



## Facility to support the health response to the COVID-crisis and Association Agreement related Reforms

### THE CONCEPT

The twinning project aims to support the implementation of the Association Agreement (AA) between the European Union (EU) and the Republic of Moldova (Title IV, Chapter 9 Financial services, Annex XXVIII-A Rules applicable to financial services), EU Single Support Framework for 2017-2020 for the Republic of Moldova (Sector 1: Economic development and market opportunities), the Council Conclusions as well as the relevant priorities outlined in the joint European Commission and European Council working document "Eastern Partnership – focusing on key priorities and deliverables" (Gaps in access to finance and financial infrastructure).

The EU – Republic of Moldova Association Agenda for 2017-2019 provides that the parties will work together to prepare the Republic of Moldova for the modernisation of its financial regulatory and supervisory framework, so as to conform itself to internationally agreed regulatory standards in the field of financial services, using EU legislation and international instruments referred to in the relevant annexes to the AA, including the Title IV (Economic and other sectoral cooperation) of this agreement, as a reference to develop a set of rules appropriate for the Republic of Moldova.

### THE OBJECTIVES

The overall objective is to support the Republic of Moldova in the implementation of some reforms linked to the European Union – Republic of Moldova Association Agreement/Deep and Comprehensive Free Trade Area (DCFTA) and Association Agenda.

The specific objective is to strengthen supervision, corporate governance and risk management in the financial sector.



### PROJECT COMPONENTS

The project is implemented by a consortium formed by Banca Națională a României (BNR), De Nederlandsche Bank (DNB) and Lietuvos bankas (LB) with the support of the Financial Supervisory Authority (ASF) and National Authority for Consumer Protection (ANPC) from Romania, which will support the National Bank of Moldova and the National Commission for Financial Markets in strengthening supervision, corporate governance and risk management in the financial sector of the Republic of Moldova.

The project has a duration of 24 months and an allocated budget of almost 1.73 million euros.

The project benefits from the experience of a senior and two junior partner project leaders, a permanent Resident Twinning Adviser, 53 short-term experts from BNR, DNB, LB, ASF and ANPC and 4 component coordinators. It consists of over 110 missions, almost 1000 working days and 9 study visits in Bucharest and Vilnius designed to meet the mandatory results assumed.

The main project components are:

- Enhancement of the macroprudential framework in order to mitigate a build-up of systemic risks;
- Development and enforcement of a new legal framework on supervision of insurance sector and on third party liability motor insurance aligned to EU acquis;
- Development and enforcement of a new legal framework strengthening supervision of non-bank credit organisations (NBCOs);
- Development, enhancement and revision of NBM internal regulations on oversight activities;
- Compliance of the Moldovan legislation and regulatory framework with Single Euro Payments Area (SEPA) schemes requirements and preparation of the application procedure as a non-EEA (European Economic Area) member.