of law, and joint communications from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy

(4) ‘loan agreement’ means an agreement concluded between the Union and Moldova laying down the terms of the loan support under the Facility;

(5) ‘Reform Agenda’ means a comprehensive, coherent and prioritised set of targeted reforms and priority investment areas in Moldova, including payment conditions that indicate satisfactory progress or completion of related measures, and an indicative timetable for their implementation;

(6) ‘measures’ means reforms and investments as set out in the Reform Agenda under Chapter III;

(7) ‘payment conditions’ means conditions for the release of funds that take the form of observable and measurable qualitative or quantitative steps to be implemented by Moldova, as set out in the Reform Agenda under Chapter III;

(8) ‘blending operation’ means an operation supported by the Union budget that combines non-repayable forms of support from the Union budget with repayable forms of support from development or other public financial institutions, including export credit agencies, or from commercial finance institutions and investors;

PUBLIC

(9) ‘final recipient’ means a person or entity receiving funding under the Facility; for the part of the funding that is made available as financial assistance, final recipient will be the treasury of Moldova; for the part of the funding that is made available through the Neighbourhood Investment Platform, final recipient will be the contractor or sub-contractor implementing the investment project;

(10) ‘do no significant harm’ means not supporting or carrying out economic activities that do significant harm to any environmental objective, where relevant, within the meaning of Article 17 of Regulation (EU) 2020/852;

(11) ‘the Neighbourhood Investment Platform’ is one of the regional investment platforms referred to under Article 32 of Regulation (EU) 2021/947.

Article 3

Objectives of the Facility

1. The general objectives of the Facility shall be to:

(a) support the enlargement process by accelerating the alignment with Union values, laws, rules, standards, policies and practices (‘acquis’) through the adoption and implementation of reforms with a view to future Union membership;

(b) support progressive integration of Moldova into the Union single market;

(c) accelerate the socio-economic convergence of Moldova’s economy with the Union;

(d) foster good neighbourly relations ***with EU Member States and enlargement partners***, as well as people-to-people contact.

PUBLIC

2. The specific objectives of the Facility shall be to:

(a) further strengthen the fundamentals of the enlargement process, including the rule of law and fundamental rights, the functioning of democratic institutions, including de-polarisation, public administration and fulfil the economic criteria; this includes promoting an independent judiciary, reinforcing security and stability, strengthening the fight against fraud and all forms of corruption, including high-level corruption***,*** ***oligarchic influence*** and nepotism, organised crime, cross-border crime and money laundering as well as terrorism financing, tax evasion and tax fraud, tax avoidance; increasing compliance with international law; strengthening freedom and independence of media and academic freedom; combating hate speech; enabling an environment for civil society, fostering social dialogue; promoting gender equality, gender mainstreaming and the empowerment of women and girls, ***children's rights,*** non-discrimination and tolerance, to ensure and strengthen respect for the rights of refugees and persons belonging to minorities, including national minorities and Roma, as well as rights of lesbian, gay, bisexual, transgender and intersex persons;

(b) move towards full alignment of Moldova with the Union Common Foreign and Security Policy (CFSP), including Union restrictive measures;

(c) ***help mitigate challenges posed by Russia's war of aggression against Ukraine and the attempts to destabilise Moldova,*** fight disinformation***, hybrid threats, and FIMI, in particular by Russia, against Moldova's sovereignty, democratic processes and institutions, as well as*** against the Union and its values ▌

(d) move towards harmonisation of visa policies with the Union;

PUBLIC

(e) reinforce the effectiveness of public administration, build capacities and invest in administrative staff in Moldova; ensure access to information, public scrutiny and the involvement of civil society in decision-making processes; support transparency, accountability, structural reforms and good governance at all levels, including as regards their powers of oversight and inquiry over the distribution of and access to public funds as well as in the areas of public financial management and public procurement and State aid control; support initiatives and bodies involved in supporting and enforcing international justice in Moldova;

(f) accelerate the transition of Moldova to sustainable, climate-neutral and inclusive economy, that is capable of withstanding competitive market pressures of the Union single market, and to a stable investment environment and reduce its strategic dependency ***by diversifying energy sources, including by improving interconnections with EU Member States and enlargement partners, in order to achieve energy security and independence***;

(g) foster economic integration of Moldova with the Union single market, in particular through increased trade and investment flows, and resilient value chains;

(h) support enhanced integration with the Union single market through improved and sustainable connectivity in line with trans-European networks to reinforce good neighbourly relations, as well as people-to-people contact;

(i) accelerate the inclusive and sustainable green transition to climate neutrality by 2050, in accordance with the Paris Agreement and the Green Deal and covering all economic sectors, particularly ***agriculture and*** energy, including the transition towards a de-carbonised, climate-neutral, climate-resilient and circular economy, while ensuring that investments respect the 'do no significant harm' principle;

PUBLIC

(j) promote the digital transformation and digital skills as an enabler of sustainable development and inclusive growth;

(k) boost innovation, research, and cooperation between academic institutions and industry in support of the green and digital transitions, promoting local industries with a particular emphasis on locally based micro, small and medium-sized enterprises and start-ups;

(l) boost quality education, training, reskilling and upskilling at all levels, with a particular focus on youth, including tackling youth unemployment, preventing brain drain and supporting vulnerable communities, including refugees, and support employment policies, including labour rights, in line with the European Pillar of Social Rights, and fighting poverty.

(la) support activities to improve Moldovan citizens' awareness of the benefits of the EU accession process, including through communication campaigns.

Article 4

General principles

1. Support from the Facility shall be managed by the Commission in a manner consistent with the key principles and objectives of economic reforms set out in the EU-Moldova Association Agreement and the EU enlargement policy.

2. Cooperation under the Facility shall be needs-based and shall promote the development effectiveness principles, namely ownership of development priorities by Moldova ***with*** a focus on clear conditionality and tangible results, inclusive partnerships ***with social partners and civil society organisations***, ***as well as*** transparency and mutual accountability. That cooperation shall be based on an effective and efficient allocation and use of resources.

PUBLIC

3. The provision of macro-financial assistance shall not fall within the scope of this Facility.

4. Support from the Facility shall be additional and complementary to the support provided under other Union programmes and instruments. Activities eligible for funding under this Regulation may receive support from other Union programmes and instruments provided that such support does not cover the same cost and that appropriate oversight and budget control is ensured. The Commission shall ensure complementarities and synergies between the Facility and other Union programmes, with a view to avoiding the duplication of assistance and double funding.

5. In order to promote the complementarity, coherence and efficiency of their actions, the Commission and the Member States shall cooperate and shall strive to avoid duplication and ensure synergies between assistance under this Regulation and other forms of assistance, including integrated financial packages composed of both export and development financing provided by the Union, Member States, third countries, multilateral and regional organisations and entities, such as international organisations and the relevant international financial institutions, agencies and non-Union donors, in line with the established principles for strengthening operational coordination in the field of external assistance, including through enhanced coordination with Member States at local level. Such coordination at local level shall involve regular and timely consultations and frequent exchanges of information throughout the implementation of the Facility.

PUBLIC

6. Activities under the Facility shall mainstream and promote democracy, human rights and gender equality, progressively align with the social, climate and environmental standards of the Union, mainstream climate change mitigation and adaptation, where relevant, disaster risk reduction, environmental protection and biodiversity conservation, including through, where appropriate, environmental impact assessments, and shall support progress towards the Sustainable Development Goals, promoting integrated actions that can create co-benefits and meet multiple objectives in a coherent way. Those activities shall avoid stranded assets, and shall be guided by the principles of 'do no significant harm' and of 'leaving no one behind', as well as by the sustainability mainstreaming approach underpinning the European Green Deal. At least 37 % of the non-repayable financial support, including provisioning, provided to investment projects approved under the Neighbourhood Investment Platform (NIP) should account to climate objectives.

7. Moldova and the Commission shall ensure that gender equality, gender mainstreaming and the integration of a gender perspective are taken into account and promoted throughout the preparation of the Reform Agenda and the implementation of the Facility. Moldova and the Commission shall take appropriate steps to prevent any discrimination based upon gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation. The Commission shall report on these measures in the context of its regular reporting under the Gender Action Plans.

8. The Facility shall not support activities or measures which are incompatible with Moldova's Energy and Climate Plans, their Nationally Determined Contribution under the Paris Agreement, and ambition to reach climate-neutrality by 2050 at the latest or that promote investments in fossil fuels, or that cause significant adverse effects on the environment, the climate or biodiversity***, unless such activities are strictly required to achieve the objectives of the Facility, in particular Article 3(2)(c)bis, while taking into account possible transitional arrangements and while pursuing a mid- to long-term energy strategy to ensure energy security. They shall be accompanied, where relevant, by appropriate measures to avoid, prevent or reduce and, if possible, offset those adverse effects.***

PUBLIC

9. In line with the principle of inclusive partnership ***and Moldova's national legal framework***, the Commission shall strive to ensure, as appropriate, democratic scrutiny in the form of consultation by Moldova's government of ***the*** parliament ***of Moldova*** as well as of relevant stakeholders, including local ▌ authorities, social partners and civil society, including vulnerable groups, refugees, and all minorities and communities, as relevant, so as to allow them to participate in shaping the design and the implementation of activities eligible for funding under the Facility and in the related monitoring, scrutiny and evaluation processes, as relevant. That consultation shall seek to represent the pluralism of Moldova's society. ***In addition, the Commission shall ensure that civil society in Moldova, including non-governmental organisations, is able to directly report any irregularities concerning funding or final recipients to the Commission via appropriate standing channels.***

10. The Commission, in close cooperation with the Member States and Moldova, shall ensure the implementation of Union commitments to increased transparency and accountability in the delivery of support, including by promoting the implementation and reinforcement of internal control systems and anti-fraud policies. The Commission shall make information on the volume and allocation of support publicly available through the Scoreboard referred to in Article 24. Moldova shall publish up-to-date data on final recipients receiving Union funds for the implementation of reforms and investments under this Facility, as described in Article 20.

Article 5

Preconditions for Union support

1. Preconditions for the support under the Facility shall be that Moldova upholds and respects effective democratic mechanisms, including a multi-party parliamentary system, free and fair elections, ***free, independent and*** pluralistic media, an independent judiciary and the rule of law, and guarantee respect for all human rights obligations, including the rights of persons belonging to minorities.

PUBLIC

2. The Commission shall monitor the fulfilment of the preconditions set out in paragraph 1 before funds, including pre-financing, are released to Moldova under the Facility and throughout the period of the support provided under the Facility taking duly into account the enlargement policy framework. The Commission shall also take into account the relevant recommendations of international bodies, such as the Council of Europe and its Venice Commission, or the Office for Democratic Institutions and Human Rights of the Organization for Security and Co-operation in Europe (OSCE) in the monitoring process.

3. ***Where*** the Commission ***verifies that the preconditions set out in paragraph 1 are not met, the Commission will*** adopt a decision concluding that some of the preconditions set out in paragraph 1 of this Article are not met, and in particular, withhold the release of funds referred to in Article 19, irrespective of whether the payment conditions referred to in Article 10 are fulfilled***, and informs the Council and the European Parliament of its decision***.

CHAPTER II
Financing and implementation

Article 6

Implementation

1. The Facility shall be supported with resources from the Neighbourhood, Development and International Cooperation Instrument – Global Europe amounting to EUR ***520*** million ***in non-repayable support*** and a maximum amount of EUR 1 500 million in loans. The amount for loans shall not constitute part of the amount of the External Action Guarantee within the meaning of Article 31(4) of Regulation (EU) 2021/947.

2. The non-repayable financial support shall be financed for the period from 1 January 2025 to 31 December 2027 from the envelope allocated to the Neighbourhood geographic programme under Article 6(2), point (a) of Regulation (EU) 2021/947. It shall cover provisioning for loans amounting to EUR 135 million, support provided by the Union for projects approved under the NIP, as referred to in Article 18(2)and complementary support, including support to civil society organisations and technical assistance. That funding shall be implemented in accordance with Regulation (EU) 2021/947.

Decisions on the release referred to in Article 19(3) for the support in the form of loans shall be adopted in the period from 1 January 2025 to 30 June 2029.

3. The release of the Union's assistance shall be managed by the Commission in a manner consistent with the key principles and objectives of reforms set out in the Reform Agenda. All funds, with the exception of complementary support referred to in paragraph 2, and resources referred to in paragraph 5, shall be provided in twice-yearly instalments based on the completion of the necessary reforms in the specified timelines as agreed in the reform agenda and agreed in the Commission Implementing Decision.

4. At least 25% part of the loan component released to Moldova shall be made available by Moldova to investment projects approved under the NIP, one of the regional investment platforms referred to in Article 32 of Regulation (EU) 2021/947. The Facility Agreement, referred to in Article 8, shall detail this obligation, as well as the detailed rules and principles for implementation. Failure to comply with this obligation shall trigger suspension of further operations under this Facility and recovery of said amounts from Moldova, as referred to in Article 19.

4a. Complementary support shall correspond to at least 20 % of total non-repayable financial support as referred to in Article 6(2).

PUBLIC

5. An amount of up to 1% of the non-repayable support referred to in paragraph 2 may be used for technical and administrative assistance for the implementation of the Facility, such as preparatory actions, monitoring, control, audit and evaluation activities, which are required for the management of the Facility and the achievement of its objectives, in particular studies, meetings of experts, training consultations with Moldova's authorities, conferences, consultation of stakeholders, including local and regional authorities and civil society organisations, information and communication activities, including inclusive outreach actions, and communication of the political priorities of the Union, insofar as they are related to the objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, corporate information technology tools, as well as all other expenditure at headquarters and Union delegation for the administrative and coordination support required for the Facility. Expenses may also cover the costs of activities supporting transparency and of other activities such as quality control and monitoring of projects or programmes on the ground and the costs of peer counselling and experts for the assessment and implementation of reforms and investments.

5a. In order to maximise international support, donors may contribute to the implementation of the Facility through external assigned revenue within the meaning of Article 21(2), of Regulation (EU, Euratom) 2024/2509.

Article 7

Rules on the eligibility of persons and entities, on the origin of supply and materials and on restrictions under the Facility

1. By way of derogation from Article 28 of Regulation (EU) 2021/947, participation in procurement and in grant award procedures for activities financed under the Facility shall be open to international and regional organisations and to all natural persons who are nationals of, or legal persons effectively established in:

(a) Member States, Moldova, candidate countries and contracting parties to the Agreement on the European Economic Area;

(b) countries which provide a level of support to Moldova comparable to that provided by the Union, taking into account the size of their economy, and for which reciprocal access to external assistance in Moldova is established by the Commission.

2. The reciprocal access referred to in paragraph 1, point (b), may be granted for a limited period of at least one year where a country grants eligibility on equal terms to entities from the Union and from countries eligible under the Facility.

The Commission shall decide on the reciprocal access after consulting Moldova.

3. All supplies and materials financed and procured under this Facility shall originate from any country referred to in paragraph 1, points (a) and (b), unless those supplies and materials cannot be sourced under reasonable conditions in any of those countries. In addition, the rules on restrictions laid down in paragraph 6 shall apply.

4. The eligibility rules under this Article shall not apply to, and shall not create nationality restrictions for, natural persons employed or otherwise legally contracted by an eligible contractor or, where applicable, subcontractor except where the nationality restrictions are based on the rules provided for in paragraph 6.

5. For activities jointly co-financed by an entity or implemented under direct management or indirect management with entities referred to in Article 62(1), first subparagraph, point (c) of Regulation (EU, Euratom) 2024/2509, the rules applicable to those entities shall also apply in addition to the rules established under this Article, including, where applicable, the restrictions provided for under paragraph 6 of this Article and duly reflected in the financing agreements and contractual documents signed with those entities.

PUBLIC

6. The eligibility rules and rules on the origin of supplies and materials set out in paragraphs 1 and 3 and rules on the nationality of the natural persons as set out in paragraph 4 may be restricted with regard to the nationality, geographical location or nature of the legal entities participating in award procedures, as well as with regard to the geographical origin of supplies and materials where:

(a) such restrictions are required on account of the specific nature or objectives of the activity or specific award procedure or where those restrictions are necessary for the effective implementation of the activity;

(b) the activity or specific award procedures affect security or public order, in particular concerning strategic assets and interests of the Union, of Member States, or of Moldova, including the security, resilience and protection of integrity of digital infrastructure, including 5G network infrastructure, communication and information systems, and related supply chains.

7. Tender applicants and candidates from non-eligible countries may be accepted as eligible in cases of urgency or where services are unavailable in the markets of the countries or territories concerned, or in other duly substantiated cases where the application of the eligibility rules would make the realisation of an activity impossible or exceedingly difficult.

8. In the framework of the Union's restrictive measures, adopted on the basis of Article 29 TEU and Article 215 TFEU, no funds or economic resources may be made available, directly or indirectly, to or for the benefit of legal persons, entities or bodies subject to Union restrictive measures. Such persons and entities, and entities owned or controlled by them, shall not be supported by the Facility either directly or indirectly, including as indirect owners, sub-contractors in the supply chain or ultimate beneficiaries.

PUBLIC

Article 8

Facility Agreement

1. The Commission shall conclude a Facility Agreement with Moldova for the implementation of this Regulation setting out the obligations and payment conditions for the disbursement of funding.

2. The Facility Agreement shall be complemented by a loan agreement in accordance with Article 15, setting out specific provisions for the management and implementation of funding provided in the form of a loan. The Facility Agreement, including any related documentation, shall be made available [redacted] to the European Parliament and the Council simultaneously and without delay.

3. Funding shall be granted to Moldova only after the Facility Agreement and the loan agreement have entered into force.

4. The Facility Agreement and the loan agreement concluded with Moldova shall ensure that the obligations set out in Article 129 of Regulation (EU, Euratom) 2024/2509 are fulfilled.

5. The Facility Agreement shall lay down the necessary detailed provisions concerning:

   (a) the commitment of Moldova to make decisive progress towards a robust legal framework to fight fraud, and establish more efficient and effective control systems, including appropriate mechanisms for the protection of whistleblowers as well as appropriate mechanisms and measures to effectively prevent, detect and correct irregularities, fraud, corruption and conflicts of interest as well as to strengthen the fight against money laundering, organised crime, misuse of public funds, terrorism financing, tax avoidance, tax fraud or tax evasion, and other illegal activities affecting the funds provided under the Facility;

PUBLIC

(b) the rules on the release, withholding and reduction of funds in accordance with Article 19;

(c) the detailed rules on and the obligation of Moldova to provide part of total loan amount for projects approved under the NIP, pursuant to Art. 6(4).

(d) the activities related to management, control, supervision, monitoring, evaluation, reporting and audit, as well as system reviews, investigations, anti-fraud measures and cooperation;

(e) the rules on reporting to the Commission on whether and how the payment conditions referred to in Article 10 are fulfilled;

(f) the rules on taxes, duties and charges in accordance with Article 27(9) and (10) of Regulation (EU) 2021/947;

(g) the measures to effectively prevent, detect and correct irregularities, fraud, corruption and conflicts of interest, and the obligation for persons or entities implementing Union funds under the Regulation to notify the Commission, OLAF and, where applicable, EPPO, without delay, of suspected or actual cases of irregularities, fraud, corruption and conflicts of interest and other illegal activities affecting the funds provided under the Facility and their follow-up;

(h) the obligations referred to in Articles 21 and 22, including the precise rules and a timeframe on collection of data by Moldova and access to it for the Commission, OLAF, the Court of Auditors and, where applicable, EPPO;

(i) a procedure to ensure that disbursement requests for loan support fall within the available loan amount, in accordance with Article 6(1);

PUBLIC

(j) the right of the Commission to reduce proportionately the support provided under the Regulation and to recover any amount referred to in Article 6(1) spent to achieve the objectives of the Regulation, or to ask for early repayment of the loan, in cases of irregularities, fraud, corruption and conflicts of interest affecting the financial interests of the Union that have not been corrected by Moldova, of a reversal of qualitative or quantitative steps, or of a serious breach of an obligation provided for in the Facility Agreement;

(k) rules and modalities for Moldova to report for the purpose of monitoring the implementation of the Facility and assessing the achievement of the objectives set out in Article 3.

(l) the obligation for Moldova to transmit electronically to the Commission the data referred to in Article 20.

CHAPTER III

Reform Agenda

Article 9

Submission of Reform Agenda

1. In order to receive any support under this Regulation, Moldova shall submit to the Commission a Reform Agenda for 2025-2027 based on the key principles and objectives of socio-economic and fundamental reforms set out in the EU-Moldova Association Agreement, agreed under the European Neighbourhood Policy, and the enlargement policy framework.

2. The Reform Agenda shall provide an overarching framework to achieve the general and specific objectives set out in Article 3, setting out the reforms to be undertaken by Moldova, as well as investment areas. The Reform Agenda shall comprise measures for the implementation of reforms through a comprehensive and coherent package. In the areas of the fundamentals of the enlargement process, including the rule of law, the fight against corruption, including high-level corruption, fundamental rights and the freedom of expression, the Reform ***Agenda*** shall reflect the assessments in the enlargement policy framework.

3. The Reform ***Agenda*** shall be consistent with the latest macroeconomic and fiscal policy framework submitted to the Commission in the context of the Economic and Financial Dialogue with the Union.

4. The Reform Agenda shall be consistent with and support the reform priorities identified in the context of Moldova's accession path, and in other relevant documents, the Nationally Determined Contribution under the Paris Agreement and the ambition to reach climate neutrality by 2050 at the latest.

5. The Reform Agenda shall respect the general principles set out in Article 4.

6. The Reform Agenda shall be prepared in an inclusive and transparent manner, in consultation with social partners and civil society organisations.

7. The Commission shall invite Moldova to submit its Reform Agenda within three months of the entry into force of this Regulation. The Commission shall transmit Moldova's Reform Agenda to the European Parliament and the Council as soon as it is received.

PUBLIC

Article 10

Principles for financing under the Reform Agenda

1. The Regulation shall provide incentives for the implementation of the Reform Agenda by setting payment conditions on the release of funds. Those payment conditions shall apply to funds under Article 6(1), with the exception of complementary support including support to civil society organisations and technical assistance. Those payment conditions shall take the form of measurable qualitative or quantitative steps. Such steps shall reflect progress on specific socio-economic reforms and on the fundamentals of the enlargement process linked to the achievement of the objectives of the Facility set out in Article 3, consistent with the enlargement policy framework.

2. The fulfilment of those payment conditions shall trigger full or partial release of funds, depending on the degree of their completion.

3. Macro financial stability, sound public financial management, transparency and oversight of the budget are general conditions for payments that shall be fulfilled for any release of funds.

Funds under the Facility shall not support activities or measures which undermine ***the sovereignty and territorial integrity of Moldova***.

PUBLIC

PUBLIC

Article 11

Content of the Reform Agenda

1. The Reform Agenda shall in particular set out the following elements, which shall be reasoned and substantiated:

(a) measures constituting a coherent, comprehensive and adequately balanced response to the objectives set out in Article 3, including structural reforms, investments, and measures to ensure compliance with preconditions referred to in Article 5, where appropriate;

(b) an explanation of how the measures are consistent with the general principles referred to in Article 4, as well as the requirements, strategies, plans and programmes referred to in Articles 4 and 10;

(c) an explanation of how the measures are expected to further strengthen the fundamentals of the enlargement process as referred to in Article 3(2), point ***(a)***, including the rule of law, fundamental rights and the fight against corruption;

(d) an indicative list of investment projects and programmes intended for discussion and approval under the NIP,, including respective overall investment volumes and envisaged timelines for implementation;

(e) an explanation of the extent to which the measures are expected to contribute to climate and environmental objectives and their compatibility with the principle ‘do no significant harm’;

(f) an explanation of the extent to which the measures are expected to contribute to digital transformation;

(g) an explanation of the extent to which the measures are expected to contribute to education, training and employment and social objectives;

(h) an explanation of the extent to which the measures are expected to contribute to gender equality and the empowerment of women and girls, and the promotion of women and girls' rights;

(i) for the reforms and investments, an indicative timetable, and the envisaged payment conditions for the release of funds in the form of measurable qualitative and quantitative steps planned to be implemented by 31 December 2027 at the latest;

(j) an explanation of how the measures are expected to contribute to a progressive and continuous alignment with the CFSP, including Union restrictive measures;

(ja) an explanation of how the measures are expected to build capacities and investment in administrative staff in Moldova;

(k) the arrangements for the effective monitoring, reporting and evaluation of the Reform Agenda by Moldova, including the proposed measurable qualitative and quantitative steps and relevant indicators set out in paragraph 2;

(l) an explanation of Moldova's system to effectively prevent, detect and correct irregularities, fraud, corruption, including high-level corruption, and conflicts of interest and to enforce State aid control rules, and the proposed measures to address existing deficiencies in the first years of the implementation of the Reform Agenda;

(m) for the preparation and, where available, for the implementation of the Reform Agenda, a summary of the consultation process, conducted in accordance with Moldova's legal framework, of relevant stakeholders, including Moldova's parliament, local ▌ authorities, social partners and civil society organisations, and how the input of those stakeholders is reflected in the Reform Agenda;

(n) a communication and visibility plan on the Reform Agenda for the local audiences of Moldova;

(o) any other relevant information.

PUBLIC

2. The Reform Agenda shall be results-based and include indicators for assessing progress towards the achievement of the general and specific objectives set out in Article 3. Those indicators shall be based, where appropriate and relevant, on internationally agreed indicators and those already available related to the Moldova's policies. Indicators shall also be coherent, to the extent possible, with the key performance indicators included in Commission Implementing Decision approving the Reform Agendas for the Western Balkans under Regulation (EU) 2024/1449 and in the EFSD+ Results Measurement Framework.

Article 12

Commission assessment of the Reform Agenda

1. The Commission shall assess the relevance, comprehensiveness and appropriateness of Moldova's Reform Agenda or, where applicable, any amendment to that Agenda, without undue delay. When carrying out its assessment, the Commission shall act in close cooperation with Moldova, and may make observations, seek additional information or require Moldova to review or modify its Reform Agenda.

2. As regards the objective set out in Article 11(1)(j) of this Regulation, the Commission, in accordance with Decision 2010/427/EU, shall duly take into account the role and the contribution of the EEAS.

3. When assessing the Reform Agenda, the Commission shall take into account relevant available analytical information about Moldova, including its macroeconomic situation and debt sustainability, the justification and the elements provided by Moldova as referred to in Article 13, ***the effects of the Russia's war of aggression against Ukraine and the attempts to destabilise Moldova,*** as well as any other relevant information such as the information listed in Article 11.

PUBLIC

4. In its assessment, the Commission shall consider in particular the following criteria:

(a) whether the Reform Agenda represents a relevant, comprehensive, coherent and adequately balanced response to the objectives set out in Article 3 and elements set out in Article 11;

(b) whether the Reform Agenda and its measures are consistent with the principles, strategies, plans and programmes referred to in Articles 4 and 11;

(c) whether the Reform Agenda can be expected to accelerate progress towards bridging the socio-economic gap between Moldova and the Union, and thereby enhances their economic, social and environmental development and supports the convergence towards the Union's standards, reduces inequalities and reinforces social cohesion;

(d) whether the Reform Agenda can be expected to further strengthen the fundamentals of the enlargement process as referred to in Article 3(2), point (a);

(e) whether the Reform Agenda can be expected to accelerate the transition of Moldova towards sustainable, climate-neutral and climate resilient and inclusive economy by improving connectivity, making progress on the twin transition of green and digital, including biodiversity, reducing strategic dependencies and boosting research and innovation, education, training, employment and skills and the wider labour market, with particular attention on youth;

(f) whether the measures included in the Reform Agenda are compatible with the principles of 'do no significant harm' and of 'leaving no one behind';

(g) whether the Reform Agenda appropriately addresses potential risks in compliance with preconditions and payment conditions;

PUBLIC

(h) whether the payment conditions proposed by Moldova are appropriate and ambitious, consistent with the enlargement policy framework, as well as sufficiently meaningful and clear to allow for the corresponding release of funds in case of their fulfilment and whether the proposed reporting indicators are appropriate and sufficient to monitor and report on the progress made towards the overall objectives;

(i) whether the arrangements proposed by Moldova are expected to effectively prevent, detect and correct irregularities, fraud, corruption and conflicts of interest, organised crime and money laundering as well as to effectively investigate and prosecute criminal offences affecting the funds under the Facility,;

(j) whether the Reform Agenda effectively reflects the input of relevant stakeholders, including Moldova's parliament, local ▌ authorities ***in line with the national legal framework***, social partners and civil society organisations.

5. For the purpose of the assessment of the Reform Agenda submitted by Moldova, the Commission may be assisted by independent experts.

Article 13

Commission Implementing Decision

1. ▌ In case of positive assessment, the Commission shall approve by means of an implementing decision the Reform Agenda submitted by Moldova, in accordance with Article 12 or, where applicable, of the amended Agenda submitted in accordance with Article 14. ▌ That implementing decision ***shall be adopted in accordance with the examination procedure referred to in Article 27***.

2. The Commission implementing decision, referred to in paragraph 1, shall set out the reforms to be implemented by Moldova ▌ , the investment areas to be supported and the payment conditions stemming from the Reform Agenda, including the timetable.

PUBLIC

3. The Commission implementing decision, referred to in paragraph 1, shall also lay down:

(a) the indicative amount of overall funds available to Moldova against fulfilment of payment conditions, as referred in Article 10(1), and the scheduled instalments to be released, including pre-financing, structured in accordance with Article 11, once Moldova has achieved satisfactory fulfilment of the relevant payment conditions in the form of qualitative and quantitative steps identified in relation to the implementation of the Reform Agenda;

(b) the breakdown by instalment of financing between loan support and non-repayable support;

(c) the time limit by which the final payment conditions for the reforms must be completed;

(d) the arrangements and timetable for the monitoring, reporting and implementation of the Reform Agenda, including, where appropriate, through democratic scrutiny as referred to in Article 4 as well as, where relevant, measures necessary for complying with Article 23.

(e) the indicators referred to in Article 11(2) for assessing progress towards the achievement of the general and specific objectives set out in Article 3.

Article 14

Amendments to the Reform Agenda

1. Where the Reform Agenda, including relevant payment conditions, is no longer achievable by Moldova, either partially or totally, because of objective circumstances, Moldova may propose an amended Reform Agenda. In that case, Moldova may make a reasoned request to the Commission to amend its implementing decision referred to in Article 13(1).

PUBLIC

2. The Commission may amend the implementing decision ***following the examination procedure referred to in Article 27***, in particular to take into account a change of the amounts available in line with the principles under Article 19.

3. Where the Commission considers that the reasons put forward by Moldova justify an amendment to its Reform Agenda, the Commission shall assess the amended Agenda in accordance with Article 12 and may amend the implementing decision referred to in Article 13(1) without undue delay***, following the examination procedure referred to in Article 27***.

4. In an amendment, the Commission may accept timelines for payment conditions extending until 31 December 2028.

Article 15

Loan agreement, borrowing and lending operations

1. In order to finance the support under the Facility in the form of loans, the Commission shall be empowered on behalf of the Union to borrow the necessary funds on the capital markets or from financial institutions in accordance with Article 224 of Regulation (EU, Euratom) 2024/2509.

2. The Commission shall enter into a loan agreement with Moldova. The loan agreement shall lay down the maximum loan amount, the availability period and the detailed terms and conditions of the support under the Facility in the form of loans. The loans shall have maximum duration of 40 years from the date of the signature of the loan agreement. The loan agreement shall contain the amount of pre-financing and rules on clearing of pre-financing.

PUBLIC

In addition to and by way of derogation from Article 220(5) of the Financial Regulation, the loan agreement shall contain the amount of pre-financing and rules on clearing of pre-financing.

3. The loan agreement shall be made available, ***simultaneously*** to the European Parliament and the Council.

Article 16

Provisioning

1. Provisioning for the loans shall be constituted at the rate of 9 % from the envelope allocated to the Neighbourhood geographic programme under Article 6(2), point (a) of Regulation (EU) 2021/947 and shall be used as part of provisions supporting similar risks.

2. By way of derogation from Article ***214*** (2), last sentence, of the Financial Regulation, the provisioning shall be paid progressively and fully constituted at the latest when the loans are fully disbursed.

3. The provisioning rate shall be reviewed at least every three years from the date of application of this Regulation in line with the procedure foreseen under Article 31(5), fourth subparagraph, of the Regulation (EU) 2021/947.

Article 17

Pre-financing

1. Following the submission of the Reform Agenda to the Commission, Moldova may request the release of a pre-financing of up to ***18*** % of the total amount foreseen under this Facility in accordance with Article 6(1), after deduction of complementary support, including support to civil society organisations and technical assistance, and provisioning for loans.

PUBLIC

2. The Commission may release the requested pre-financing after the adoption of its implementing decision referred to in Article 13 and the entry into force of the Facility Agreement and of the loan agreement referred to in Articles 8 and 15 respectively. The funds shall be released in accordance with Article 19(3), first sentence, and subject to the respect of the preconditions set out in Article 5.

3. The Commission shall decide on the timeframe for the disbursement of the pre-financing, which may be disbursed in one or more tranches.

Article 18

Implementation of investment projects under the Neighbourhood Investment Platform

1. In order to benefit from the leverage of Union financial support to attract additional investment, investments supporting the Reform Agenda shall be implemented in cooperation with international financial institutions in the form of investment projects approved under the Neighbourhood Investment Platform.

2. Following satisfactory fulfilment of ***all applicable*** conditions, the Commission will adopt a decision authorising a release of funds, as referred to in Article 19(3). This decision shall, in accordance with Article 6(1), set the amount of funds to be made available in the form of non-repayable support provided by the Union for projects approved under the NIP, and the amount of financial assistance in the form of loan support to be released to Moldova. This decision shall also set out, in accordance with the ratio set in the Facility Agreement as referred to in Article 8(5)(c), the share of this loan support to be made available by Moldova as co-financing for projects approved under the NIP.

PUBLIC

Article 19

Assessment of the fulfilment of payment conditions, withholding and reduction of funds, rules on payments

1. Twice per year, Moldova shall submit a duly justified request for the release of funds at the latest two months after the timeline set in the Commission Implementing Decision in respect of fulfilled payment conditions related to the quantitative and qualitative steps as set out in the Reform Agenda.

2. The Commission shall assess without undue delay whether Moldova has met the preconditions set out in Article 5 and the principles for financing set out in Article 10(3) and achieved satisfactory fulfilment of the payment conditions set out in the Commission implementing decision referred to in Article 13. In case the Commission finds that payment conditions for which it had previously paid have been reversed by Moldova, the Commission will reduce future disbursements by an equivalent amount. The Commission may be assisted by experts, including experts from Member States. In the event that a request for the release of funds or a request for payment includes a step related to Chapter 32, referred to in Article ***22(2)***, the Commission may not adopt a decision authorizing the release of funds unless it assesses such step positively.

3. Where the Commission makes a positive assessment of the satisfactory fulfilment of all applicable conditions, it shall ***inform the European Parliament and the Council*** without undue delay***, before adopting*** a decision authorising the release of funds corresponding to those conditions. In respect of those amounts, the decision shall constitute the condition referred to in Article 10.

PUBLIC

4. Where the Commission makes a negative assessment of the fulfilment of any conditions as per the timetable, the release of funds corresponding to such conditions shall be withheld***.*** ***The Commission shall inform the European Parliament and the Council without undue delay***. The withheld amounts shall be released only when Moldova has duly justified, as part of the subsequent request for release of funds, that it has taken the necessary measures to ensure satisfactory fulfilment of the corresponding conditions.

5. Where the Commission concludes that Moldova has not taken the necessary measures within a period of 12 months from the initial negative assessment referred to in paragraph 4, the Commission shall reduce the amount of the non-repayable financial support and of the loan proportionately to the part corresponding to the relevant payment conditions. During the first year of implementation, a deadline of 24 months shall apply, calculated from the initial negative assessment referred to in paragraph 4. Moldova may present its observations within two months from the communication to them of the Commission's conclusions.

6. Any amount corresponding to payment conditions that have not been fulfilled by 31 December 2028 shall not be due to Moldova and shall be decommitted, or cancelled from the available amount of loan support, as appropriate.

PUBLIC

7. The Commission may reduce the amount of the non-repayable financial support and recover from Moldova, including by offsetting, any amount spent to achieve the objectives of the Facility, or to reduce the amount of the loan to be disbursed to Moldova or request early repayment of the loan in accordance with the loan agreement, in the event of funds unduly paid, identified cases of, or serious concerns in relation to, irregularities, fraud, corruption and conflicts of interest affecting the financial interests of the Union that have not been corrected by Moldova, or of a reversal of qualitative or quantitative steps or in cases it is found, after the payment has taken place, that steps were not satisfactorily fulfilled, or of a serious breach of an obligation resulting from the Facility ***Agreement*** or from the loan ***agreement***, including on the basis of information provided by OLAF or of the Court of Auditors' reports. The Commission shall inform the European Parliament and the Council prior to taking any decision of such reductions.

8. By way of derogation from Article 116(2) of the Financial Regulation, the payment deadline as referred to in Article 116(1), point (a), of the Financial Regulation shall start running from the date of the communication of the decision authorising the disbursement to Moldova pursuant to paragraph 3 of this Article.

9. Article 116(5) of the Financial Regulation shall not apply to payments made as financial assistance, channelled directly to Moldova's treasury pursuant to this Article and to Article 23 of this Regulation.

10. Payments of the non-repayable financial support and of the loans under this Article shall be made in accordance with the budget appropriations, as set in the annual budgetary procedure, and subject to the available funding, respectively. Funds shall be paid in instalments. An instalment may be paid in one or more tranches.

PUBLIC

11. The amounts shall be paid following the decision referred to in paragraph 3 in accordance with the loan agreement.

12. Payment of any amount of the support in the form of loans shall be subject to the submission by Moldova of a request for payment in the form set out in the loan agreement, , and in accordance with the provisions set out in the Facility Agreement. ▌

Article 20

Transparency with regard to persons and entities receiving funding for the implementation of the Reform Agenda

1. Moldova shall publish up-to-date data on final recipients receiving amounts of funding exceeding the equivalent of EUR 50 000 cumulatively over the period of three years for the implementation of reforms and investments under this Facility.

2. For final recipients referred to in paragraph 1, the following information shall be published in a machine- readable format on a webpage, in order of total funds received, having due regard to the requirements of confidentiality and security, in particular the protection of personal data:

   (a) in the case of a legal person, the recipient's full legal name and VAT identification number or tax identification number, where available, or another unique identifier established by the legislation applicable to the legal person;

   (b) in the case of a natural person, the first and last name or names of the recipient;

   (c) the amount received by the recipient and the reforms and investments under the Moldova Facility that this amount contributes to implementing.

PUBLIC

3. The information referred to in paragraph 2 shall not be published where disclosure risks threatening the rights and freedoms of the final recipients concerned or seriously harming their commercial interests. Such information shall be made available to the Commission.

4. Moldova shall transmit electronically to the Commission at least once a year the data on the final recipients referred to in paragraph 1 of this Article, in a machine-readable format to be defined in the Facility Agreement, as referred to in Article 8(5)(l).

CHAPTER IV

Protection of financial interests of the Union

Article 21

Protection of the financial interests of the Union

1. In implementing the Facility, the Commission and Moldova shall take all the appropriate measures to protect the financial interests of the Union, taking into account the principle of proportionality and the specific conditions under which the Facility will operate, the preconditions set out in Article 5(1) and conditions set out in the specific Facility Agreements, in particular regarding the prevention, detection and correction of fraud, corruption, conflicts of interest and irregularities as well as the investigation and prosecution of offences affecting the funds provided under the Facility. Moldova shall commit to progressing towards effective and efficient management and control systems and ensure that amounts wrongly paid or incorrectly used can be recovered.

PUBLIC

2. The Facility Agreement shall provide for the following obligations of Moldova:

(a) to regularly check that the financing provided has been used in accordance with the applicable rules, in particular regarding the prevention, detection and correction of fraud, corruption, conflicts of interest and irregularities;

(b) to protect whistleblowers;

(c) to take appropriate measures to prevent, detect and correct fraud, corruption, conflicts of interest and irregularities as well as to investigate and prosecute criminal offences affecting the financial interests of the Union, to detect and avoid double funding and to take legal actions to recover funds that have been misappropriated, including in relation to any measure for the implementation of reforms and investment projects or programmes under the Reform Agenda and to take appropriate measures to treat mutual legal assistance requests by EPPO and Member States' competent authorities concerning criminal offences affecting the funds under the Facility, where applicable and without delay;

(d) for the purpose of paragraph 1, in particular for checks on the use of funds in relation to the implementation of reforms in the Reform Agenda, to ensure the collection of, and access to, in compliance with Union data protection principles and with applicable data protection rules, adequate data on persons and entities receiving funding, including beneficial ownership information, for the implementation of measures of the Reform Agenda under Chapter III;

(e) to expressly authorise the Commission, OLAF, the Court of Auditors and, where applicable, EPPO to exert their rights as provided for in Article 129 of Regulation (EU, Euratom) 2024/2509.

PUBLIC

3. The Facility Agreement shall also provide for the right of the Commission to reduce proportionately the amount of the non-repayable financial support provided under the Facility and to recover from Moldova, including by offsetting, any amount spent to achieve the objectives of the Facility and to reduce the amount of the loan to be disbursed to the Beneficiary or request early repayment of the loan in accordance with the loan agreement, in the event of funds unduly paid, identified cases of, or serious concerns in relation to, irregularities, fraud, corruption and conflicts of interest affecting the financial interests of the Union that have not been corrected by Moldova, or in cases it is found, after the payment has taken place, that steps were not satisfactorily fulfilled, or of a serious breach of an obligation resulting from the Facility Agreement or from the loan agreement When deciding on the amount of the recovery and reduction, or the amount to be repaid early, the Commission shall respect the principle of proportionality and shall take into account the seriousness of the irregularity, fraud, corruption or conflict of interest affecting the financial interests of the Union, or of a breach of an obligation. Moldova shall be given the opportunity to present its observations before the reduction is made or early repayment is requested.

4. Persons and entities implementing funds under the Facility shall report any suspected cases of fraud, corruption, conflicts of interest and irregularities affecting financial interests of the Union without delay, to the Commission and to OLAF.

PUBLIC

Article 22

Role of Moldova's internal systems and audit authority

1. For the part of the Facility funding made available as financial assistance, the Commission can rely on the audit authorities established by Moldova for the purpose of controlling public expenditure. As appropriate, the Commission shall also rely on further democratic scrutiny as referred to in Article 4(9).

2. The Reform Agenda shall prioritise in the first years of their implementation reforms related to negotiation Chapter 32, particularly on public financial management and internal control, as well as on the fight against fraud, together with Chapters 23 and 24, particularly when it comes to justice, corruption and organised crime and Chapter 8, particularly on State aid control.

3. Moldova shall report any irregularities, including fraud, which have been the subject of a primary administrative or judicial finding, without delay, to the Commission and shall keep the Commission informed of the progress of any administrative and legal proceedings in relation to such irregularities. Such reporting shall be done by electronic means, using the Irregularity Management System, established by the Commission.

4. The entities referred to in paragraph 1 shall maintain regular dialogue with the Court of Auditors, OLAF and, where appropriate, EPPO.

5. The Commission may carry out detailed systems reviews of Moldova's budget implementation based on a risk-assessment and dialogue with audit authorities, and issue recommendations for improvements in the systems.

PUBLIC

6. The Commission may adopt recommendations to Moldova on all cases where in its views competent authorities have not taken the necessary steps to prevent, detect and correct fraud, corruption, conflicts of interest and irregularities that have affected or seriously risk affecting the sound financial management of the expenditure financed under the Facility and in all cases where it identifies weaknesses affecting the design and functioning of the control system put in place by the those authorities. Moldova shall implement such recommendations or provide a justification on why it has not done so.

CHAPTER V
MONITORING, REPORTING AND EVALUATION

Article 23

Monitoring and reporting

1. The Commission shall monitor the implementation of the Facility and assess the achievement of the objectives set out in Article 3. The monitoring of implementation shall be targeted and proportionate to the activities carried out under the Facility Agreement, and shall be without prejudice to the reporting requirements set out under Regulation (EU) 2021/947. The indicators referred to in Article 11(2) shall be expected to contribute to the Commission's monitoring of the Facility.

2. The Facility Agreement referred to in Article 8 shall set out rules and modalities for Moldova to report to the Commission for the purpose of paragraph 1 of this Article.

3. The Commission shall provide an annual report to the European Parliament and the Council on progress towards the achievement of the objectives of this Regulation. The annual report shall be complemented by presentations on the state of play of the implementation of the Facility twice per year.

4. The Commission shall provide the annual report referred to in paragraph 3 to the Committee referred to in Article 27(1).

5. The Commission shall report on the progress of the implementation of the Reform Agenda of Moldova in the context of the scoreboard established under Regulation (EU) 2024/1449.

Article 24

Facility scoreboard

1. The Commission shall ▌ display the progress of the implementation of the Reform Agenda in the Facility scoreboard, established under Regulation (EU) 2024/1449.

Article 25

Evaluation of the Facility

1. After 31 December 2027 and by 31 December 2031 at the latest, the Commission shall carry out an independent ex-post evaluation of the Regulation. That ex-post evaluation shall assess the Union contribution to the achievement of the objectives of this Regulation.

2. The ex-post evaluation shall make use of the good practice principles of the OECD Development Assistance Committee, seeking to ascertain whether the objectives have been met and to formulate recommendations with a view to improving future actions.

3. The Commission shall communicate the findings and conclusions of the ex-post evaluation accompanied by its observations and follow-up, to the European Parliament, the Council and the Member States. That ex-post evaluation may be discussed at the request of the European Parliament, the Council or the Member States. The results shall feed into the preparation of future programmes and actions and resource allocation. That ex-post evaluation and follow-up shall be made publicly available.

PUBLIC

4. The Commission shall, to an appropriate extent, associate all relevant stakeholders, including Moldova, social partners, civil society organisations, in the evaluation process of the Union's funding provided under this Regulation, and may, where appropriate, seek to undertake joint evaluations with the Member States and other partners with close involvement of Moldova.

Article 26

Reporting by Moldova in the context of the Economic and Financial Dialogue

1. ***Moldova*** shall report once a year in the context of the Economic and Financial Dialogue on the progress made in the achievement of the reform-related part of its Reform Agenda.

Article 26a

Parliamentary oversight and scrutiny over the Facility

1. The Commission shall report to the competent committees of the European Parliament on the state of progress in the implementation of the Facility and the Reform Agenda. The Commission shall provide the European Parliament with written information on:

(a) the state of progress in the implementation of the Facility;

(b) the assessment of the Reform Agenda;

(c) the main findings of the report referred to in Article 23(3);

(d) payment, withholding and reduction procedures, where applicable, including any observation presented to ensure a satisfactory fulfilment of the conditions; and

(e) any other relevant elements in relation to the implementation of the Facility.

PUBLIC

2. The regular dialogue between the European Parliament and the Commission shall take place at least once a year and may coincide with the High Level Geopolitical Dialogue concerning NDICI.

3. The Commission shall take into account any elements arising from the views expressed through the Dialogue, including the resolutions from the European Parliament, where relevant.

CHAPTER VI
FINAL PROVISIONS

Article 27

Committee procedure

1. The Commission shall be assisted by the Committee, established by the Regulation (EU) 2021/947.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

3. For implementing acts referred to in Articles 13(1) and 14(2), where the committee delivers no opinion, the Commission shall not adopt the draft implementing act and Article 5(4), third subparagraph, of Regulation (EU) No 182/2011 shall apply.

PUBLIC

Article 28

Information, communication and publicity

1. Without prejudice to the requirements set out under Regulation (EU) 2021/947, the Commission shall engage in communication activities to ensure the visibility of the Union funding for the financial support envisaged in the Reform Agenda, including through joint communication activities with Moldova. The Commission shall ensure that support under the Facility is communicated and acknowledged through a funding statement. Actions financed under the Facility shall be carried out in accordance with communication and visibility requirements in Union-financed external actions and in other relevant guidelines.

2. The recipient of Union funding shall actively acknowledge the origin and ensure the visibility of the Union funding, including, where applicable, by displaying the emblem of the Union and an appropriate funding statement that reads 'funded by the European Union', in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

3. Information, communication and publicity shall be provided in accessible format.

PUBLIC

Article 29

Entry into force

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

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

PUBLIC