

Republic of Moldova: Council agrees to €100 million financial assistance

The Republic of Moldova's economy was affected by political instability during the period between elections in November 2014 and January 2016. It has also been affected by a banking fraud scandal, weak economic activity and import bans imposed by Russia. Since early 2016, the authorities have adopted a number of **reforms**, but need to undertake further efforts in implementing them, whilst those responsible for banking frauds need to be brought to justice. Reforms in the **financial sector** and in the management of **public finances** have been undertaken in the framework of negotiations on an IMF programme.

In July 2016 the Moldovan authorities and the IMF agreed a three-year extended credit facility and extended fund facility arrangement for \$178.7 million. The Republic of Moldova requested complementary assistance from the EU in August 2015 and renewed that request in March 2016.

The EU assistance would be subject to a **memorandum of understanding** (MOU), including precise and specific conditions, to be agreed by the Republic of Moldova with the Commission.

A precondition would be that the Republic of Moldova respects effective democratic mechanisms, including a **multi-party parliamentary system**. It would have to respect the **rule of law** and guarantee respect for **human rights**. Objectives also include the efficiency, transparency and accountability of public finance management, an effective prevention of corruption and money laundering, and financial sector governance and supervision.

The Commission and the European External Action Service would regularly monitor the fulfilment of these preconditions and objectives.

The decision requires a qualified majority within the Council, in agreement with the Parliament. The legal basis is article 212 of the Treaty on the Functioning of the European Union.