

## Macro-financial assistance to Moldova

Following a request by Moldova (19 November 2021), the European Commission adopted on 4 January 2022 a proposal for disbursing up to €150 million in new macro-financial assistance (MFA) to the country, of which up to €30 million in grants and up to €120 million in medium-term loans at favourable financing conditions. The European Parliament is due to vote on the proposal during its second March plenary session.

### Background

The [new](#) MFA comes on top of two [previous](#) MFAs through which the EU has disbursed a total of €160 million to Moldova since 2017. A country with a [population](#) of 2.5 million, Moldova has recently faced a significant [energy crisis](#); coupled with the post-pandemic recovery, this crisis has had further implications for the country's economic stability and outlook. The proposed MFA would help Moldova cover part of its residual external financing needs in the context of the new [IMF programme](#) over the 2021-2025 period. The coronavirus pandemic, coupled with unfavourable climate conditions, such as droughts, have adversely affected Moldovan [economic growth](#), with GDP contracting by 7 % (2020), the strongest recession since the global financial crisis. In 2021, the country's [fiscal deficit](#) reached 2.8 % of GDP, and public debt jumped from 8 % to 35.2 % of GDP. GDP is expected to grow by 5.2 % in 2022 ([IMF](#) estimate) and remain around 4 % in the medium term ([World Bank](#) estimate).

The recent economic downturn in Moldova has been accompanied by a protracted [political crisis](#) that intensified following the [presidential elections](#) in November 2020, when pro-European [Maia Sandu](#) – leader of the Party of Action and Solidarity (PAS) – won the second round with 57.72 % of the vote, becoming the country's first female president. Outgoing President Igor Dodon, who was openly [backed](#) by Russia, won 42.25 % of the votes. The crisis was resolved by the [parliamentary elections](#) of July 2021, when the PAS received 52.8 % of the vote and won 63 seats, obtaining a majority in the 101-seat parliament. Since August 2021, when the reform-oriented government took office, all Moldovan branches of government (including the president, the government and the parliament) have become aligned and now support a common ambitious reform agenda. On 3 March 2022, President Maia Sandu [signed](#) Moldova's formal application for European Union membership, a decision hastened by Russia's invasion of neighbouring Ukraine. The Council of the EU has [invited](#) the European Commission to submit its opinion on the application.

### European Parliament position

The Parliament's Committee on International Trade (INTA) endorsed the Commission proposal in its [report](#) (rapporteur: Markéta Gregorová, Greens/EFA, Czechia) adopted on 14 March 2022, a month after the [draft report](#) had been tabled. The explanatory statement accompanying the report recalls the close political and economic relationship between the EU and Moldova, including the conclusion of an [association agreement](#) in 2014 and a [deep and comprehensive free trade agreement](#), which was signed in 2014 and entered into force in 2016. It also stresses that Moldova has good economic ties with the EU, and the EU continues to be Moldova's largest trading partner. The Parliament is due to vote on the proposal during its March II plenary session.

On 14 March 2022, the European Parliament's President, Roberta Metsola, [thanked](#) Moldova for its efforts in receiving Ukrainian refugees and expressed her support for Moldova's Prime Minister, Natalia Gavrilița.

First-reading report: [2021/0438\(COD\)](#); Committee responsible: INTA. Rapporteur: Markéta Gregorová, Greens/EFA, Czechia. Further reading: [Macro-financial assistance to enlargement and neighbourhood partners in the coronavirus crisis](#).

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