



Press Release

Luxembourg, 1 September 2016

Moldova: “only limited evidence of progress” from EU support, say Auditors

EU financial support to Moldova, aimed at strengthening the country’s public administration, has had only a limited effect, according to a new report from the European Court of Auditors. Moldova is the poorest country in Europe. Since 2007, it has been allocated EU aid amounting to €782 million which represents nearly €37 per inhabitant per year, the highest amount among the EU’s eastern neighbours.

But when the auditors examined budget support programmes in the sectors of justice, public finance, public health and water, they found only limited evidence of progress. External factors such as lack of political will from the national authorities explained some of the shortcomings. Others were due to weaknesses in the design and implementation of the programmes and projects audited.

“The EU faces significant challenges in implementing assistance for Moldova”, said Hans Gustaf Wessberg, the Member of the European Court of Auditors responsible for the report. “The combination of political and macroeconomic instability, weak governance and public administration significantly reduces the European Commission’s leverage to encourage reform”.

The auditors found that the Commission could have responded more quickly when risks associated with the support materialised. Programmes were not sufficiently aligned with Moldovan strategies and their potential benefit was reduced because the Commission did not fully use its power to set preconditions for payment. The Commission could have been more stringent when assessing whether conditions had been fulfilled and the granting of additional incentive-based funds was not fully justified.

Project designs were generally found to be relevant and EU assistance channelled through projects was partially effective in strengthening the public administration. However, the scope and timing of projects was not always well coordinated with budget support programmes. Specific technical assistance for the development of administrative capacity did not start until months after the main budget support programme. Other technical assistance and twinning projects were not always used to prepare or support budget support programmes. While projects generally delivered the expected outputs, the results were not always sustainable due to a lack of political will and other external factors.

The purpose of this press release is to convey the main messages of the special report adopted by the European Court of Auditors. The full report is on www.eca.europa.eu

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The auditors make a number of **recommendations** to the Commission for improving EU assistance to Moldova:

- use the early warning system more rigorously to prevent or mitigate risks;
- better link budget support programmes to national strategies;
- strengthen the use of conditionality and performance indicators;
- link additional incentive-based funds more clearly to demonstrable progress;
- coordinate projects and Sector Budget Support programmes;
- ensure the sustainability of projects by more systematically assessing the capacity and political commitment of public authorities to sustain outcomes.

Notes to Editors

The EU cooperates with the Republic of Moldova under the European Neighbourhood Policy and its eastern regional dimension, the Eastern Partnership. The European Neighbourhood Instrument is the EU financial instrument dedicated to the neighbourhood for 2014-2020. Since 2007, Moldova has been allocated EU aid amounting to €782 million. This represents nearly €37 per inhabitant annually, which is the highest per capita aid allocation among any of the EU's eastern neighbours.

Among Moldova's main problems are widespread corruption and the weakness of its public institutions, which have been an important element of EU assistance since 2007. A significant share of the aid comes in the form of budget support. This involves the transfer of funds to the partner country's national treasury on condition that certain requirements are satisfied. The remaining aid is channelled through projects.

In 2014, Moldova and the EU signed an association agreement, including provisions for a deep and comprehensive free trade area.

Special report No 13/2016: "EU assistance for strengthening the public administration in Moldova" is available in 23 EU languages.