



3.3.2017

DRAFT OPINION

of the Committee on Foreign Affairs

for the Committee on International Trade

on the proposal for a decision of the European Parliament and of the Council providing macro-financial assistance to the Republic of Moldova (COM(2017)0014 – C8-0016/2017 – 2017/0007(COD))

Rapporteur: Petras Auštrevičius

SHORT JUSTIFICATION

The Commission proposal is to provide 100m€ to Moldova in the form of loans (60m€) and grants (40m€). The EU is also providing other financial assistance through budget support relaunched in December 2016 (45.3m€ delivered) following an agreement with the IMF.

The last EU macro-financial assistance (MFA) to Moldova was of 90m€ delivered in grants in 2010-2012. The other MFA beneficiaries are currently Armenia, Georgia, Jordan, Kyrgyz Republic, Lebanon, Tunisia & Ukraine.

Given the difficult economic situation in Moldova and given the upcoming parliamentary elections in Moldova (in November 2018), it would be in the EU's interest to support the reformist program of the current Moldovan government by delivering MFA within the proposed timeframe (2017-2018). The conditionality attached to the MFA also provides useful leverage to push for these reforms, in particular in the context of the need to strengthen the principle of “more for more” when it comes to the EU assistance with its neighbouring partner countries in light of the most recent developments in Moldova.

The banking fraud uncovered in 2014 – whereby Moldovan leaders including former Prime Minister Filat are accused of having pocketed 1 billion € (17% of GDP that year) from three banks (Savings Bank, Unibank and Banca Sociala) means that part of EU funds (561m€ during 2007-13) might not have had the intended impact. Possible implication might be that the EU now has to support Moldova to compensate the losses caused by this fraud. Moreover, the fraud has contributed to the significant reduction in Moldovans' trust in the EU.

Consequently, the amendments proposed by the Foreign Affairs Committee are focused on:

1. Emphasising some key democratic principles that should be strengthened (ie: independence of the Judiciary; free, independent and pluralistic media) and reinforcing the provisions on anti-corruption and anti-fraud (ie: effective implementation of these measures), with more explicit conditionality linked to these: clear benchmarks, reporting to the EP, suspension of instalments if no progress;
2. Ensuring sufficient involvement of the EP, especially in the preparation of the key Memorandum of Understanding which will contain the detail on the conditionality for the disbursement of the MFA.

AMENDMENTS

The Committee on Foreign Affairs calls on the Committee on International Trade, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a decision

Recital 17

Text proposed by the Commission

(17) The Union's macro-financial assistance should support Moldova's commitment to values shared with the Union, including democracy, the rule of law, good governance, respect for human rights, sustainable development and poverty reduction, as well as its commitment to the principles of open, rules-based and fair trade.

Amendment

(17) The Union's macro-financial assistance should support Moldova's commitment to values shared with the Union, including democracy, the rule of law, good governance, ***including the de-politicisation of appointments in public administration***, respect for human rights ***and free, independent and pluralistic media***, sustainable development and poverty reduction, as well as its commitment to the principles of open, rules-based and fair trade.

Or. en

Amendment 2

Proposal for a decision Recital 18

Text proposed by the Commission

(18) A pre-condition for granting the Union's macro-financial assistance should be that Moldova respects effective democratic mechanisms – including a multi-party parliamentary system – and the rule of law, and guarantees respect for human rights. In addition, the specific objectives of the Union's macro-financial assistance should strengthen the efficiency, transparency and accountability of the public finance management systems, the governance and supervision of the financial sector in Moldova and promote structural reforms aimed at supporting sustainable and inclusive growth, employment creation and fiscal consolidation. Both the fulfilment of the ***preconditions*** and the achievement of those objectives should be regularly monitored by the Commission and the European External Action Service.

Amendment

(18) A pre-condition for granting the Union's macro-financial assistance should be that Moldova respects effective democratic mechanisms – including a multi-party parliamentary system – and the rule of law, ***including the independence of the Judiciary***, guarantees respect for human rights, ***supports free, independent and pluralistic media, and ensures an effective fight against corruption and a thorough, result-orientated investigation into the “bank fraud”***. In addition, the specific objectives of the Union's macro-financial assistance should strengthen the efficiency, transparency and accountability of the public finance management systems, the governance and supervision of the financial sector in Moldova and promote structural reforms aimed at supporting sustainable and inclusive growth, employment creation and fiscal consolidation. Both the fulfilment of the

pre-condition and the achievement of those objectives should be regularly monitored by the Commission and the European External Action Service. *Before any instalment is released, the Commission and the European External Action Service should report to the European Parliament and the Council on the level of fulfilment of that pre-condition and the achievement of those objectives against clearly defined benchmarks. In the event that progress towards the objectives set out in the Council Conclusions of 15 February 2016 on Moldova, the EU-Moldova Association Agenda and the Memorandum of Understanding is insufficient, the release of instalments should be suspended immediately.*

Or. en

Amendment 3

Proposal for a decision

Recital 19

Text proposed by the Commission

(19) In order to ensure that the Union's financial interests linked to the Union's macro-financial assistance are protected efficiently, Moldova should *take* appropriate measures relating to the prevention of, and fight against, fraud, corruption and any other irregularities linked to the assistance. In addition, provision should be made for the Commission to carry out checks and for the Court of Auditors to carry out audits.

Amendment

(19) In order to ensure that the Union's financial interests linked to the Union's macro-financial assistance are protected efficiently, Moldova should *fully implement* appropriate measures relating to the prevention of, and fight against, fraud, corruption and any other irregularities linked to the assistance. In addition, provision should be made for the Commission to carry out checks and for the Court of Auditors to carry out audits.

Or. en

Amendment 4

Proposal for a decision Recital 22

Text proposed by the Commission

(22) The Union's macro-financial assistance should be managed by the Commission. In order to ensure that the European Parliament and the Council are able to follow the implementation of this Decision, the Commission should regularly inform them of developments relating to the assistance and provide them with relevant documents.

Amendment

(22) The Union's macro-financial assistance should be managed by the Commission. In order to ensure that the European Parliament and the Council are able to follow the implementation of this Decision, the Commission should regularly inform them of developments relating to the assistance and provide them with relevant documents ***including the draft Memorandum of Understanding.***

Or. en

Amendment 5

Proposal for a decision Article 1 – paragraph 3 – subparagraph 2

Text proposed by the Commission

The Commission shall regularly inform the European Parliament and the Council of developments regarding the Union's macro-financial assistance, including disbursements thereof, and shall provide those institutions with the relevant documents in due time.

Amendment

The Commission shall regularly inform the European Parliament and the Council of developments regarding the Union's macro-financial assistance, including disbursements thereof, and shall provide those institutions with the relevant documents, ***including the draft Memorandum of Understanding,*** in due time.

Or. en

Amendment 6

Proposal for a decision Article 2 – paragraph 1

Text proposed by the Commission

1. A pre-condition for granting the Union's macro-financial assistance shall be that Moldova respects effective democratic mechanisms – including a multi-party parliamentary system – *and* the rule of law, and guarantees respect for human rights.

Amendment

1. A pre-condition for granting the Union's macro-financial assistance shall be that Moldova respects effective democratic mechanisms – including a multi-party parliamentary system – *good governance, including the de-politicisation of appointments in public administration, and the rule of law, including independence of the Judiciary, ensures an effective fight against corruption and a thorough, result-orientated investigation into the “bank fraud”, and guarantees respect for human rights and for free, independent and pluralistic media.*

Or. en

Amendment 7

**Proposal for a decision
Article 2 – paragraph 2**

Text proposed by the Commission

2. The Commission and the European External Action Service shall monitor the fulfilment of *this* pre-condition throughout the life-cycle of the Union's macro-financial assistance.

Amendment

2. The Commission and the European External Action Service shall monitor the fulfilment of *the* pre-condition *laid down in paragraph 1 of this Article* throughout the life-cycle of the Union's macro-financial assistance. *Before any instalment is released, they shall report to the European Parliament and the Council on the level of fulfilment of this pre-condition, against clearly defined benchmarks. Should progress towards the objectives set out in the Council Conclusions of 15 February 2016 on Moldova, the EU-Moldova Association Agenda and the Memorandum of Understanding be insufficient, the release of instalments shall be immediately suspended.*

Or. en

Amendment 8

Proposal for a decision

Article 6 – paragraph 3 – point b

Text proposed by the Commission

(b) ensuring the protection of the Union's financial interests, in particular **providing for** specific measures in relation to the prevention of, and fight against, fraud, corruption and any other irregularities affecting the Union's macro-financial assistance, in accordance with Council Regulation (EC, Euratom) No 2988/95¹¹, Council Regulation (EC, Euratom) No 2185/96¹² and Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council¹³;

¹¹ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

¹² Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission to protect the Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

¹³ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

Amendment

(b) ensuring the protection of the Union's financial interests, in particular **fully implementing** specific measures in relation to the prevention of, and fight against, fraud, corruption and any other irregularities affecting the Union's macro-financial assistance, in accordance with Council Regulation (EC, Euratom) No 2988/95¹¹, Council Regulation (EC, Euratom) No 2185/96¹² and Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council¹³;

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