

Moldovan politics – internal migration

Since parliamentary elections in November 2014, almost one third of the members of parliament (MPs) switched their allegiance from the parties that brought them into parliament. Communists and Liberal-Democrats were most affected and the distribution of power changed severely. After two pro-European alliance governments in 2015 and the arrest of the Liberal Democrat's leader Vlad Filat, accused of corruption and involvement in the bank fraud, Vlad Plahotniuc tried to become prime minister in January 2016.

Surprisingly, President Timofti refused to appoint him. After a short and intense crisis with violent protests, Pavel Filip, also a member of the Democratic Party, was appointed. The new government, which was sworn in secretly at midnight at the president's residence, is currently supported by a coalition consisting of Democratic Party, Liberal Party and independent deputies. Politics will be further spiced up in the upcoming presidential election on October 30th.

Foreign ambassadors say the new government is doing a satisfying job. Moreover, both IMF and the government seem optimistic about a new agreement worth approx. USD 180 m.

Plahotniuc's political ambition

Three parties more or less equal in size – Liberal Democratic Party (LPDM), Democratic Party (PDM) and Liberal Party (PL) – ruled in 5 governments between 2010 and 2015. After the November 2014 elections, the Liberal-Democrats entered a swift decline, caused by the reduced popularity of its leader Vlad Filat (trusted by 45% of the population in November 2012, 12% in March 2015 and currently only 2%) and by the scandal that caused its most popular figure at the time – Iurie Leanca – to leave the party in February 2015.

Later that year, 14 communists left their party and announced the creation of a "Social-Democrat Platform" in parliament, seen by many as a commitment to the Democratic Party. This was later confirmed by their voting pattern.

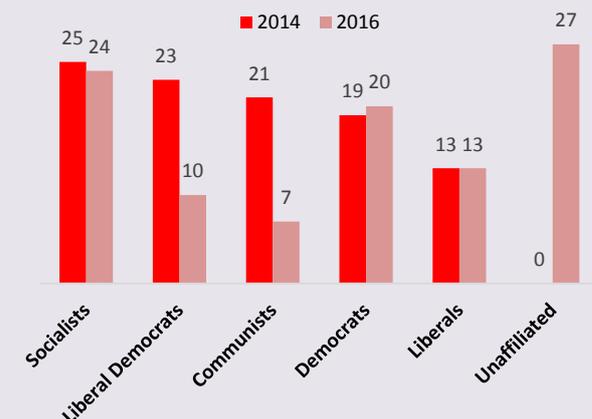
Therefore, in autumn 2015, the Democratic Party was already able to „influence” 35-38 deputies. The Liberal Democratic Party has lost its leader, as Vlad Filat was arrested. Furthermore, for the first time in the last five years the Liberal Democrats have lost the prime minister seat. The Democratic Party's effective leader Vlad Plahotniuc displayed political ambitions and tried to become prime minister, a plan that is still on the table, according to the opposition. He is considered to

be in charge of most institutions anyway and responsible for the massive migration by members of parliament.

Same new faces

Pavel Filip's government is supported by a coalition of the Democratic Party (20), Liberal Party (13) and nearly all 27 MPs who switched loyalties. Out of 16 ministerial portfolios, 8 are held by the Democrats, 4 by the Liberals, 3 by independent MPs candidates and one presented as technocrat. The Democratic Party continues its pursuit for increasing the number of coalition members. Two more MPs left the Liberal Democratic faction and vote for the governing coalition's initiatives since the beginning of 2016.

The affiliation of the members of parliament



Source: own calculations

The Democratic Party recently launched a wide invitation for other parties to join the coalition. Only Iurie Leanca's European People's Party, which consists of three MPs, has attended. Leanca found the Democratic Party's offer "very interesting" and will continue talks. Most experts guess that the "interesting offer" would be to make Iurie Leanca the coalition's candidate for the upcoming presidential elections. However, he may be more vulnerable than other pro-European candidates, since he was prime minister while much of the banking mess took place.

Meanwhile in government

The government remains stable but unpopular: Chisinau was shaken in January 2016 by violent popular protests. The new government faced the old banking crisis and no support from the international community.

After 6 months most of these obstacles were overcome, while the protesters lost their motivation. The

government cut heavily on capital investments, but funded all social payments and salaries.

The financial crisis, presidential elections and increasing popularity of the new opposition parties look like manageable risks for the near future.

According to both EU and US ambassadors, Filip's government has done a satisfying job in pushing reforms and actions included in the Deep and Comprehensive Free Trade Agreement, as well as in the Association Agreement roadmap. The NGOs monitoring the government's reforms – ADEPT and Expert Grup – evaluate the government's efficiency at implementing actions included in the roadmap at 35%, with other 23% as "implemented with deficiencies", as of June 2016.

Achievements include the optimization of state inspections, initiation of banking system reform to align it to Basel III principles, "unfreezing" negotiations with IMF, a transparent and inclusive process of selection of the National Bank (NBM) Governor. Among the main drawbacks are the lack of reform of the National Anticorruption Center, the slow pace of investigations on the banking frauds and the slow pace of reforms within the NBM. In April, Mr. Filip announced plans to cut 6 ministries and reduce the total number to 10. Nothing was mentioned about the much needed, but unpopular local administration reform.

Progress in agreeing an IMF program

Although no final agreement was achieved in the mid-July negotiations in Chisinau, both IMF and the government seemed optimistic about the speed and result of the process. "Significant progress was made and discussions are well advanced" said Ivanna Vladkova-Hollar, who leads the IMF mission. Filip reassured the media that the government achieved everything they had hoped for during the talks and was convinced there would be an agreement this autumn. If this happens, Moldova will receive a three-year arrangement worth USD 179 m. The government hopes that this will also unfreeze other strategic partners' funding for a cash-hungry economy.

A new player

In March 2016, the Constitutional Court surprised everyone by deciding that changes made some 16 years ago were unconstitutional, thus reverting the system to the president being elected by the people and not by 3/5 of MPs, as it were since year 2000. The elections were set for October 30th. The campaign will start on August 31st.

The favorites are Igor Dodon (Pro-Russian Socialists) and Maia Sandu (ex-Liberal Democratic minister of

education, now leader of the newly established PAS Party). The leader of the protest movement "DA Platform", Andrei Nastase, is also seen as having chances to get to the second round in case of a good campaign. The governing coalition's candidate is expected to receive huge administrative, financial and media support.

Conclusion

Despite the shocks, the ruling coalition in parliament is stable. Given the principles and values it is based on, it may even grow in size. However, popular anger does not seem to just fade away. The next president will need to be in opposition to the coalition in order to win future elections and to stay in the game. But the office is mainly a good stage with no real levers. Main power stays with parliament. The future president will have two main challenges for the parliamentary elections two years later: get as many MPs as possible and... try to keep them from migrating.

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Note: This text is the sole responsibility of the author and does not necessarily reflect the opinion of the German Economic Team.

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