FINANCING AGREEMENT

The European Commission, hereinafter referred to as the "**Commission**", acting on behalf of the European Union, hereinafter referred to as the "**EU**",

of the one part, and

the Government of the Republic of the Moldova, hereinafter referred to as the "**Partner**", represented by the Prime Minister,

of the other part, hereinafter collectively referred to as the "**Parties**",

have agreed as follows:

Article 1 - Financing of the Action

1.1. The Partner agrees that the EU finances the implementation of the following action described in Annex I: EU4Moldova Integration and stability NDICI-GEO-NEAR/2023/ACT-61828, JAD.1166320, (the "Action"). Annex I summarises the objectives, expected results, implementation modalities and indicative duration of this Action.

1.2. The total estimated cost of this Action is EUR 31 000 000 and the maximum EU contribution to this Action is set at EUR 31 000 000.

Article 2 – Execution period

2.1 The execution period of this Financing Agreement shall commence on the date of the entry into force of this Financing Agreement and covers the period needed to implement the Action and its closure.

2.2 The effective end date of the execution period of this Financing Agreement shall be communicated by the Commission, in writing, to the Partner.

Article 3 – General obligations

3.1 The Partner and the EU commit to engage in a constructive political dialogue at the appropriate level on the implementation of this Financing Agreement.

3.2 In the context of the implementation of the Action, the Partner shall:

a) cooperate with the Commission or the entity entrusted by the latter in providing any information and administrative, logistical or political support useful for the implementation of the Action;

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b) agree that documents and information related to the Action and held by any entity may be forwarded to the Commission, by that entity, for the sole purpose of implementing this or another Financing Agreement;

c) inform immediately the Commission of any element brought to the Partner's attention, which arouses suspicions of irregularities, fraud or corruption in relation to the implementation of the Financing Agreement;

d) where relevant, undertake to take every appropriate measure to prevent, detect and punish any practices of active or passive corruption during the implementation of the Financing Agreement;

e) assist the Commission and the entity entrusted by the latter, where relevant, in ensuring visibility of the EU in the implementation of the Action.

3.3 The Commission and the Partner shall preserve the confidentiality of any document, information or other material directly related to the implementation of this Financing Agreement that is classified as confidential. The foregoing is without prejudice to Article 6. The Parties shall obtain each other's prior written consent before publicly disclosing such information. The Parties shall remain bound by the confidentiality until five years after the end of the execution period.

3.4 The Commission shall regularly inform the Partner of the implementation of the Action.

3.5 The Commission will implement the Action in accordance with applicable EU law (including, but not limited to, the EU Financial Regulations and the EU Treaties).

3.6 The Parties shall endeavour to settle amicably any disputes or complaints relating to the interpretation, application or validity of this Financing Agreement, including its existence or termination.

Article 4 - Right of establishment and residence

4.1 Where required by the nature of the contracts or agreements signed within the framework of the Action, the Partner shall entitle natural and legal persons participating in award procedures with a provisional right of establishment and residence in the Partner's territory. This right shall remain valid for one month after the contract or agreement is awarded.

4.2 The Partner shall also entitle recipients of EU funds and natural persons whose services are required for the performance of this Action and members of their families with similar rights during the implementation of the Action.

4.3 Where a visa facilitation agreement is applicable, its provisions shall apply as well. In all other cases, the Partner shall apply its most favourable visa regime or establish facilitating procedures for issuing visas for natural persons and persons representing legal persons participating in award procedures.

Article 5 - Tax and customs provisions and foreign exchange arrangements

5.1 The Partner shall apply to the implementing contracts and agreements signed within the framework of the Action the most favoured tax and customs arrangements applied to States or international development organisations with which it has relations.

5.2 Where the Commission and the Partner have agreed in another agreement to more detailed provisions on this subject, these provisions shall apply as well.

5.3 The Partner undertakes to authorise the import or purchase of the foreign currency necessary for the implementation of the Action. It also undertakes to apply its national foreign exchange regulations in a non-discriminatory manner to the natural and legal persons participating in implementing contracts and agreements signed within the framework of the Action.

Article 6 – Verifications and checks by the Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors

6.1 The Partner shall assist and support the verifications and checks carried out by the Commission, OLAF and the European Court of Auditors and their authorised agents at their request.

The Partner agrees to the Commission, OLAF and the European Court of Auditors conducting documentary and on-the-spot controls on the use made of EU financing under the activities under this Financing Agreement and carrying out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the activities, throughout the duration of this Financing Agreement and for five years from the end of the execution period.

6.2 The Partner also agrees that OLAF may carry out on-the-spot checks and verifications in accordance with the procedures laid down in EU law for the protection of the EU's financial interests against fraud and other irregularities.

To that end, the Partner shall grant officials of the Commission, OLAF and the European Court of Auditors and their authorised agents access to sites and premises at which operations financed under this Financing Agreement are carried out, including their computer systems, and to any documents and computerised data concerning the technical and financial management of those operations, and to take every appropriate measure to facilitate their work. Access by authorised agents of the Commission, OLAF and the European Court of Auditors shall be granted on conditions of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be accessible and filed in a manner permitting easy inspection, the Partner being bound to inform the Commission, OLAF or the European Court of Auditors of the exact location at which they are kept.

6.3 The Partner shall be notified of on-the-spot missions by agents appointed by the Commission, OLAF or the European Court of Auditors.

Article 7 – Protection of personal data

7.1 The Partner shall comply with the obligations laid down in this article where the Commission provides personal data to the Partner, for example in the context of award procedures and contracts or agreements managed by the Commission.

7.2 The Partner shall ensure an appropriate protection of personal data. Personal data means any information relating to an identified or identifiable natural person.

Personal data shall be:

a) processed lawfully, fairly and in a transparent manner in relation to the data subject;

b) collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes;

c) adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;

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d) accurate and, where necessary, kept up to date;

e) processed in a manner that ensures appropriate security of the personal data and

f) kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed. Personal data included in documents to be kept by the Partner in accordance with Article 6.1 has to be deleted five years after the end of the execution period.

Any operation involving the processing of personal data, such as collection, recording, organisation, storage, adaption or alteration, retrieval, consultation, use, disclosure, erasure or destruction, shall be based on rules and procedures of the Partner and shall only be done as far as it is necessary for the implementation of this Financing Agreement.

In particular, the Partner shall take appropriate technical and organisational security measures concerning the risks inherent in any such operation and the nature of the information relating to the natural person concerned, in order to:

a) prevent any unauthorised person from gaining access to computer systems performing such operations, and especially unauthorised reading, copying, alteration or removal of storage media; unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored information;

b) ensure that authorised users of an IT system performing such operations can access only the information to which their access right refers;

c) design its organisational structure in such a way that it meets the above requirements.

Article 8 - Amendment

8.1 Any amendment to this Financing Agreement shall be made in writing, including through an exchange of letters.

Article 9 - Suspension

9.1 The Commission may suspend the Financing Agreement without prior notice in the following cases:

a) the Partner breaches any obligation set under this Financing Agreement;

b) the Partner breaches an obligation relating to respect for human rights, democratic principles and the rule of law or in serious cases of corruption;

c) force majeure. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the Parties' control which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence.

Neither of the Parties shall be held liable for breach of its obligations under this Financing Agreement if it is prevented from fulfilling them by force majeure, provided it takes measures to minimise any possible damage.

d) in cases such as crisis or change of position at national level (e.g. on its policy priorities).

9.2 The Commission may take any appropriate precautionary measure before suspending.

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9.3 The consequences of such suspension on the Action shall be analysed and determined on a case-by-case basis, including the impact on on-going implementing contracts and agreements.

9.4 A suspension of this Financing Agreement is without prejudice to the termination of this Financing Agreement in accordance with Article 10.

9.5 The Parties shall resume the implementation of the Financing Agreement once the conditions allow. This is without prejudice to any amendments of this Financing Agreement, which may be necessary to adapt the Action to the new implementing conditions, including, if possible, the extension of the execution period, or the termination of this Financing Agreement in accordance with Article 10.

Article 10 - Termination

10.1 If the issues which led to the suspension of this Financing Agreement have not been resolved within a maximum period of 180 days, either party may terminate this Financing Agreement at 30 days' notice.

10.2 Without prejudice to Article 10.1 above, if at any time, the Commission believes that the purpose of this Financing Agreement can no longer effectively or appropriately performed, this Financing Agreement may be terminated by serving (30) thirty days written motivated notice.

10.3 The consequences of such terminations on the ongoing activities may be analysed, where relevant, and determined on a case by case basis.

Article 11 - Addresses

All communications concerning the implementation of this Financing Agreement shall be in writing, shall refer expressly to this Action as identified in Article 1.1 and shall be sent to the following addresses:

a) **for the Commission**

Jānis MAŽEIKS
Head of the EU Delegation to the Republic of Moldova
Str. Mitropolit Petru Movilă, 10
MD-2004 Chişinău
Republic of Moldova

b) **for the Partner**

Artur MIJA
Secretary General,
the Government of the Republic of Moldova
Str. Piața Marii Adunări Naționale, 1
MD-2012 Chișinău
Republic of Moldova

Article 12 - Annexes

The following Annex forms an integral part of this Financing Agreement:

a) Annex I: the Action

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In case of conflict between the body of this Financing Agreement and any of its Annexes, the body of this Financing Agreement shall prevail.

Article 13 – Entry into force

This Financing Agreement shall enter into force on the date on which the Commission receives a notification from the Partner confirming the completion of the internal procedures of the Partner necessary for its entry into force. The Commission shall inform the Partner of the date of the receipt of this notification. This Financing Agreement shall not enter into force if such a notification is not received by the Commission by 31 December 2024.

Done in two original copies, one copy being handed to the Commission and one to the Partner.

For the Partner:	For the Commission:
Dorin RECEAN Prime Minister of the Republic of Moldova Signature: Date: 14.02.2024	Adrienn KIRÁLY Director Neighbourhood East and Institution Building Directorate-General for Neighbourhood and Enlargement Negotiations Signature: Adrienn Király Date: 06/02/2024

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ANNEX I: ACTION

1. Action Summary Table

1. Title **OPSYS** **Basic Act**	EU4 Moldova Integration and Stability Annual action plan in favour of the Republic of Moldova for 2023 OPSYS business reference: NDICI-GEO-NEAR/2023/ACT-61828 ABAC Commitment level 1 number: JAD.1166320 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Economic and Investment Plan (EIP)	Yes ii. Energy; iii. Environment and climate resilience; v. Economic development; vi. Human Development (incl. human capital and youth) viii. Migration and mobility; ix. Agriculture, food security and rural development; x. Rule of law, governance and public administration reform
EIP Flagship	Yes
3. Team Europe Initiative	No
4. Beneficiar(y)/(ies) of the action	The action shall be carried out in the Republic of Moldova
5. Programming document	Multiannual Indicative Programme (MIP) 2021-2027 for the Republic of Moldova[1]
6. Link with relevant MIP(s) objectives /expected results	Priority area 1: Resilient sustainable and integrated economy Priority area 2: Accountable institutions, the rule of law and security Priority area 3: Environment and climate resilience Priority area 5: Resilient, gender equal, fair and inclusive societies
BUDGET INFORMATION	
7. Amounts concerned	Budget line(s) (article, item): 14.020111 Eastern Neighbourhood Total estimated cost: EUR 31 000 000 Total amount of EU budget contribution EUR 31 000 000
MANAGEMENT AND IMPLEMENTATION	
8. Implementation modalities (management mode and delivery methods)	**Direct management** through: - Grants - Twinning grants - Procurement **Indirect management** with the entities (identified or) to be selected by the Commission

[1] Commission implementing decision of 29/06/2022 adopting a multiannual indicative programme for the Republic of Moldova for the period 2021-2027 - C(2022) 4323 final

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2. Summary of the Action

The action **EU4 Moldova Integration and Stability** (Annual Action Plan 2023) will support resilience, recovery and reform in the Republic of Moldova in line with the Association Agenda 2021-2027 and Moldova's European Union accession process, with a specific focus on good governance, security and stability, inclusive socio-economic development fostering resilience and climate change adaptation. It will also build on the guiding principles embedded within the Joint Communication to the European Parliament and the Council "Elements for an EU-wide strategic framework to support security reform"[2], and main priorities defined in the EU Security Union Strategy 2020[3].

The Annual Action Plan (AAP) 2023 focuses on three priorities. Firstly, it aims at responding to the immediate and long-term needs in the security and migration sector. Secondly, it will considerably step up the implementation of the Economic and Investment Plan (EIP) and its flagship initiative 'Supporting an innovative and competitive economy' (flagship 1) in the agri-food sector. Thirdly, the programme will support the Republic of Moldova on its path towards EU accession, including the 9 steps outlined in the Commission's Opinion on the Republic of Moldova's application for membership of the European Union[4].

The Overall Objective/Impact of this action is to enhance state and societal resilience and socio-economic recovery, with a particular focus on security and stability, climate change adaptation of the agri-food sector and EU integration. The three specific objectives (outcomes) of this Action are:

1. National capacities to better address security threats and migratory challenges are enhanced.
2. The sustainability and competitiveness of the agricultural sector are reinforced, contributing to farmers' increased resilience to external shocks and crisis, including climate change.
3. Reforms in the areas of Public Finance Management, justice, competition, energy efficiency, labour are adopted in line with the EU *acquis* and International Labour Organisation (ILO) standards and media supported.

The three specific objectives are in line with the Joint Communication "The Eastern Partnership policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for all" on the future of the Eastern Partnership[5] as well as the policy targets of the Joint Staff Working Document 'Recovery, resilience and reform: post 2020 Eastern Partnership priorities'[6]. It also contributes to the Economic Recovery Plan for Moldova[7] objective of socio-economic sustainable recovery and to foster the green and digital transition as well as to leverage structural reforms, particularly on the rule of law, justice reform and anti-corruption.

The Action is aligned with the National Development Strategy "European Moldova 2030"[8], the EU-Republic of Moldova Multiannual Indicative Programme (MIP) 2021-2027[9] as well as the Support Package for the Republic of Moldova announced on 31 May 2023 by President von der Leyen[10]. Sustainable Development Goals targeted are 1, 5, 7, 8, 10, 12, 13, 15, 16 and 17.

The indicative duration of the action is 72 months from the date of entry into force of the financing agreement.

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[2] Council conclusions on EU-wide strategic framework to support Security Sector Reform (SSR), 13998/16
[3] COM(2020) 605 final
[4] COM(2022) 406 final
[5] JOIN(2020) 7 final
[6] Joint Staff Working Document – Recovery, resilience and reform: post 2020 Eastern partnership priorities – SWD(2021) 186 final - https://www.eeas.europa.eu/sites/default/files/swd_2021_186_f1_joint_staff_working_paper_en_v2_p1_1356457_0.pdf
[7] European Commission announces an Economic Recovery Plan for the Republic of Moldova, 02/06/2021, https://ec.europa.eu/commission/presscorner/detail/en/IP_21_2712
[8] https://www.legis.md/cautare/getResults?doc_id=134582&lang=ro
[9] Commission implementing decision of 29/06/2022 adopting a multiannual indicative programme for the Republic of Moldova for the period 2021-2027 - C(2022) 4323
[10] The EU presents a Support Package for the Republic of Moldova, 28/06/2023, https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3562