

Addendum to the
MEMORANDUM OF UNDERSTANDING

between

THE REPUBLIC OF MOLDOVA

As Borrower

AND

THE EUROPEAN UNION

as Lender

signed in Brussels on 22 June 2022

This Addendum to the Memorandum of Understanding is made by and between

the **Republic of Moldova**, represented by the Minister of Finance,

and

the **National Bank of Moldova**, acting as an agent to the Republic of Moldova, represented by the Governor of the National Bank of Moldova,

and

the **European Union**, represented by the European Commission,

herein jointly referred to as the "Parties" and each of them a "Party".

PREAMBLE

Whereas:

- (1) On 6 April 2022, the European Parliament and Council, by Decision (EU) 2022/563 (published in the Official Journal of the European Union on 8 April 2022)¹, decided to provide to the Republic of Moldova (hereinafter referred to as "**the Country**") macro-financial assistance of up to EUR 150 000 000 in three Instalments comprising a loan of EUR 120 000 000 and grant of EUR 30 000 000;
- (2) Until now, the Republic of Moldova has received from the Commission two Instalments under the macro-financial assistance, following compliance with the economic policy conditions laid down in the Memorandum of Understanding dated 22 June 2022 between the European Union and the Republic of Moldova;
- (3) On 14 June 2023, the European Parliament and Council adopted a Decision amending Decision (EU) 2022/563 as regards the amount of macro-financial assistance to the Republic of Moldova², increasing the total amount of the assistance by EUR 145 000 000 ("**The Additional Amount**") in two additional instalments ("**The Additional Instalments**");

¹ (OJ L 109, 8.04.2022, p. 6-12).

² (OJ L 155, 16.6.2012, p. 1-3).

Now, therefore, the Parties hereto have agreed as follows:

1. RELATIONS BETWEEN THE ADDENDUM AND MOU

This shall be integrally and fully part of the MoU concluded between the European Union and the Country on 22 June 2022. All recitals, definitions and clauses of the MoU shall apply to this Addendum to the MoU.

2. ADDITIONAL AMOUNT

- (1) The European Union makes available to the Borrower an Additional Amount in euro in an amount of up to EUR 145 000 000, comprising of loan facility of up to EUR 100 000 000 and a grant facility of up to EUR 45 000 000, subject to the terms and conditions of this Addendum to the MoU.
- (2) The Facility shall be disbursed in five Instalments as the Additional Amount shall be disbursed in two Additional Instalments. The amount of the Instalments shall be EUR 50 000 000 for the first Instalment, EUR 50 000 000 for the second Instalment, EUR 72 500 000 for the first Additional Instalment, EUR 72 500 000 for the second Additional Instalment and EUR 50 000 000 for the third Instalment.

3. DISBURSEMENTS AND CONDITIONS PRECEDENT

- (1) The disbursement of the two Additional Instalments shall be subject to the signature of the corresponding legal commitment (Addendum to the Loan Agreement and Addendum to the Grant Agreement) by the parties: the European Commission representing the European Union, the Ministry of Finance, representing the Country, and the National Bank of Moldova, acting as financial agent of the Country.
- (2) The disbursements of the Additional Instalments will be made before the disbursement of the third and final Instalment.
- (3) The disbursement of the Additional Instalments of the assistance will be conditional on both a satisfactory track record in the implementation of the non-precautionary credit arrangement agreed between the Country and the International Monetary Fund (hereinafter "the IMF") and on a positive assessment by the Commission on behalf of the European Union, of progress made with respect to a number of macroeconomic and structural adjustment measures. The policy conditions attached to the two Additional Instalments are consistent with agreements reached by the Country with the IMF. Accordingly, before the release of each instalment of this assistance, the Commission, in co-operation with the national authorities and IMF staff, will verify that the conditions attached to the Additional Instalments assistance have been adequately respected or new understandings reached.
- (4) The concrete policy measures and frame of reference for this verification are made explicit in Annex I-bis.

4 ENTRY INTO FORCE

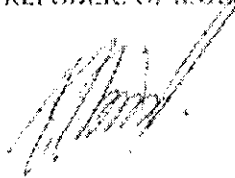
- (1) This Addendum to the MoU shall enter into force following the signature by the European Union and the Republic of Moldova and on the date on which the Republic of Moldova notifies the European Union that its internal legal requirements for its entry into force have been completed.
- (2) No disbursement of the Additional Instalments shall be made prior to the entry into force of this Addendum to the MoU.

5 EXECUTION OF THE ADDENDUM TO THE MOU

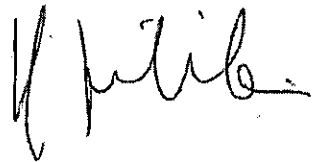
- (1) This Addendum to the MoU shall be executed by each Party in four (4) originals in the English language, each of which shall constitute an original instrument.
- (2) A signed or electronically signed copy of this Addendum to the MoU transmitted by secure email, or other secure means of electronic transmission, shall be deemed to have the same legal effect as the delivery of an original executed copy of this Addendum to the MoU for all purposes.

Done in _____ on _____ and in the Republic of Moldova on 20 July, 2023

THE REPUBLIC OF MOLDOVA
represented by
THE MINISTRY OF FINANCE OF
THE REPUBLIC OF MOLDOVA



THE EUROPEAN UNION
represented by
THE EUROPEAN COMMISSION



THE NATIONAL BANK OF MOLDOVA
as Agent of the Republic of Moldova



MOLDOVA - ANNEX I
STRUCTURAL REFORM CRITERIA

At the time of the Commission staff review that will precede the decision on the disbursement of the third Instalment, the authorities of the Republic of Moldova are committed to have accomplished the following action 10-rev which hereby replaces the existing action 10:

THIRD INSTALMENT

The existing action 10:

'Public Sector Governance

Action 10

The Government to adopt a new Public Procurement Program including initial benchmarks, annual targets, responsibility for implementation and reporting together with the required human and budgetary resources.'

becomes action 6-bis under the first Additional Instalment and is replaced by action 10-rev:

'Rule of Law

Action 10-rev

Finalise the pre-vetting of all candidates for membership of the Superior Council of Magistrates and the Superior Council of Prosecutors and the bodies/colleges of the Councils.'

MOLDOVA - ANNEX I-bis
STRUCTURAL REFORM CRITERIA

At the time of the Commission staff review that will precede the decision on the disbursement of the first Additional Instalment and the second Additional Instalment, the authorities of the Republic of Moldova are committed to have accomplished the following actions:

FIRST ADDITIONAL INSTALEMNT

Energy Sector

Action 1-bis

Approve a new action plan for gas and electricity supply to prepare for winter 2023-2024 (“Government Decision an Action Plan with preventive and mitigating measures to reduce the impact of the energy crisis in case of limitation of natural gas supply or electricity for the winter period 2023-2024”).

Rule of Law

Action 2-bis

A new Call for Applicants for membership of the bodies/colleges of the Superior Council of Magistrates and of the Superior Council of Prosecutors launched.

Business Climate

Action 3-bis

Adopt the “Republic of Moldova Digital Transformation Strategy 2023–2030” which will establish the coordinating and monitoring mechanism, in order to define a citizen-centred vision of the digital transformation of the Republic of Moldova and which has the mission of contributing to the achievement of efficient public governance, to increase the well-being of citizens and the competitiveness of the country. In line with the Strategy:

- Create the coordinating body for the implementation of the Strategy – the National Digital Transformation Council
- Establish the working group for the elaboration of the Program for the development of the IT industry and the digital economy

Action 4-bis

Adopt the “National Programme for the Promotion of Entrepreneurship and Increasing Competitiveness 2023-2026”, in order to create a regulatory framework favourable to the development of entrepreneurship based on innovation and smart specialization, leading to the improvement of the local and international competitiveness of domestic

enterprises, as well as the diversification of the support tools necessary for the development of small and medium-sized enterprises. In line with the National Programme:

- Launch the loan portfolio guarantee mechanism
- Implement the loan interest compensation mechanism through the SME Development Fund

Public Sector Governance

Action 5-bis

Further develop and adopt a concept paper on reforming the National Employment Agency.

Action 6-bis

The Government to adopt a new Public Procurement Program including initial benchmarks, annual targets, responsibility for implementation and reporting together with the required human and budgetary resources.

SECOND ADDITIONAL INSLAMENT

Rule of law

Action 7-bis

Law on extraordinary evaluation of judges (law on full vetting) fully in line with the Venice Commission recommendations adopted by Parliament.

Energy Sector

Action 8-bis

Approval by the Parliament of the Law transposing the Renewable Energy Directive 2018/2001/EU (RED II).

Fight against Corruption

Action 9-bis

Review and update the existing interinstitutional agreements between the different anti-corruption and law enforcement agencies. The mentioned agreements shall detail the mandate and tasks of the agencies and working methods of joint Task Forces/Working Groups for preventing and fighting of high-level corruption and organized crime. Establish at least one of the new Task Forces/Working Groups.

Business Climate

Action 10-bis

Adopt the National Strategy for the Development of the Economy and the National Industrialization Program for the years 2023-2027, focusing, inter alia, on internationalisation of local enterprises to facilitate their integration into global value chains, reviewing and strengthening the capacity and the operational toolkit of Moldova Invest, and strengthening the financial incentives for attracting FDIs.

Action 11-bis

The revised Customs Code will fully enter into force on 1 January 2024.

Public Sector Governance

Action 12-bis

Delineate the duties between the Ministry of Economic Development and Digitalisation and the Public Property Agency, assigning the regulatory and policy-making functions to the Ministry and the exercise of corporate governance functions in state-owned enterprises to the Public Property Agency.

Action 13-bis

In line with Public Administration Reform Strategy 2023-2030:

- Adoption of the law on voluntary amalgamation.
- Approval by the government of the methodology for the voluntary amalgamation of local public administration authorities.