

DEMOCRACY AND HUMAN RIGHTS

TIME TO RESET MOLDOVA'S EUROPEAN AGENDA

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With the Association Agreement, the EU is much closer today to Moldova than six years ago, becoming the main Moldova's development and trade partner.



Despite Moldova's progress in the implementation of the Association Agreement with the EU, the value part of the Agreement remains unaddressed: democratic institutions are fragile, the rule of law remains weak and the judiciary unreformed.



The negotiations over a new EU-Moldova Association Agenda and shaping the post-2020 EaP deliverables, but also the results of the 2020 presidential elections, provide for opportunities to reset Moldova on the European integration path.

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INTRODUCTION

Six years after the start of the implementation of the Association Agreement, which also includes the set-up of the Deep and Comprehensive Free Trade Area (DCFTA), the European Union (EU) became the main trading partner of the Republic of Moldova. In 2019 over 63 per cent of exports were oriented towards the EU market and almost 50 per cent of imports originated from the EU. The EU is also the main Moldova's development partner, providing in the last decade over EUR 2 billion in financial support. Since April 2014, over 2.4 million Moldovan citizens have travelled to the EU thanks to the visa free regime. The cooperation in the field of foreign policy and security has deepened. However, despite these developments, the value-based part of the Association Agreement remains unaddressed. The democratic institutions are fragile and continue to be mutilated by narrow political and economic interests. The rule of law remains weak and the judiciary unreformed.

These challenges have often affected the quality and spirit of the EU-Moldova high-level political dialogue over the last years. A brief glimpse of hope reappeared during the second half of 2019. However, it has not lasted for long. Since late 2019, the EU-Moldova relations were hit back by low trust and uncertainty. The COVID-19 has slightly adjusted the EU's approach towards Moldova, prioritising on the support to address the negative socio-economic impact of the crises. The negotiations over a new EU-Moldova Association Agenda and shaping the post-2020 EaP deliverables, but also the results of the 2020 presidential elections provide opportunities to reset Moldova on the European integration path. Moldova has passed the first political test, which confirmed the high expectations and demand of the society for reforms and justice. The way towards a more ambitious track of transformation and Europeanisation has now been re-opened.

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TIME TO RESET MOLDOVA'S EUROPEAN AGENDA

One step forward, one step back...

With the signature of the Association Agreement, the **Republic of Moldova was set on the European path by tighter political association and deeper economic convergence with the EU**. Moldova was no longer alone in the face of internal and external challenges, anchoring itself to the common values with the European Union, such as democracy and the rule of law, respect for human rights, good governance, market economy and sustainable development.

Today, we realize that only some of the goals and expectations have been met. **Moldova failed to make full progress in implementing the value part of the Association Agreement**. Democratic institutions are fragile and continue to be mutilated by narrow political and economic interests. Political elites continue to polarize society and divert attention from real problems of the country. The rule of law remains weak and judiciary unreformed. This is also confirmed by [IPRE's most recent Shadow Report](#) on the implementation of the EU-Moldova Association Agreement. Another key conclusion was that **over the last year progress has been observed mostly in those areas and sectors which have been conditioned by the EU's budget support and macro-financial assistance programmes**.

On the other hand, **the EU is much closer today**. The EU is the main trading partner of Moldova. Over 63 per cent of Moldovan exports are going to the EU market and almost 50 per cent of imports are coming from the EU. To date, more than 45 per cent of the EU's acquis has been transposed into the Moldovan normative framework. Moldova has become more competitive on the EU's market. The main beneficiary of the DCFTA is the agri-food sector, which is where we have seen the strongest export growth. The Association Agreement has a much stronger impact on the industrial sector, which was liberalised. Thus, the Agreement has been of great benefit to the national economy. After six years, the figures are impressive. Moldova's exports to the EU have increased by USD 3.5 billion.

Six years after the introduction of the visa free regime with the EU, over 2.4 million Moldovan citizens travelled at least 3 times to the EU and other European countries. At present,

the movement has limited due to COVID-19. The cooperation in the field of foreign policy and security has deepened but requires a new impetus and cooperation.

The EU is the main development partner of Moldova, providing in the recent decade, over EUR 2 billion as financial support. Over 20,000 small and medium-sized enterprises benefited from EU funding. More than 700 km of roads have been or will be rehabilitated thanks to EU support. Moldova is gradually connecting its energy infrastructure to that of the European Union. The EU has also diversified and recalibrated its support to other agents of change, in particular, local authorities, SMEs, local communities, civil society and independent media.

At the same time, **the EU has become much more critical of the lack of progress in systemic reforms, clearly disapproving of the internal drawbacks and strictly conditioning its assistance**. The EU has also increased pressure on the Moldovan authorities to comply with and implement the commitments set out in the Association Agreement.

All this helped to improve the positive image and trust among the Moldovan citizens towards the EU. [Over 63 per cent of Moldovans](#) say they trust the European Union, according to a recent survey conducted in the Republic of Moldova and other Eastern Partnership countries. This has also been confirmed by the most recent [Public Opinion Barometer](#) published by the Public Policy Institute (IPP) – 58 per cent would vote in a referendum to join the EU and 39.5 per cent would opt for joining the Eurasian Economic Union.

On the negative side, **the inefficient and selective justice exposed to political interference remains the biggest challenge of the Republic of Moldova, which hinders the sustainable development of the country**. Though the ruling parties recognise this problem and regularly declare their support for justice sector reform and anti-corruption actions, in reality, they admit and promote policies and actions that practically contradict those statements.

These constraints continued to affect the EU-Moldova high-level political dialogue. After a brief glimpse of hope during the second half of 2019, since late 2019, the EU-Moldova political dialogue was hit back by the wave of low

trust and uncertainty. The COVID-19 has slightly adjusted the EU's approach towards Moldova, prioritising the support to address the negative socio-economic impact of the crises.

Time to reset Moldova's European Agenda

Moldova is facing today largely the same challenges and acute systemic problems as six years ago. Moldova's relations with the EU are maintained afloat, rather than becoming more ambitious towards advancing the dialogue to a qualitatively higher level.

We understand that countries like Moldova, Georgia and Ukraine share same internal and external challenges on the path of Europeanisation. However, the difference lies in the approach towards the internal priorities of these three EU Associated countries and in their relationship with the EU. **Moldova needs more reforms in the key areas with multiplying effect that should be coupled with a pro-active diplomacy.** Thus, the Moldovan authorities, the pro-reform elites, civil society and the EU should concentrate their efforts on initiating a reset of Moldova's European agenda for the next 5 to 10 years.

All interested governmental and non-governmental stakeholders in **the EU and in Republic of Moldova should join efforts and become generators of solutions, and promote a structured and inclusive dialogue for change**, talk openly about the problems we face, be aware of them and implement together the necessary transformations step by step; identify, support and protect institutions that can generate change. It is crucial to hold public authorities accountable and to condemn all those who violate the common values provided for in the Constitution of the Republic of Moldova and in the Association Agreement with the EU.

Ultimately, this approach could help Moldova overcome the challenges it faces, break the vicious circle of internal problems and crises that have perpetuated in recent years, and help it break out of the external isolation in which the country finds itself.

Better tailored, targeted and smarter EU conditionality

The European Union should continue applying strict conditionality for its financial assistance that could be better tailored, targeted and smarter. This would boost further the long-term reform agenda, for the benefit of the citizens of the Republic of Moldova.

On one hand, **the strict EU conditionality works much better and can have a short-term impact in countries with pro-reform governments that are open and committed to implementing the reform agenda.** In this case, if the commitments are fulfilled, the conditionality can also come with a reward based on the principle applied in the Eastern Partnership countries – "more for more".

On the other hand, **EU's support is declining proportionately in countries ruled by elites that do not demonstrate a genuine political will to strengthen democratic institutions, where there is no proved interest in real reforms**, which would include an independent justice system and effective enforcement of the rule of law. This is the case of the countries with an increased political control over independent institutions by politicians and vested interest groups, acting behind the government. Consequently, the other facet of the strict conditionality begins to act here – "less for less".

However, even in the latter case, strict conditionality has long-term effects, putting constant pressure on the governments in order to put the reform process back on track. And if the government ignores a frank and open dialogue on internal backlogs or even tries to place the responsibility for the failures on the EU institutions, the EU manages to build up and maintain its communication with other interested national actors, committed to advancing transformations at the level of institutions, localities, communities or policy sectors. Moreover, in such cases, the EU is also reorienting and diversifying its direct support to those actors willing and able to drive reforms and increase the accountability of the authorities and political elites.

The EU conditionality can and should become smarter, more targeted and tailored to the immediate needs of the country to speed up the transformation process in the Republic of Moldova. This approach would avoid delaying the necessary systemic reforms when governments take commitments at a declarative level, but are hesitant about their implementation.

What would this mean? First, conditionality should aim at changing the crucial elements of the system that needs to be reformed. Justice sector reform is one example. **The conditionalities should address key challenges in the justice system and directly support the transformation and protection of the independence of key judicial institutions such as the Superior Council of Magistracy and the Superior Council of Prosecutors.**

More EU support should be directed to institutions that show signs of change, independence or are indeed able to ensure a balance among the branches of power. For example, such institutions could be the Constitutional Court, the General Prosecutor's Office, the Central Electoral Commission or the National Bank of Moldova – key institutions that must act free from political interference.

What should the priorities be?

The EU and the Republic of Moldova should promote more effective policies and measures to discourage and exclude rent-seeking systems, which benefit the hidden affiliated groups that control different political parties or even the government as a whole. An example of this is the **limitation of the participation of entities from off-shore jurisdictions in public procurement contracts or the application of anti-fraud measures with a view to combatting and sanctioning money laundering**. These reforms should be linked to rewards that the citizens can benefit from. Such a reward in the case of the Republic of Moldova, an EU Associated country, could be **accession to the Single Euro Payments Area (SEPA) or full access to the EU single market**.

It is important that the EU support continues to help implement the Association Agreement and the Sustainable Development Goals, with a particular focus on the public administration reform, administrative decentralization, educational reform, healthcare reform, sustainable economic development, green economy, digitalisation of services, support to energy and transport infrastructure projects. Strengthened resilience of the societies from the Eastern Partnership countries can happen with specific powered-up support aimed at combatting hybrid security threats.

The next opportunity to be seized is to **negotiate a new Association Agenda with the EU for the next five years outlining a set of key policy interventions focused on the rule of law, democratic institutions and addressing the negative impact of the COVID-19 pandemic on Moldova's economy**.

Another immediate priority is to engage, ahead of the next year's EaP Summit, into pro-active and ambitious talks with the EU together with other two associated EaP states on the next EaP Deliverables, aiming at strengthening the internal and external resilience of democratic institutions, the rule of law, the economy and the society at large. A recent [Non-Paper](#) produced by a group of researchers and think-tank experts presented over 50 concrete and ambitious EaP deliverables for Moldova, Georgia and Ukraine during the next 5 to 10 years in the area of security, green deal, more resilient and digital economies, people-centric EaP policy focusing on strengthening the internal and external resilience of the societies.

The overarching objectives, in particular for the EU-Moldova agenda, in the next years, should be more ambitious in order to secure the successful outcomes. **The EU should redouble its efforts to strengthen the institutions of**

democracy, the rule of law and the fight against corruption throughout the EaP area, in line with societies' aspirations. While implementation of necessary reforms requires a consistent and strong political will of the pro-reform elites in the partner countries, the EU's role in supporting those reforms is crucial by offering incentives of trade liberalisation, providing assessments of the draft legislation and supporting creation of functional institutions. At the same time, the EU and EaP partners should be more ambitious in areas such as security and environment protection.

In 2020 the EU announced already an emergency response to the COVID-19 pandemic in the Eastern Partnership countries of EUR 1 billion in the framework of the EU's "Team Europe" package support. **The EU should make the next step and develop a new flexible, tailored and comprehensive Investment and Economic Recovery Plan addressing the COVID-19 pandemic negative impact for the EaP countries**, similar to the one developed for the Western Balkan countries.

Full integration into the EU internal market is the next logical step of deepening integration and eventually leading to full membership. Having prepared for the internal market, the aspiring EaP partners will be essentially ready for membership. The goal of accession to four freedoms is the way to go.

Seizing the momentum ...

The months to come are crucial and should be fully used to embark on the opportunities ahead and start the reset of Moldova's European agenda and the structured dialogue with the EU, with the participation of the government, pro-reform elites, local authorities, business community and civil society.

The result of the recent presidential elections was the first political test that Moldova has successfully passed. It should help the country to embark on a more ambitious path of transformation and Europeanisation. Amid attempts by the incumbents to polarise the society, the new President-elect won a much needed and unprecedented popular vote that confirms the crucial demand for internal justice and to get Moldova out of the external isolation. Though the functions and powers of the President are predominantly symbolic, **the new President Maia Sandu could become that very much needed internal actor of change to push internal transformation, unite the society around the reform agenda and open Moldova for new external support and opportunities**.

ABOUT THE AUTHOR

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IMPRESSUM

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Further information on the topic can be found here:
www.fes-moldova.org