

## Re-setting the Eastern Partnership in Moldova

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*Recent political changes in Moldova offer a window of opportunity for both EU-Moldova relations and for the Eastern Partnership. In the next few months, the EU should move quickly to consolidate the reform process in Moldova. In particular, the EU should send a group of high-level EU policy advisors to the country for the purpose of promoting reform of law-enforcement agencies. Leaders from the EU and its member states should also undertake a series of high-profile visits to Moldova to demonstrate support for reforms and European integration. Finally, the EU should support visible projects that have a quick policy impact, and will have broader relevance for Moldova's modernisation. Such projects could include equipping the entire country with free wireless internet access, the liberalisation of air travel between the EU and Moldova, replacing the corrupt traffic police with speed cameras and traffic patrols and moving forward on liberalising visas for Moldovans.*

### Introduction

The EU has become accustomed to hearing almost exclusively bad news from the Eastern neighbourhood. Consolidating authoritarianism, post-electoral unrest, the failing hopes of the 'colour revolutions', gas cut-offs and even wars have severely undermined the effectiveness of the EU's policies in the region. Worse, such instabilities have caused a 'neighbourhood fatigue' in the EU. The messy politics of the Eastern neighbourhood has had a disheartening effect on the EU's neighbourhood policy. At the launch of the Eastern Partnership Summit in May 2010, most leaders of big EU member states did not even bother to show up. Expectations of the Eastern Partnership are minimal.

Against such a background, Moldova was among the least likely sources of good news. The country has had its fair share of instabilities: it was governed for eight years by a corrupt and semi-autocratic communist government, which came to power through free and fair elections in 2001; it is the poorest state in Europe with a high share of rural population; and it has an unsolved secessionist conflict in Transnistria. Yet, Moldova seems to emerge as the source of the best political news from the region in recent years for the sheer fact that it managed to change a government through elections. Recent elections brought to power a four-party Alliance for European Integration, making Moldova the only post-Soviet state (the Baltics aside) in the last ten years where the transfer of power took place via elections. Moreover, Moldova is now the only CIS state where every single transition of power has taken place following elections, rather than via staged successions, street protests and colour revolution or palace coups.<sup>1</sup>

The political change in Moldova is an opportunity for the EU to re-launch its policies in the East. Moldova is a fragile state, but it is also the most amenable to EU influence. When it comes to trade, its dependence on the EU is greater than that of any other post-Soviet state and its support for European integration is also

<sup>1</sup> The changes of presidents in Azerbaijan (2003), Russia (2000 and 2008) and Armenia (2008) came as staged successions; the changes of presidents in Georgia (2003), Ukraine (2004) and Kyrgyzstan (2005) came as a result of street protests and 'colour revolution'; the change of presidents in Turkmenistan came as a result of the death of the previous life-time president; and Kazakhstan, Uzbekistan, Belarus (after 1994) and Tajikistan (after the civil war) have adopted a 'no-transfer-of power' model of quasi-lifetime presidency. It is likely, however, that Ukraine will change president through free and fair elections in January 2010.

the highest in the region. It also shares a language and a history with Romania (an EU member state), and due to migration flows and geography, it has the highest intensity of people-to-people interaction with the EU compared to the other former Soviet states.

If EU leaders are looking for ways to make the Eastern Partnership successful, there are worse places to start than Moldova. The country could serve as a laboratory for a different sort of European neighbourhood policy – a partnership that is more effective, more attuned to local needs and that gives palpable benefits for both the EU and its partners. Certainly, a successful EU policy on Moldova will not on its own transform the entire neighbourhood, but it could be a template for a more effective EU policy towards other post-Soviet states like Georgia, Armenia or Ukraine.

### Moldova's electoral change

The last six months have been the worst in Moldova's short history since its 1992 war with Transnistria. The deep economic crisis hit Chisinau hard, leaving a huge budget deficit and a sharp drop in remittances and exports. But this was overshadowed by an even-deeper political crisis. Two days after parliamentary elections on 5 April 2008, some 20,000 people took the streets of the capital to protest alleged electoral fraud by the then-ruling Communist Party. The protests quickly degenerated into looting, which led to a severe crackdown by the government, including mass arrests and beatings and the death of at least one person in police custody.<sup>2</sup> The crisis highlighted just how problematic the rule of law in Moldova is and how politicised and undemocratic the law enforcement agencies had become. The crackdown led to a huge polarisation of society which made it impossible for the 60 MPs from the Communist Party to persuade even one single opposition MP to vote for their candidate for president who must be elected by 61 votes out of 101. Failure to elect a president led to the dissolution of parliament and early elections on 29 July.

The July elections brought a narrow but surprising victory for the opposition. The Communists obtained 48 seats in the parliament, and the opposition 53. The surprise was due to the defection from the Communist party of Marian Lupu who took over a previously marginal party and obtained 13 seats. Credit is also due to the Communists for the fact that despite some allegations of fraud and a rather unfair electoral campaign, the Communist Party never resorted to the massive scale of vote-rigging associated with most

post-Soviet governments. For example during the presidential elections in Ukraine in 2004, 'voter turnout' in some regions such as Luhansk was as much as 119%.

### The Alliance for European Integration

Four Moldovan (former) opposition parties have created a governing Alliance for European Integration. None of its leaders is the type of charismatic revolutionary that swept to power during the colour revolutions in the region. The Alliance's leaders are mostly dull technocrats. But this might also be a positive factor in a society that is divided and needs systematic reforms rather than revolutionary projects. Vlad Filat, the leader of the Liberal-Democratic Party, was selected as prime minister, and the leader of the Democratic Party Marian Lupu is the coalition's candidate for President. The Alliance will still need at least eight votes from the Communists in order to elect the presidency. Failure to obtain those votes will lead to early elections, most probably in autumn 2010.

The priorities of the coalition are the dismantling of the Putin-style 'power vertical' (i.e. personalised rule), strengthening of the rule of law, real implementation (as opposed to 'declarative implementation') of Moldova's commitment vis-à-vis the EU and forming strategic partnerships with Moldova's two neighbours Romania and Ukraine, as well as with Russia and the US. On the conflict in Transnistria, the Alliance is likely to de-prioritise the conflict-settlement process. Instead of frantically looking for a quick fix to the conflict as the previous administration did, the Alliance is likely to focus on a mid-term agenda of strengthening Moldova's economic attractiveness for the residents of Transnistria, while promoting joint projects de facto reintegrating the two banks of the Nistru River.

As the economic crisis hits Moldova, the immediate survival of the coalition depends on quick external financial assistance from the IMF, EU, US and Russia. Agreements with all of these external partners are under discussion. The US approved a \$262 million assistance package that will go into roads and irrigation. The IMF agreed to lend Moldova \$588 million, which also opens the way for some EU assistance. Surprisingly, China also promised \$1 billion in assistance. In the medium-term, however, the success of the coalition will depend on its capacity to promote domestic reform, to bring Moldova closer to the EU and to provide tangible benefits from these reforms.

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<sup>2</sup> See George Dura and Elena Gnedina, *Moldova's 'wannabe democracy' is worth rescuing*, CEPS Policy Brief No. 185, April 2009.

## Internally divided rivals

The future presents ample opportunities for greater instability in Moldova. Both the Alliance for European Integration and the Communists have underlying potential fissures. The Alliance is a motley crew of centre-right and centre-left parties and future tensions between them are unavoidable. However, the bigger question is whether these tensions will paralyse the country's modernisation in the same way that disagreements between the former allies Viktor Yushchenko and Yulia Timoshenko have paralysed Ukraine since the Orange Revolution. The alternative scenario is for Moldova to embark on a more 'Central European' path where creative tensions open up the political system, create checks and balances and make reforms possible. Political instability per se is not necessarily bad, as long as reforms are implemented. For example, between 1994 and 2004, Latvia had 10 prime ministers, while Estonia had 7 and the country's success depends on real reforms, rather than apparent political instability. With some luck and external assistance, Moldova could avoid the fate of Ukraine's Orange coalition. Unlike Ukraine, Moldova is likely to be more amenable to EU influence, easier to fix, and the risk of the Communists returning to power too great to allow the coalition too much room for complacency.

The Communist Party remains the biggest party in the parliament. Its leader – Vladimir Voronin is both the source of its strength and the party's greatest problem. Voronin created this party, brought it to power, held it together for a decade and a half, but is now unable to let it go. Instead of resigning after losing the July elections, he is trying to hang on. Just like the new government, Voronin's party has potential fault lines between an 'old guard' and a 'young guard'. Paradoxically, it is the latter – some Communist MPs are under 30 and their informal leader Mark Tcaciuc is in his early 40s – that is the more intransigent: they need Voronin for another one-to-two years to strengthen their position in the party against the older generation. The older guard is highly diverse, but many of them might prefer a deal with the new government – voting for a new president in exchange for some (political, economic and personal) guarantees. Despite such divisions, the chances for new early elections next year are high. Many Communists think that if they don't vote for a new president in the coming few weeks and thereby provoking early elections next year, they might return to power since the population will blame the effects of the economic crisis on the new government.

The new government, however, believes that the Communists will gain even fewer votes in the event of early elections since they will not control the state apparatus, the state media or the patronage networks

that come with incumbency. This would especially be the case if the government moves quickly closer to the EU not least by initiating a dialogue on visa liberalisation and receiving the promised external assistance from the IMF, the US, the EU and Russia, which would enable it to unwind the crisis. After almost a year of electioneering and political battles, the country desperately needs a stable government able to steer the country through the crisis.

## Russia's pragmatism

The electoral changes in Moldova led to a drastic U-turn in Russia's approach to Moldova. Until the July elections, Russia openly and actively supported the Communist Party. Dmitry Medvedev and Vladimir Putin held a series of well-publicised summits with the then president Voronin ahead of the April and July elections. During the April riots, Russia gave high-level diplomatic support to the Communist Party and even supplied riot-control gear. In late June, Putin also promised Vladimir Voronin a \$500 million credit line which was widely used for PR purposes by the Communists in the election campaign.

But soon after the Communists lost the elections, Russia's unequivocal support for the party quickly evaporated. A couple of weeks after the elections, President Medvedev argued that Russia wanted a partnership with any Moldovan government irrespective of whether it was Communist or not. Then a few Russian emissaries travelled to Chisinau (including the head of the Russian Presidential Administration, Sergey Naryshkin) to test the new coalition's views on Russia and to decide whether to engage early on. When the coalition partners reiterated they are not likely to force Moldova's way into NATO and out of the CIS, Russia reiterated its readiness to discuss the half a billion dollar credit line with the new government as well. Russia clearly avoided the mistake it made during the Orange Revolution in Ukraine when it stubbornly supported the losing Viktor Yanukovich. Russia's pragmatism culminated with a visit by President Medvedev to Moldova for a CIS summit held in Chisinau where Medvedev met not only the acting President of Moldova Mihai Ghimpu, but also the Alliance's candidate for the presidency Marian Lupu in a clear show of support for his bid. Medvedev also refused to meet Vladimir Voronin which dealt a huge blow to the Communist Party, which had campaigned as the most Russia-friendly political force in Moldova.

## The EU's window of opportunity

The European neighbourhood policy has been severely short of recent successes. The EU avoided playing a meaningful role in the Caucasus conflicts until the August 2008 war; it could do little to offset

the effects of Russian pressures on many CIS states ranging from blockades to gas cut-offs; and the vast sums of money spent by the EU in the neighbourhood have often made little difference because local governments were not receptive to EU advice and EU funding often went to direct budgetary support, rather than to visible projects on the ground which would gain the visibility for the EU.

Because the Voronin government was not interested in democratisation, Moldova ended up in quasi-isolation with only a handful of foreign dignitaries ever visiting the country and the EU only reluctantly cooperating with Moldova. The Alliance for European Integration represents a window of opportunity for EU policy vis-à-vis Moldova. The forthcoming years will undoubtedly experience political setbacks, tensions and disappointments, but compared with the situation in virtually all the other Eastern neighbourhood states, the EU has the power and Moldova has the interest in intensifying rapid EU-Moldova cooperation. Moldova could become the one success story of the Eastern Partnership.

## An EU policy package for Moldova

The EU should move fast in the coming months to solidify and consolidate the reform process in Moldova. It should show a higher level of political engagement than before, and it should spend the EU assistance on a few visible projects that will gain the EU traction with the population, while having a transformative effect on Moldova. Positive developments in Moldova will also have a beneficial effect on conflict-resolution in Transnistria which should benefit, wherever possible, from being included in EU assistance projects. The EU should consider the following actions:

- Sending a group of high-level policy advisors on reforms, with a special emphasis on rule of law. The EU already deploys an eight-person high-level advisory group in Armenia, which will be supplemented with another six advisors soon. In the case of Moldova such a mission should comprise some 15-20 EU advisors in the presidential office, parliament and governmental secretariats, ministries of economy, agriculture, justice, interior, the office of the ombudsman and the intelligence service.
- International donors could set-up a fund to consolidate the administrative capacity of the new government by launching a 'Capacity-Building for Reform in Periods of Transition' programme. Such projects have been supported by the international community in over 20 states, including Albania, Serbia (after the fall of Milosevic) and Georgia (after the Rose Revolution). The fund would

provide salary top-ups to high-level officials in priority reform sectors, making it possible to attract good specialists (i.e. Moldovans currently working for better-paid jobs in NGOs, foreign embassies or abroad) to work for the government. This might be a better and more sustainable investment than short-term external advisors that often come and go. Possible donors for such a fund would include the UNDP, USAID, IOM, OSI, EU member states and perhaps the European Commission.

The EU should offer support in a much more visible way. In addition to implementing structural reforms with long-term impact, the EU will also need to focus on a few visible projects with quick policy impact that will have broader relevance for the country's modernisation. The idea is to identify sectors that can be reformed relatively quickly and will have a visible short-term impact with long-term implications. The following ideas could be considered:

- Cover the entire country with wireless internet (Macedonia, which is roughly the same size as Moldova, was equipped with wireless internet a few years ago with financial support from USAID. The project started as an attempt to provide all the schools with internet and cost approximately \$4 million). Covering the entire country with wireless internet will also have positive side effects, such as providing internet access to all the schools and municipalities, improving access to information and strengthening pluralism of the media and making Moldova potentially more attractive to foreign investors (in conjunction with other measures). In Macedonia all the schools and municipalities have free internet access, while ordinary users pay for it. The project was implemented by a commercial company and boosted internet literacy.
- The EU and Moldova should liberalise air travel, hopefully leading to a drastic reduction of air travel fares to and from Moldova. Moldova's neighbours, Ukraine and Romania, have more liberalised air travel markets, which makes the costs of air travel from Moldova to other European capitals up to two to three times more expensive than from Kiev or Bucharest. Reducing air travel costs through an injunction of competition into the air transportation market will first and foremost benefit the Moldovan diaspora and their relatives who would be able to travel more often and cheaper. It could also attract more foreign visitors, both potential investors and tourists. It will also integrate Moldova more strongly into the European transportation networks.
- The government should gradually replace the corrupt traffic police with speed cameras and traffic patrols. If the government does not have the

start up funds to install speed cameras, this could be done through a private-public partnership where a foreign private company that has the know-how would install the cameras and organise the logistics of collecting fines in exchange for a share of the money obtained from the collection of fines.

- Most importantly the EU will have to move on liberalising visas for Moldova. Currently, Russia and Ukraine have visa liberalisation dialogues with the EU, but a handful of EU member states is blocking a similar approach to Moldova. This misses the point. In 2008, Russian citizens received some 8 million EU visas, Ukraine roughly 1 million EU visas, while Moldovans were issued a mere 20,000 Schengen visas and 16,000 Bulgarian visas. Even if one adds Romanian visas to the list, this will still be less than 1% of the number of visas issued to Russians and Ukrainians in a year.

To offer Moldova what is already on offer to Ukraine and Russia would make no difference to the EU but a huge difference for Moldova, not least in inducing the residents of its secessionist region of Transnistria, which is already flush with Russian and Ukrainian passports, to reintegrate with Moldova. So far, the EU's restrictive visa policies are the biggest incentive for Moldovans to seek other citizenships – whether Romanian or Russian. In the short term, the EU should consider the abolition of visa fees and extend the provisions of the existing visa-facilitation agreement with Moldova. However, the EU and Moldova need to agree on a roadmap for visa-free travel.

The following one-to-two years will be an important window of opportunity for the EU and the Moldovan government to set the pace for reforms, to modernise Moldova and ultimately stabilise the EU's immediate neighbour.

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