

## A captured state? Moldova's uncertain prospects for modernisation

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There have been several significant changes on Moldova's domestic political scene in the wake of the November 2014 parliamentary elections there. Negotiations lasted nearly two months and resulted in the formation of a minority coalition composed of two groupings: the Liberal-Democratic Party (PLDM) and the Democratic Party (PDM). New coalition received unofficial support from the Communist Party (PCRM), which had previously been considered an opposition party. Contrary to their initial announcements, PDLM and PDM did not admit the Liberal Party led by Mihai Ghimpu to power. Moreover, they blocked the nomination for prime minister of the incumbent, Iurie Leancă. Leancă has been perceived by many as an honest politician and a guarantor of reforms. This situation resulted in the political model present in Moldova since 2009 being preserved. In this model the state's institutions are subordinated to two main oligarch politicians: Vlad Filat (the leader of PLDM) and Vlad Plahotniuc (a billionaire who *de facto* controls PDM).

With control over the state in the hands of Filat and Plahotniuc questions are raised regarding the prospects of Moldova's real modernisation. It will also have a negative impact on the process of implementation of Moldova's Association Agreement with the EU and on other key reforms concerning, for example, the judiciary, the financial sector and the process of de-politicisation of the state's institutions. From both leaders' perspective, any changes to the current state of affairs would be tantamount to limiting their influence in politics and the economy, which would in turn challenge their business activities. An attempt at building of what seems to be a real pro-European alternative for the current ruling majority is being made by former prime minister Iurie Leancă. Leancă himself was prevented from staying on as prime minister for several reasons. These included his conflict with Vlad Filat and his willingness to push through reforms which would challenge the interests of the coalition leaders. However, it seems unlikely that Leancă's attempts at creating his own strong political party could bear impact on the shape of Moldova's political scene.

Despite its instability, the political system which has evolved in Moldova in recent years will be extremely difficult to change. Filat and Plahotniuc, who are competitors both politically and in business, have regularly clashed and this is having a negative impact on the government's stability and on the entire political scene. Still, both leaders are mainly focused on retaining power. This forces them to devise a *modus vivendi* within one ruling coalition which practically is tantamount to preserving the current system.

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### The new shape of the political scene

Shortly after the results of the parliamentary election were announced, the three main

pro-European parties (PLDM, PDM and the Liberal Party – PL) , declared they were willing to revive the government coalition they have in recent years formed, known as the Alliance for

European Integration (AIE). However, despite two months of negotiations the parties' leaders turned out to be unable to reach an agreement. One cause of this was the strong resistance by the democrats, who were unwilling to consent to the liberals' demands concerning a de-politisation of the general prosecutor's office (controlled by PDM) and to the appointment of an official from an EU state to supervise it. As a consequence of this, on 23 January 2015 a minority coalition was formed, composed only of PLDM and PDM. It was named the Political Alliance for a European Moldova (APME). On the same day, support from the Communist Party (PCRM) helped the coalition to appoint Andrian Candu as speaker of the parliament. Candu is a politician who has business and family ties to Vlad Plahotniuc (he is Plahotniuc's godson), the sponsor and real leader of PDM.

Upon request by PLDM's leader Vlad Filat, on 28 January 2015 President Nicolae Timofti entrusted Iurie Leancă, the outgoing prime minister, with the task of forming the government. Although the candidature received support from the democrats, on 12 February parliament rejected the vote of confidence in the new government by votes cast by the Communists and the liberals. Soon after, on 18 February, the Moldovan parliament appointed the new government by votes cast by APME and the Communists. Chiril Gaburici, a businessman unfamiliar to most Moldovans, who has no political background and no political experience, was appointed head of the new government. Gaburici has ties to both former prime minister Vlad Filat and Oleg Voronin, son of Vladimir Voronin – PCRM's leader and former president. In line with his initial announcements<sup>1</sup>, Filat put forward Leancă's candidature for the office of prime minister. However, from the very beginning neither Filat himself nor PDM were interested in Leancă continuing in this role. Leancă's

<sup>1</sup> <http://pldm.md/stiri/8490-iurie-leanca-candidatul-pldm-la-functia-de-premier-al-rm>

nomination to the office of the head of government and its subsequent rejection by parliament seems to have been a political game aimed at eliminating a politician who might be a problem for the coalition partners. Simultaneously, this was a method of saving face in front of the EU. The EU openly expressed its support for Leancă and expected him to continue as prime minister.

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Leancă's public support rose gradually from the day he took office as prime minister in May 2014. This was reflected in opinion polls indicating the level of trust for Moldovan politicians<sup>2</sup>. Leancă has also been popular with the EU, which perceived him as a guarantor of reforms. Unlike Filat, he is viewed as an honest politician who has not been involved in major corruption scandals. As a consequence, Filat (who has not held any public post since his dismissal as prime minister in March 2013, except for the function of PLDM's leader) began to fear Leancă's growing influence within the grouping. This is confirmed by the fact that Filat strongly opposed the plans to use Leancă's image in PLDM's electoral campaign<sup>3</sup>. Moreover, Filat was interested in ousting the former prime minister from office because of the latter's support for inclu-

<sup>2</sup> When he took office in May 2013, Leancă enjoyed support of just less than 0.4% of voters, however, at the time of the elections in November 2014 he was ranked second after Filat and his approval ratings were twice as high as Filat's. Cf. [http://www.ipp.md/public/files/Barometru/BOP\\_aprilie\\_2013\\_Final.pdf](http://www.ipp.md/public/files/Barometru/BOP_aprilie_2013_Final.pdf) and [http://www.ipp.md/public/files/Barometru/Brosura\\_BOP\\_11.2014\\_prima\\_parte-r.pdf](http://www.ipp.md/public/files/Barometru/Brosura_BOP_11.2014_prima_parte-r.pdf)

<sup>3</sup> At the same time, using Filat's image in the campaign was not a good idea due to the negative associations evoked by former prime minister's involvement in corruption scandals. Finally, PLDM's campaign was based mainly on slogans and party symbols.

sion of European and American experts in an investigation of the situation on the Moldovan financial market. It is likely that such an investigation could reveal Filat's involvement in illegal transfers of money from the Moldovan financial sector (more on this below).

It was not in the interest of the Democratic Party for Leancă to stay on as prime minister, mainly due to the fact that he used to consistently block attempts to privatise state enterprises (e.g. Moldtelecom) which could favour PDM's leaders. Leancă also targeted PDM's interests and insisted on a de-politicisation of the general prosecutor's office and on a thorough reform of the judiciary. Similarly, the Communists considered Leancă's candidature unfit, and although they did not formally join the coalition, they were instrumental to PLDM and PDM in forming the new government. Fearing for its image, PCRM did not want to support Prime Minister Leancă and in the period of approximately 18 months since he took office, PCRM

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repeatedly demanded that he step down. Secondly, Vladimir Voronin, aware of the fact that without votes cast by the Communists the coalition would not be able to form a new government, tried to push through the candidature of his protégé Chiril Gaburici, and not Leancă, who was openly hostile to him.

Both the final shape of the new, Communist-backed minority coalition currently in power in Moldova, and also the way in which it was formed, indicate that a real modernisation of Moldova and a structural reform of the still post-Soviet-style state institutions is not in the interest of key actors on the Moldovan political scene. On the contrary, their only aim is to

maintain full control of the state. This control is necessary to secure the political and business interests of the leaders of these groups: Vlad Filat and Vlad Plahotniuc, both of whom are prominent actors in the Moldovan economy. For this reason, both PLDM and PDM attempted to remove Lurie Leancă from power. Leancă stems from diplomatic circles, not business circles, and his growing independence and popularity, combined with his simultaneous inclination for radical reforms, posed a threat to Filat's and Plahotniuc's business endeavours. This is also why the two parties opposed the participation of the liberals in the ruling coalition. They (the liberals) supported the plans to carry out thorough reforms which would *de facto* limit the influence of Plahotniuc and Filat.

### A Moldovan-style oligarchy

A process of subordinating state institutions to the leaders of the parties making up the government coalition began in Moldova upon the Alliance for European Integration assuming power in 2009<sup>4</sup>. In line with an undisclosed protocol which made up a part of the coalition agreement of 8 August 2009, a 'party formula' was established to be used when nominating candidates to major public offices. This formula covered not only the office of the prime minister, the speaker of the parliament and individual ministers, but also those posts which should never be staffed by party-nominated candidates. These include the posts of general prosecutor, the head of the central tax office, the governor of the National Bank of Moldova and the head of the Central Electoral Committee. A strict division of the areas of influence within

<sup>4</sup> This does not mean that state institutions were not previously used as a tool by political parties in power at that time. In 2001 the Party of Communists led by Vladimir Voronin, having an absolute parliamentary majority, subordinated all state institutions. Both Voronin and people closely associated with him, in particular his son, businessman Oleg Voronin, used control over state institutions to obtain measurable business profits.

state institutions serves the interest of the leaders of the two major coalition parties – Vlad Filat, the leader of PLDM, and Vlad Plahotniuc. Both Filat and Plahotniuc are billionaires<sup>5</sup> who developed their fortunes back in the 1990s, often in dubious circumstances. From their perspective, control over key state institutions is mainly a method of securing their business dealings and of creating the best possible development conditions for their enterprises. On the other hand, this control brings them financial benefits, made possible due to their influence over state-owned companies (banks in particular), due to their participation in public tenders and privatisation processes, and to their access to loans and subsidies granted by foreign entities<sup>6</sup>. Furthermore, they have also used their control over state institutions to maintain their position in power circles. This was clearly visible in the course of parliamentary elections organised in November 2014. By exerting influence on the Central Electoral Committee and the judiciary, the ruling parties managed for example to eliminate one of the main political competitors, the Patria party led by Renato Usati, from the electoral race just three days prior to polling day<sup>7</sup>. One example of how control of state institutions can be a source of significant financial profits for the leaders of PLDM and PDM is seen in the illegal transfer of over 1 billion euros from three Moldovan banks: Banca de

Economii, Banca Sociala and Unibank. Recently, these banks granted multi-million loans to companies associated with Ilan Shor (a Moldovan-Russian businessman), Vlad Filat, and probably also Vlad Plahotniuc. A large portion of these loans was considered ‘unpayable’ from the very beginning. As a consequence, since it was impossible to collect the debt, the banks

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involved in this illegal practice began to rapidly lose financial liquidity. To rescue them, in November and December 2014 the National Bank of Moldova (NBM) introduced state supervision of the three banks and decided to launch bailout programmes amounting to hundreds of millions of euros shifted across from currency reserves. This practice would have not been possible without the involvement of the coalition leaders. The NBM, whose task is to supervise financial transfers in the country’s banking sector, must have been aware of the operations of dubious profitability being carried out by these three banks. The reason behind the lack of action to stop this practice and maintain financial liquidity was most probably political. It seems to have been a result of political pressure exerted by Filat and maybe also by Plahotniuc<sup>8</sup>. Practices present in Moldovan politics in recent years indicate that a process of appropriating the state by interest groups centred around the two main political leaders is under way. This represents a typically post-Soviet model of oligarchy in which the country’s most powerful figures try not so much to interfere in the

<sup>5</sup> According to a ranking list prepared by *Forbes* for 2014, Vlad Plahotniuc is the second richest person in Moldova and his wealth is estimated at over US\$ 2 billion. Vlad Filat has been ranked third with assets worth approximately US\$ 1.2 billion; <http://www.hotnews.ro/stiri-esential-7606255-presa-rusa-premierul-vlad-filat-locul-trei-topul-celor-mai-bogati-oameni-din-moldova.htm>

<sup>6</sup> One example is the 100 million euro loan offered by the Polish government in March 2014 for agricultural development support. Poland is ready to make the funds available at any time. However, acceptance of the loan is being blocked by a conflict between Moldovan institutions which would be responsible for collecting loan applications and compiling lists of borrowers. From the point of view of Moldovan state offices, and also of political leaders, the possibility to influence the selection of beneficiaries can be another source of considerable profits.

<sup>7</sup> <http://www.osw.waw.pl/en/publikacje/analyses/2014-12-03/moldova-moderate-success-pro-european-parties>

<sup>8</sup> <http://newsmaker.md/rus/novosti/delo-na-milliardy-10334>

state's politics by exerting economic pressure, but are rather focused on exercising immediate power to secure their business dealings. If, for some reason, they do not want or cannot hold major public posts themselves, they nominate to individuals these posts who have no political background and are dependent on their support. An example of this involved the changes in the office of prime minister and the speaker of parliament in May 2013, as well as after recent parliamentary elections<sup>9</sup>. Despite the fact that the most prominent public posts are held by other individuals, in practice it is Vlad Filat and Vlad Plahotniuc who make the key political decisions, often by directly instructing specific ministers or heads of state institutions<sup>10</sup>.

**A new political party is likely to appear on the Moldovan political scene. It will be established by former prime minister Iurie Leancă. According to his announcements, this is going to be a pro-European project intended to be an alternative for PLDM and PDM.**

This type of oligarchic system is very unstable; this was evident during the final five years of the pro-European coalition's rule. This instability is based on a paradox. On the one hand, the two main coalition leaders, Filat and Plahotniuc, are one another's business and political rivals involved in a permanent contest to expand their influence within the current system and to

<sup>9</sup> As a result of the political crisis which lasted from January until May 2013, Filat's government was overthrown. At the same time, pursuant to a ruling by the Constitutional Court Filat was prohibited from running for the office of prime minister again. As a consequence, using the support of PDM, Filat requested the president to nominate the then foreign minister Iurie Leancă to this office. Leancă was considered fully subordinated to former prime minister and lacking a political background.

<sup>10</sup> This was mentioned by Iurie Leancă on 12 March 2015; <http://newsmaker.md/rus/novosti/lyanke-otritsaet-svoyu-prichastnost-k-vyvodu-iz-strany-1-mlrd-10010>

diminish that of their rival<sup>11</sup>. On the other hand, though, they are interested in maintaining power and preserving the current system. This has forced them to devise a certain *modus vivendi* to be able to function within one government coalition. Moreover, they do not intend to admit other parties and anti-government politicians to power, since these could make attempts to change the current oligarchic system. For this reason, both Filat and Plahotniuc preferred to build an informal coalition with the Communists (who are interested in preserving the system in order to be present in it) rather than invite liberals or Leancă to power.

### **A new political party: a challenge to the coalition?**

In the immediate future, a new political party is likely to appear on the Moldovan political scene. It will be established by former prime minister Iurie Leancă. According to his announcements, this is going to be a pro-European project intended to be an electoral alternative for PLDM and PDM. The new party will most likely be called the Moldovan Popular European Party<sup>12</sup>. Several politicians supporting Leancă have already expressed their intention to take part in the project. They include Eugen Carpov (former deputy prime minister for reintegration, who left the party alongside Leancă), Victor Lutenco (former head of the office for relations with

<sup>11</sup> The most striking example of the destabilisation of the domestic political situation as a result of the fight for influence between Filat and Plahotniuc has been the scandal involving a hunting trip in the Padurea Domneasca nature reserve. During this trip, the head of the general prosecutor's office controlled by the democrats reportedly shot Moldovan businessman Sorin Paciu by accident. Filat tried to use this scandal to discredit Plahotniuc and to gain control of the prosecutor's office. The political fight, which lasted for almost six months, brought about a fall of government. It was only due to an intervention by the EU that the possibility of early parliamentary elections was averted. It is almost certain that these elections would have been won by the Communists.

<sup>12</sup> <http://unimedia.info/stiri/leanca-dezvaluie-detalii-despre-viitorul-sau-partid--cum-se-va-numi-si-ce-culoare-va-avea-90510.html>

Moldovans living abroad) and Valeriu Chiver and Iulian Groza (former deputy foreign ministers). The new project can also probably count on support from the civic initiative Dignity and Truth. It was created on 24 February 2015 by prominent Moldovan civil rights activists, analysts and columnists. This initiative has been created in protest against the actions carried out by the current authorities which caused a “total subordination of state institutions to the interests of political clans” and an “unprecedented threat to the financial and banking sector”<sup>13</sup>.

**From the perspective of the parties currently in power in Moldova, European integration understood as modernising the country by way of implementing necessary reforms, is not favourable.**

The future of the new party created by the former prime minister is very unclear, though. Despite the fact that of all politicians Leancă enjoys the highest level of support within Moldovan society (a 9.6% advantage of trust over distrust)<sup>14</sup>, he is more of a diplomat and a bureaucrat than a charismatic political leader able to build a strong party. This is one of the reasons why the current level of support for Leancă’s political project is approximately only 6,2%<sup>15</sup>. The new party’s source of funding has also been called into question. Without funding, the party will not be able to compete with PLDM and PDM sponsored by

Filat and Plahotniuc. Leancă has announced that the funds to cover the party’s activities will mainly be raised from its supporters in the form of voluntary donations; this, however, will not be enough. It is not inconceivable that Leancă will receive financial support from Moldova’s former prime minister and billionaire Ion Sturza. However, according to what Leancă said, Sturza is not going to be a member of the party. Another serious problem for the prospective party led by Leancă might be restricted access to mainstream media, which is largely controlled by Vlad Plahotniuc or individuals associated with PLDM<sup>16</sup>. It should be expected that PLDM and PDM will be making attempts to discredit Leancă in the eyes of society. The first such attempt was a statement by Vlad Filat made on 12 March 2015, in which he pointed out that it was Leancă who signed the lease agreement pertaining to Chişinău airport, which has remained unclear and unfavourable for the Moldovan state<sup>17</sup>. Similarly, he pointed to Leancă as the person bearing political responsibility for the condition of Banca de Economii (Leancă was prime minister at that time). It is likely that PLDM and PDM will try to use their influence in the state administration to hamstring the process of registration of the party or any activity intended to promote Leancă’s initiative.

### Five years of ‘Euro-imitation’

From the perspective of the parties currently in power in Moldova, European integration is interesting as an idea which makes it possible to attract the pro-European electorate. It is also considered a source of aid funds and loans. However, the real dimension of European integration, involving modernising the country by way of implementing necessary reforms, is not

<sup>13</sup> These expressions were used by one of the founders of the initiative, a prominent Moldovan analyst and politician Oazu Nantoi, who expressed his support for Leancă’s project; <http://newsmaker.md/rus/novosti/pod-moldavskoy-vlastyu-zashatalas-platforma-9284>

<sup>14</sup> In the context of the extremely low level of confidence in politicians typical of Moldovan society, Leancă’s support figures should be considered very high. For comparison: Vlad Filat is trusted by just 3.3% of the population surveyed, and prime minister Gaburici – by a mere 1.2% of respondents; <http://inprofunzime.md/stiri/politic/iurie-leanca-se-bucura-in-continutare-de-cea-mai-mare-credere---903901.html>

<sup>15</sup> [http://www.ipp.md/public/files/Barometru/BOP\\_04.2015\\_prima\\_parte\\_finale.pdf](http://www.ipp.md/public/files/Barometru/BOP_04.2015_prima_parte_finale.pdf)

<sup>16</sup> Chiril Lucinschi is a media tycoon representing the interests of PLDM. He is a member of this party and son of Moldova’s former president Petru Lucinschi (1996–2001).

<sup>17</sup> On 4 September 2013, the airport in Chişinău, the only international airport operating in Moldova, was leased to the Russian company Avia-Invest for 49 years; <http://resurs.md/economie/2639-aeroport-kontsessia>

favourable for the coalition leaders because it poses a threat to their business dealings. This is why, despite five years of rule by a coalition composed of pro-European parties which from the beginning announced their intention to modernise Moldova in the Western style, the country has not been subject to any structural reconstruction concerning how the state institutions operate. Huge aid funds worth hundreds of millions of euros<sup>18</sup> granted by the EU as part of support for reform programmes did not help much. For example, attempts at limiting the scale of ever-present, endemic corruption permeating all spheres of life in Moldova – from the judiciary through the financial sector to the schooling system and healthcare – have proved unsuccessful. During the coalition’s rule, the scale of corruption increased further, which is evidenced by a drop of Moldova’s position in the Corruption Perceptions Index ranking list run by Transparency International – from 89<sup>th</sup> position in 2009 to 103<sup>rd</sup> in 2014<sup>19</sup>. Only 7% of Moldovans assess the effectiveness of the state’s anti-corruption actions as positive<sup>20</sup>. During the rule of the pro-European parties, the National Anti-Corruption Centre, in place since 2002, which was supposed to be de-politicised and reformed to a degree even larger than during the rule of the Communists, was used mainly as an instrument of wielding political power.

The reorganisation of the Moldovan judiciary has not been successful, either. Appropriate legislation required by the EU concerning the reform of the judiciary was adopted, but was never implemented. This is why this area has remained corruption-ridden, ineffective and deeply subordinated to political influence. As

a result of the dearth of real changes, since 2009 the level of society’s confidence in the judiciary has fallen from 37% to 23%<sup>21</sup>. The weakness of the Moldovan judiciary and its dependence on political factors is clearly visible for example in the fact that the circumstances of the events of 7 April 2009 are still to be explained and the perpetrators have not been sentenced. The events in question involved the Moldovan police and security service detaining, interrogating and illegally torturing dozens of demonstrators who took part in anti-Communist rallies in the centre of Chişinău<sup>22</sup>.

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Similarly, no administrative reform to de-centralise the state has been implemented. Initial changes in this respect were officially launched in January 2012 as part of the implementation of the “national decentralisation strategy”. The political parties which are currently in power are not really interested in transferring a portion of central competencies to the regions (this concerns budgetary issues in particular), as this would reduce the opportunities to use local administration officials, currently controlled by the ruling parties, for example to carry out electoral canvassing.

Another extremely important problem is the non-transparency and the instability of the Moldovan financial sector which requires thorough

<sup>18</sup> During just three years (from 2010 until 2013) Moldova received 550 million euros from the EU, apart from funds made available under the “More for more” programme; [http://www.vedomosti.md/news/Za\\_Tri\\_Goda\\_Moldova\\_Poluchila\\_Ot\\_Es\\_550\\_Millionov\\_Evro\\_](http://www.vedomosti.md/news/Za_Tri_Goda_Moldova_Poluchila_Ot_Es_550_Millionov_Evro_)

<sup>19</sup> Cf. [http://www.transparency.org/research/cpi/cpi\\_2009/0/](http://www.transparency.org/research/cpi/cpi_2009/0/) and <http://www.transparency.org/cpi2014/results>

<sup>20</sup> After the Opiniei Publice poll conducted in November 2014 by Institutul de Politici Publice; <http://www.ipp.md/libview.php?l=ro&idc=156&id=718>

<sup>21</sup> *Ibid.*

<sup>22</sup> On 19 January 2015 the Appellate Court in Chişinău sentenced Gheorghe Papuc, the then interior minister, to four years in prison in connection with these events. After the sentence was pronounced, Papuc managed to flee Moldova. This further illustrates the scale of corruption in the Moldovan judiciary.

reform. Despite the fact that legislation forcing the banks to disclose information on their shareholders was adopted in 2014, the ownership structure of major Moldovan banks has remained unclear. Shares in these banks have been subject to regular re-selling, often as a result of so-called 'corporate raiding', which mainly involves the illegal acquisition of shares via corrupt court rulings or as a result of extortion. In these circumstances, the lack of real control of the state over the financial sector made it possible for approximately 1 billion euros from the Moldovan banking system to be transferred via three large Moldovan banks in 2014. Due to this lack of control Moldovan banks have been also used for money laundering carried out mainly by Moldovan and Russian businesspeople<sup>23</sup>.

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The few successful attempts at implementing reforms made by Moldova's pro-European government mostly concern the implementation of regulations related to Chişinău's efforts to include Moldova into the deep and comprehensive free trade area (DCFTA) and to cover Moldova's citizens with the right to visa-free entry to the Schengen zone. The success of these reforms was confirmed in April 2014 when visa requirements pertaining to Moldova's citizens travelling to Schengen states were abolished. The Association Agreement between Moldova and the EU was signed in June 2014 (along with the DCFTA agreement which makes up one part of it). The investment climate in Moldova has also somewhat improved; however, investors continue to

complain about the problems they encounter when dealing with Moldova's tax authorities, customs service and prosecutor's office<sup>24</sup>.

## Prospects

The system of power which emerged in Moldova, dominated by two oligarchs who control the two major political parties, is extremely difficult to change. This is because the integration of the state's institutions with business circles is very deep and has no precedent in the history of Moldova after 1991. The potential loss of political influence by representatives of the ruling elite would spell a very serious weakening of their business position. This was evident for example in the case of Oleg Voronin, son of PCRM's leader, who lost a major part of his income after the Communists withdrew from power in 2009. To some degree, the economic position of Moldovan oligarchs has been a result of their control over lucrative private businesses and the simultaneous creation of favourable conditions for their operation by exerting influence on the government. However, what is fundamental to the exalted position of a portion of the Moldovan political and business elite is the oligarchs' participation in the system of power and their access to the state's financial transfers (including foreign aid) which results from it. It also enables this group to reap considerable profit from corrupt practices.

In this type of system, there is serious doubt as to whether Moldova can maintain a long-term pro-European orientation. It should be expected that if PLDM and PDM, supported by the Communists, continue to block the implementation of reforms they might perceive as a challenge to their interests, including the reform required by the Association Agreement (and this seems probable), Brussels will radically cut the financial aid granted to Moldova and will reduce political support

<sup>23</sup> <https://reportingproject.net/the-russian-laundromat/russian-laundromat.php>

<sup>24</sup> The successes and failures of the Moldovan reform programme are discussed in a report by the European Commission available online at [http://europa.eu/rapid/press-release\\_MEMO-15-4682\\_en.htm](http://europa.eu/rapid/press-release_MEMO-15-4682_en.htm)

it currently gives to Moldova's coalition leaders<sup>25</sup>. It cannot be ruled out that when the benefits resulting from the promotion of the idea of European integration are over, the coalition parties will have to look for an alternative which would help them maintain power. This seems probable especially for the Democratic Party, whose supporters are not as clearly pro-Western as the supporters of the Liberal-Democratic Party. It is possible that they would welcome a change of the government's political orientation to a pro-Russian one. It seems that Vlad Plahotniuc might have already taken the first steps to assure good cooperation with Russia for himself should this eventuality come to pass<sup>26</sup>. It is beyond doubt that the functioning of the

system of oligarchy which emerged in Moldova in recent years suits Russia. Firstly, it slows down the process of Moldova's integration with the EU (or even blocks it completely in the long-term perspective). Furthermore, it makes it possible for the Kremlin to influence Moldova's politics by corrupting business clans by way of economic and political arguments. Moldova's political elite is not really interested in the country's deep reconstruction and comprehensive integration with European structures. This leads to a situation in which Russia does not need to take any radical measures to stop the process of Moldova's de-Sovietisation and the implementation of a European model of state and of the economy in Moldova.

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<sup>25</sup> Until the end of 2014, the EU's support for the Moldovan government was largely unconditional. Even the 2013 corruption scandal and other less serious cases of the abuse of power did not limit the scale of financial support offered by Brussels to Chişinău, nor did they influence the frequency of visits by EU officials to Moldova. However, the situation has changed after the recent parliamentary elections. Pirkka Tapiola, head of the EU's Delegation to Moldova, said on 30 March 2015 that the EU's financing of reforms in Moldova will depend on the results of these reforms and that due to ineffective implementation of reforms of the judiciary the second instalment of EU funds earmarked for that purpose was paid out and it became 'irreversibly lost'; <http://newsmaker.md/rus/novosti/es-prizval-moldovu-igrat-po-pravilam-10787>

<sup>26</sup> On 15 March 2015 an unexpected meeting between Kyrgyzstan's President Almazbek Atambayev and Plahotniuc took place in Chişinău. According to press reports, Atambayev was on his way from Bishkek to St. Petersburg to meet President Vladimir Putin. During his stopover visit to Chişinău, he reportedly received from Plahotniuc a package of cooperation proposals addressed to President Putin. Possible cooperation between Moldova and Russia would include a resolution of the Transnistria problem; <http://newsmaker.md/rus/novosti/vladimir-plahotnyuk-ishchet-vyhod-na-kreml-10547>

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**The views expressed by the authors of the papers do not necessarily reflect the opinion of Polish authorities**

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