

2. Any reference to a specific Union act in Title V (Trade and Trade-related Matters) of this Agreement covers amendments, supplements and replacement measures published in the *Official Journal of the European Union* before 29 November 2013.
3. The provisions in Chapters 3, 4, 5, 6, 8 and 10 of Title V (Trade and Trade-related Matters) of this Agreement shall prevail over the provisions set out in this Chapter to the extent that there is a conflict.
4. Claims of a violation of the provisions of this Chapter shall not be pursued under Chapter 14 (Dispute Settlement) of Title V (Trade and Trade-related Matters) of this Agreement.

TITLE VI

FINANCIAL ASSISTANCE, AND ANTI-FRAUD AND CONTROL PROVISIONS

CHAPTER 1

Financial assistance

Article 413

The Republic of Moldova shall benefit from financial assistance through the relevant EU funding mechanisms and instruments. The Republic of Moldova may also benefit from loans by the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and other international financial institutions. The financial assistance will contribute to achieving the objectives of this Agreement and will be provided in accordance with this Chapter.

Article 414

The main principles of financial assistance shall be set out in the relevant Regulations on EU Financial Instruments.

Article 415

The priority areas of the EU financial assistance agreed by the Parties shall be laid down in annual action programmes based on multi-annual frameworks which reflect agreed policy priorities. The amounts of assistance established in those programmes shall take into account the Republic of Moldova's needs, sector capacities and progress with reforms, particularly in areas covered by this Agreement.

Article 416

In order to permit optimum use of the resources available, the Parties shall endeavour to ensure that EU assistance is implemented in close cooperation and coordination with other donor countries, donor organisations and international financial institutions, and in line with international principles of aid effectiveness.

Article 417

The fundamental legal, administrative and technical basis of financial assistance shall be established within the framework of relevant agreements between the Parties.

Article 418

The Association Council shall be informed of the progress and implementation of financial assistance and its impact upon pursuing the objectives of this Agreement. To that end, the relevant bodies of the Parties shall provide appropriate monitoring and evaluation information on a mutual and permanent basis.

Article 419

The Parties shall implement assistance in accordance with the principles of sound financial management and cooperate in the protection of the financial interests of the EU and of the Republic of Moldova in accordance with Chapter 2 (Anti-Fraud and Control Provisions) of this Title.

*CHAPTER 2****Anti-fraud and control provisions****Article 420***Definitions**

For the purposes of this Chapter, the definitions set out in Protocol IV of this Agreement shall apply.

*Article 421***Scope**

This Chapter shall be applicable to any further agreement or financing instrument to be concluded between the Parties, and any other EU financing instrument to which the Republic of Moldova may be associated, without prejudice to any other additional clauses covering audits, on-the-spot checks, inspections, controls, and anti-fraud measures, including those conducted by the European Anti-Fraud Office (OLAF) and the European Court of Auditors (ECA).

*Article 422***Measures to prevent and fight fraud, corruption and any other illegal activities**

The Parties shall take effective measures to prevent and fight fraud, corruption and any other illegal activities, inter alia, by means of mutual administrative assistance and mutual legal assistance in the fields covered by this Agreement.

*Article 423***Exchange of information and further cooperation at operational level**

1. For the purposes of proper implementation of this Chapter, the competent EU authorities and the competent authorities of the Republic of Moldova shall regularly exchange information and, at the request of one of the Parties, conduct consultations.
2. OLAF may agree with its counterparts of the Republic of Moldova on further cooperation in the field of anti-fraud, including operational arrangements with the authorities of the Republic of Moldova.
3. For the transfer and processing of personal data, Article 13 of Title III (Freedom, Security and Justice) of this Agreement shall apply.

*Article 424***Prevention of irregularities, fraud and corruption**

1. The authorities of the Republic of Moldova shall check regularly that the operations financed with EU funds have been properly implemented. They shall take any appropriate measure to prevent and remedy irregularities and fraud.
2. The authorities of the Republic of Moldova shall take any appropriate measure to prevent and remedy any active or passive corruption practices and exclude conflict of interest at any stage of the procedures related to the implementation of EU funds.

3. The authorities of the Republic of Moldova shall inform the European Commission of any prevention measure taken.
4. The European Commission shall be entitled to obtain evidence in accordance with Article 56 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities.
5. The European Commission shall also be entitled to obtain evidence that procedures on procurement and grants satisfy the principles of transparency, equal treatment and non-discrimination, prevent any conflict of interest, offer guarantees equivalent to internationally accepted standards and ensure compliance with the provisions of sound financial management.
6. To that end, the competent authorities of the Republic of Moldova shall provide the European Commission with any information related to the implementation of EU funds and shall inform it without delay of any substantial change in their procedures or systems.

Article 425

Investigation and prosecution

The authorities of the Republic of Moldova shall ensure investigation and prosecution of suspected and actual cases of fraud, corruption or any other irregularity, including conflict of interest, following national or EU controls. Where appropriate, OLAF may assist the competent authorities of the Republic of Moldova in that task.

Article 426

Communication of fraud, corruption and irregularities

1. The authorities of the Republic of Moldova shall transmit to the European Commission without delay any information which has come to their notice on suspected or actual cases of fraud, corruption or any other irregularity, including conflict of interest, in connection with the implementation of EU funds. In case of suspicion of fraud or corruption, OLAF shall also be informed.
2. The authorities of the Republic of Moldova shall also report on all measures taken in connection with facts communicated under this Article. Should there be no suspected or actual cases of fraud, corruption, or any other irregularity to report, the authorities of the Republic of Moldova shall inform the European Commission following the end of each calendar year.

Article 427

Audits

1. The European Commission and the ECA are entitled to examine whether all expenditure related to the implementation of EU funds has been incurred in a lawful and regular manner and whether the financial management has been sound.
2. Audits shall be carried out on the basis both of commitments undertaken and payments made. They shall be based on records and, if necessary, performed on-the-spot on the premises of any entity which manages or takes part in the implementation of EU funds. The audits may be carried out before the closure of the accounts for the financial year in question and for a period of five years from the date of payment of the balance.
3. European Commission inspectors or other persons mandated by the European Commission or the ECA may conduct documentary or on-the-spot checks and audits on the premises of any entity which manages or takes part in the implementation of EU funds and of their subcontractors in the Republic of Moldova.
4. The European Commission or other persons mandated by the European Commission or the ECA shall have appropriate access to sites, works and documents and to all the information required in order to carry out such audits, including in electronic form. That right of access should be communicated to all public institutions of the Republic of Moldova and shall be stated explicitly in the contracts concluded to implement the instruments referred to in this Agreement.

5. The checks and audits referred to in this Article are applicable to all contractors and subcontractors who have received EU funds directly or indirectly. In the performance of their tasks, the ECA and the audit bodies of the Republic of Moldova shall cooperate in a spirit of trust while maintaining their independence.

Article 428

On-the-spot checks

1. Within the framework of this Agreement, OLAF shall be authorised to carry out on-the-spot checks and inspections in order to protect the EU's financial interests against fraud and other irregularities in accordance with the provisions of Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities.

2. On-the-spot checks and inspections shall be prepared and conducted by OLAF in close cooperation with the competent authorities of the Republic of Moldova.

3. The authorities of the Republic of Moldova shall be notified in good time of the object, purpose and legal basis of the checks and inspections, so that they can provide all the requisite help. To that end, the officials of the competent authorities of the Republic of Moldova may participate in the on-the-spot checks and inspections.

4. If the authorities of the Republic of Moldova concerned express their interest, the on-the-spot checks and inspections may be carried out jointly by OLAF and them.

5. Where an economic operator resists an on-the-spot check or inspection, the authorities of the Republic of Moldova shall give OLAF the assistance it needs to allow it to discharge its duty in carrying out an on-the-spot check or inspection.

Article 429

Administrative measures and penalties

Administrative measures and penalties may be imposed by the European Commission in accordance with Regulations (EC, Euratom) No 1605/2002 and (EC, Euratom) No 2342/2002 of 23 December 2002 and with Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests.

Article 430

Recovery

1. The authorities of the Republic of Moldova shall take any appropriate measure to recover EU funds unduly paid.

2. Where the authorities of the Republic of Moldova are entrusted with the implementation of EU funds the European Commission is entitled to recover EU funds unduly paid, in particular through financial corrections. The European Commission shall take into account the measures taken by the authorities of the Republic of Moldova to prevent the loss of the EU funds concerned.

3. The European Commission shall consult with the Republic of Moldova on the matter before taking any decision on recovery. Disputes on recovery will be discussed in the Association Council.

4. Where the European Commission implements EU funds directly or indirectly by entrusting budget implementation tasks to third parties, a decision taken by the European Commission within the scope of this Title of this Agreement which imposes a pecuniary obligation on persons other than States, shall be enforceable in the Republic of Moldova in accordance with the following principles:

(a) enforcement shall be governed by the rules of civil procedure in force in the Republic of Moldova. The order for the enforcement of the decision shall be appended to it, without any formality other than verification of the authenticity of the decision, by the national authority which the government of the Republic of Moldova shall designate for that purpose and shall make known to the European Commission and to the Court of Justice of the European Union;

- (b) when the formalities referred to in point (a) have been completed on application by the Party concerned, the latter may proceed to enforcement in accordance with the legislation of the Republic of Moldova, by bringing the matter directly before the competent authority;
 - (c) enforcement may be suspended only by a decision of the Court of Justice of the European Union. However, the courts of the Republic of Moldova concerned shall have jurisdiction over complaints that enforcement is being carried out in an irregular manner.
5. The enforcement order shall be issued, without any further control other than verification of the authenticity of the act, by the authorities designated by the government of the Republic of Moldova. Enforcement shall take place in accordance with the rules of procedure of the Republic of Moldova. The legality of the enforcement decision shall be subject to control by the Court of Justice of the European Union.
6. Judgments given by the Court of Justice of the European Union pursuant to an arbitration clause in a contract within the scope of this Chapter shall be enforceable on the same terms.

Article 431

Confidentiality

Information communicated or acquired in any form under this Chapter shall be covered by professional secrecy and protected in the same way as similar information is protected by the law of the Republic of Moldova and by the corresponding provisions applicable to the EU institutions. Such information may not be communicated to persons, other than those in the EU institutions, in the Member States or in the Republic of Moldova, whose functions require them to know it, nor may it be used for purposes other than to ensure effective protection of the Parties' financial interests.

Article 432

Approximation of legislation

The Republic of Moldova shall carry out approximation of its legislation to the EU acts and international instruments referred to in Annex XXXV to this Agreement according to the provisions of that Annex.

TITLE VII

INSTITUTIONAL, GENERAL AND FINAL PROVISIONS

CHAPTER 1

Institutional framework

Article 433

Political and policy dialogue, including on issues related to sectoral cooperation between the Parties, may take place at any level. Periodic high-level policy dialogue shall take place within the Association Council established by Article 434 of this Agreement and within the framework of regular meetings between representatives of the Parties at ministerial level by mutual agreement.

Article 434

1. An Association Council is hereby established. It shall supervise and monitor the application and implementation of this Agreement and periodically review the functioning of this Agreement in the light of its objectives.
2. The Association Council shall meet at ministerial level and at regular intervals, at least once a year, and when circumstances require. The Association Council may meet in any configuration, by mutual agreement.