

# 391

MARCH  
2016

## MOLDOVA, between protests and “state capture”

**Denis Cenușa**, Associated Analyst at Think Tank “Expert-Group” in Moldova

**M**oldova is facing fundamental political challenges caused by political and sectorial corruption, weak state institutions and smashed public trust in the political class. This context triggered massive anti-governmental protests throughout 2015, conducted both by protesters with pro-European views and by political parties with pro-Russian sentiments. Amidst a worsening economic situation –particularly in the banking sector– both camps decided in December to unite efforts in their fight against the political system, controlled by oligarchic groups, personified by the controversial Moldovan businessman Vladimir Plahotniuc. Even if the camps of protesters remain divided in terms of their geopolitical orientation, the two major shared claims are early elections and direct election of the president of the country.

The donors’ community, including the European Union and the United States, openly and recurrently criticize the rampant corruption and the political control installed by oligarchic groups over the state institutions. However, neither the EU nor the US expressed any support for the idea of early elections. Meanwhile, Russia seems to embrace the ‘wait and see’ approach, combining it with systematic anti-European propaganda regarding the European agenda of Moldova.

### **The roots of protests and the ‘crisis silver bullet’**

The sectorial corruption, in particular in the justice circles, paralleled by deep political corruption, has amplified during 2015 amid numerous scandals linked to the disappearance from the banking system of more than 1 billion USD, accounting for approximately 15% of country’s GDP. Fraud negatively impacted the sustainability of the national reserves and exposed the whole banking sector. This decline affected seriously the national currency, which lost more than 30% of its value during 2015, eroding therefore the purchasing power of the citizens.

Consequently, the spirit of protest in the society tremendously increased, while the early elections began to sound as the silver bullet for all existing problems (political, economic and social). This claim is actively promoted by the leaders of the protests (pro-EU Political Party “Civic Platform Truth and Dignity”, and pro-Russian “Our Party” and Party of Socialists). They jointly suggested that early

elections should take place before March 2016, when the mandate of the current president expires. Another proposal coming from the protesters is to have concomitant elections for the Parliament and for the President of the country, but with an anticipated changing of the Constitution in order to turn the country into a presidential republic. To this end, the protesters started to collect signatures to organize a national-wide referendum to amend the Constitution. The rationale behind this initiative is that people would directly elect the president, who therefore will secure his independence from existing 'state captors', such as oligarchic groups, namely the controversial businessman Vladimir Plahotniuc.

The emerging control of the oligarchic groups over the ruling political parties and weakened state institutions consolidated the phenomenon of 'state capture'. According to 1999 World Bank and the European Bank of Reconstruction and Development (BERD) rankings, Moldova came next to Azerbaijan among the countries with highest level of 'state capture', even exceeding Russia and Ukraine.

The elements of 'state capture' started to germinate during the ruling of the Communist Party, which was the only party in the country's history that had a majority in the Parliament. Namely, the excessive monopolization of political power, paralleled with ramified corruption and less efficient public policies, conducted to post-election youth uprising in April 2009.

The situation aggravated when the 'so called pro-EU' ruling parties started using pernicious tactics to politicize and distribute the power and influence between them. In this context, the independence of institutions was seriously damaged. Therefore, the 'captor stakeholders' obtained more opportunities to subdue the institutions (ministries, state agencies, state enterprises etc.) and respectively to influence their decisions and behaviour. Starting with October 2015 when the former prime-minister and oligarch Vlad Filat was detained, but not yet sentenced, for accusation of corruption and traffic of influence, Plahotniuc cemented his political supremacy. This monopoly of influence is indirectly manifested through his Democratic Party. Given the Party's proximity with Plahotniuc and the appetite for monopolization of political power, clashes appeared with their European partner, European Socialists and Democrats. Various Moldovan politicians from the opposition recently confessed that Plahotniuc's proxies used financial benefits and/or intimidation to corrupt numerous members of the Parliament. These manipulations favoured the Democratic Party which succeeded to impose itself in the Parliament and to appoint a new government, amid massive protests in December 2015.

## **EU and the US vs. Russia**

December protests in Chisinau created confusion in Western media, causing misinformation. Media outlets like BBC, Euronews or EuObserver portrayed protesters who took the streets against the pro-European government as **pro-Russian**. This perception partially stemmed from the fervently promoted wrong idea of Moldova as a 'successful story', governed by so-called pro-European parties. Logically, it was assumed that only pro-Russian protesters could rise against a pro-European government. In reality, the protesters **are heterogeneous**, while the government could barely be considered pro-European bearing in mind the systemic corruption and mismanagement of different sectors of the economy.

Today, EU is less vocal than the US in Moldova's public sphere, in particular during the current political crisis. This discretion is determined by the difficulty to obtain rapidly a political unanimity among the 28, the sensitivity of political issues in Moldova, the lack of strong communication mechanisms, but also by the multiple current crises faced by the European Union. Hence, the US is more reac-

tive and eager to point out the mistakes made by the newly elected government of Pavel Filip - allegedly one of Plahotniuc's proxies-. Although the EU and the US support the idea of peaceful protests and constant pressure on the government to deliver reforms, they avoid talking about early elections. In their opinion, new elections bear major risks both of **economic and political nature**. This reluctance stems from the fact that the entire political class is compromised (both government and the opposition). Therefore, there are high expectations that emerging political parties will turn to be viable alternatives.

Evidently, Russia sees advantages in protests in Chisinau, where both pro-EU and pro-Russian forces act in unison against government which is discredited because of its clear connections with Plahotniuc, even if it is still anchored to a European agenda. Russia's interest for the anti-governmental protests could be observed in pro-Kremlin media outlets and their propaganda activity. The narrative of this propaganda is that the European agenda in Moldova is not paying off and that the EU and the US support corrupt governments.

A reset of the pro-European political landscape, expected by the society and by the Western partners, is an important step towards a qualitative change of Moldova's political class. This means removing all aspects of monopolization of power, politicization of institutions, and incidence of 'state capture', including the political and sectorial corruption. However, until important transformations take place among pro-Russian political parties it is hard to believe that substantial changes can occur. The risk of removing the persons or political parties from today's Moldovan political landscape, while preserving the existing system, is very high.

Last but not least, the focus should be on conditionalityies linked to structural reforms (banking sector, justice sector, and anti-corruption policies). The leadership in using conditionality approach should be simultaneously undertaken by the EU, the US, and the International financial institutions (International Monetary Fund, World Bank). At the national level, the civil society should impose itself and intervene actively in mediation between the protesting camps and the government. The political stability should be restored, but the long term target should be a fully-fledged reform process in Moldova building on the potential of the protests. Without prerequisites for reforming the entire political class, the truly elimination of the phenomenon of 'state capture' (with current or future oligarchic political regimes) is unlikely.