



2.3.2017

DRAFT OPINION

of the Committee on Budgets

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: Siegfried Mureşan

SHORT JUSTIFICATION

The rapporteur notes that the proposed MFA operation would amount to a maximum of EUR 100 million, provided in the form of a medium-term loan of up to EUR 60 million and in grants of up to EUR 40 million and released in three instalments in 2017 and 2018. The provisioning of the loan would take place in the 2019-2020 budgets while the commitments and payments of the grant element would take place in 2017-2018 budgets.

The aim of the proposed operation is to support the restoration of a sustainable external financing situation of Moldova. It would be complementary to the programmes and resources provided by the IMF and the World Bank and would be pre-conditioned by Moldova's respect for effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law and guarantees of respect for human rights.

The rapporteur supports the proposed MFA operation, as a necessary complement to international and European assistance for Moldova and as a demonstration of European solidarity with the country still facing a difficult political and economic period. He acknowledges the renewed commitment by the Moldovan authorities to address the country's governance challenges and moving forward with the necessary political reforms but maintains that Moldova needs to effectively deliver on its reform process.

It is therefore crucial that the release of the different tranches of the assistance be made strictly conditional upon fulfilment of obligations within well-defined timeframe with the Moldovan authorities, including in areas related to rule of law, fight against corruption, independence of judiciary, strengthening of resilience of financial sector, and transparency in financing of political parties.

The rapporteur recalls that the Association Agreement with Moldova is one of the most advanced that the EU has ever signed: it provides a solid basis for deeper economic and political cooperation on Moldova's path towards European integration.

The main EU financing instrument for supporting Moldova is currently the European Neighbourhood Instrument (ENI), supporting namely the implementation of the Deep and Comprehensive Free Trade Area and the Association agenda. The rapporteur also notes that Moldova participates in regional programmes, cross-border cooperation and initiatives open to all neighbourhood countries, such as Erasmus+, TAIEX, SIGMA and the Neighbourhood Investment Facility (NIF). When adopted, the European Fund for Sustainable Development will also allow for new investment possibilities in Moldova.

AMENDMENTS

The Committee on Budgets 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 11

Text proposed by the Commission

(11) The Union's macro-financial assistance should aim to support the restoration of a sustainable external financing situation for Moldova thereby supporting its economic and social development.

Amendment

(11) The Union's macro-financial assistance should aim to support the restoration of a sustainable external financing situation for Moldova thereby supporting its economic and social development, ***especially in areas related to economic governance and the judiciary, and encourage reforms in those areas.***

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 ***and releasing each instalment of the 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, ***pursue stability-oriented policies providing further support to preserve macroeconomic stability, improve governance and promote genuine and effective*** structural reforms aimed at supporting sustainable and inclusive

growth, employment creation and fiscal consolidation. ***The release of macro-financial assistance should also be conditional upon tangible progress in the fight against money laundering and corruption, including high-level corruption, and the strengthening of the independence of the judiciary. Such conditions should also contribute to the improvement of economic governance and encourage reforms in Moldova. To ensure that they may be properly assessed, it is crucial that such conditions are set out in a stringent and measurable manner.*** 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.

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 take appropriate measures relating to the prevention of, and fight against, fraud, corruption and any other irregularities linked to the assistance. ***Moldova should regularly inform the Commission about the implementation of the macro-financial assistance on the basis of full disclosure and strict compliance with Union financial rules.*** In addition, provision should be made for the Commission to carry out checks and for the Court of Auditors to carry out audits.

Amendment 4

Proposal for a decision

Recital 24

Text proposed by the Commission

(24) The Union's macro-financial assistance should be subject to economic policy conditions, to be laid down in a Memorandum of Understanding. In order to ensure uniform conditions of implementation and for reasons of efficiency, the Commission should be empowered to negotiate such conditions with the Moldovan authorities under the supervision of the committee of representatives of the Member States in accordance with Regulation (EU) No 182/2011. Under that Regulation, the advisory procedure should, as a general rule, apply in all cases other than as provided for in that Regulation. Considering the potentially important impact of assistance of more than EUR 90 million, it is appropriate that the examination procedure be used for operations above that threshold. Considering the amount of the Union's macro-financial assistance to Moldova, the examination procedure should apply to the adoption of the Memorandum of Understanding, and to any reduction, suspension or cancellation of the assistance,

Amendment

(24) The Union's macro-financial assistance should be subject to economic policy conditions, ***with a particular focus on the Moldovan economy, the system of economic governance, in particular in the banking sector, and the judiciary***, to be laid down in a Memorandum of Understanding, ***including well-defined timelines for the fulfilment of such conditions. Absence of tangible progress in fulfilling those conditions should lead to the temporary suspension or cancellation of disbursement of the Union's macro-financial assistance.*** In order to ensure uniform conditions of implementation and for reasons of efficiency, the Commission should be empowered to negotiate such conditions with the Moldovan authorities under the supervision of the committee of representatives of the Member States in accordance with Regulation (EU) No 182/2011. Under that Regulation, the advisory procedure should, as a general rule, apply in all cases other than as provided for in that Regulation. Considering the potentially important impact of assistance of more than EUR 90 million, it is appropriate that the examination procedure be used for operations above that threshold. Considering the amount of the Union's macro-financial assistance to Moldova, the examination procedure should apply to the adoption of the Memorandum of Understanding, and to any reduction, suspension or cancellation of the

assistance,

Or. en