

Change of government in Moldova, again

Maia Sandu's government was dismissed in a no-confidence vote on 12 November, after her government assumed responsibility for a bill that would have put the Prime Minister in charge of the short-list of candidates for the Prosecutor General. This proved to be a no-go for her coalition partner, the Socialists Party, who were long insisting on a government reset. A new cabinet was appointed two days later, with the support of the weakened, but still numerous Democratic Party. Moldova's Western partners expressed worry, reiterated the need to fight corruption, but said cooperation would continue based on principles of conditionality and respect for rule of law.

The unlikely coalition – as short as necessary

The coalition between the pro-Western ACUM bloc and the pro-Russian Socialists Party to oust Vladimir Plahotniuc in June was well received by the population. The marriage was as unlikely as it was necessary at the time, but tensions started building up right after the honeymoon.

As soon as the main threat was gone, the Socialists and their informal leader, President Igor Dodon, started criticizing the government and asking for a cabinet reshuffle. Ministers' achievements aside, for which some were criticised by the President, the Socialists' demand was reasonable at least from a popular mandate perspective – although they had more seats in parliament than their coalition partner, they only got 2 seats out of 11 in the government. The set-up was acceptable to them at the peak of the crisis, but not in the long-run. Maia Sandu, on the other hand, wouldn't hear of changes to her cabinet. Both sides went on accusing each other of incompetence and vested interests.

Five months proved insufficient for spectacular results. Still Maia Sandu's government managed to break at least one monopoly – that of metal exports. But their main achievement was regaining the trust of the development partners which resulted in significant additional funding: over EUR 60 m in grants and circa EUR 45 m in loans.

Final straw – the Prosecutor General

Important as daily matters were, justice reform was the main topic on the agenda. A key step in the fight against corruption and the investigation of the bank fraud was appointing a new Prosecutor General.

According to the Constitution, the president makes the appointment, but the proposal has to come from the

Superior Council of Prosecutors – an institution widely distrusted. The solution that the coalition came up with was to amend the Law on the prosecutor's office to add a preselection phase which was to be organized by the Ministry of Justice.

The selection committee had representatives from both sides of the coalition, civil society and an international expert. Out of the four top candidates, three were also the ones preferred by the Minister of Justice, while all of them coincided with the top choices of the international expert involved in the process.

Despite that, the Prime Minister soon said the competition was flawed and the Minister of Justice announced she would annul the results. This was followed by a surprise move on 6 November – the government assumed responsibility for a change to the Law on the prosecutor's office which put the Prime Minister in charge of coming up with the short-list of at least two candidates for the Superior Council of Prosecutors to choose from.

The Socialists deemed the move unacceptable, contravening their coalition agreement and to the principle of having an apolitical appointee. They requested that the government withdraw the decision, but the Prime Minister maintained her position. The government was dismissed in a no-confidence vote within less than a week.

New cabinet – all the king's men

The President held discussions with the parliamentary groups the next day. The Socialists said they would not accept Maia Sandu as Prime Minister again and accused the ACUM block of rigidity after the latter said they would not accept another government format or agenda. The Democratic party, on the other hand, proved much more open to vote for a new cabinet. They were decapitated in June and heavily discredited since. An international search warrant had just been issued on their former leader and pressure was mounting on other members, including several MPs. Furthermore, failure to form a new government would have led to early elections where they could only lose a significant number of seats in Parliament.

Another day later, the Socialists and the Democrats appointed the government led by Ion Chicu. He had been Minister of Finance until June and advisor to President Dodon since then. Altogether, five members of the cabinet had been advising the President until their appointment to the new government.

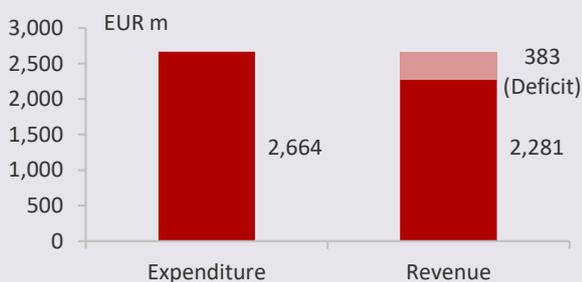
Both sides insist they have no coalition and the government is a minority one by the Socialists.

First steps – quick and bold

The first important move from the new government was to submit the previous short-list of candidates for the Prosecutor General to the Superior Council of Prosecutors. Alexandr Stoianoglo was proposed one week later and President Dodon appointed him the following day. He had previously been Prosecutor of the Autonomous Region of Gagauzia until 2001, and an MP from the Democratic Party between 2009-2014. He was the highest rated candidate in the pre-selection organized by the Ministry of Justice earlier and among the top four choices of all the committee members including the former Minister.

The budget for 2020 was the next big thing to come from the new government. Given the time constraints, the government adopted it in a rush, and it can be expected that the parliament won't cause delays either. It includes several social initiatives that have long been circulated by President Dodon, but which lead to significant deficit of 3.25% of GDP based on the growth forecast of the Government.

Government budget for 2020



Source: parlament.md; exchange rate 1 EUR = 19.35 MDL

It is not yet clear how the gap would be covered. The Prime Minister mentioned the possibility of a USD 500 m credit line from the Russian Federation, but few believe it can happen any time soon or on good terms for Moldova. Another option could be for the government to issue its first Eurobond.

Outlook for 2020: elections, again

Given that the Democrats would be hurt the most by early elections, they are likely to hold on to the new government. Still, they said they would also be open to discussions with the ACUM bloc, if the latter weren't so rigid. But this is unlikely to change, for now.

With the presidential elections due next autumn, Maia Sandu can only deem any association with the Democrats risky and unnecessary, until then. She lost to

Igor Dodon by a small margin in 2016 and is very likely to challenge him again next year, as she is the only other politician with a comparable level of trust – 24% vs 26% for Igor Dodon, according to the latest polls.

There is, of course, the option to avoid any elections at all in 2020, but it would involve amending the Constitution so that the President be elected by the Parliament. This was the practice between 2000-2015, until the Constitutional Court controversially ruled that the 15-year-old change was unconstitutional and reverted to the direct election of the President which was in place before 2000. Vladimir Voronin, a former president, has recently suggested just that and the idea is becoming increasingly popular also with the Socialists' partners.

Author

Andrian Gavrilita, andrian.gavrilita@mba2016.esmt.org

Andrian Gavrilita previously led the Prime Minister's Investment Attraction Team and was Chief of Staff to Prime Minister Gaburici.

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Editors

Dr Ricardo Giucci, Woldemar Walter

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BE Berlin Economics GmbH | Schillerstraße 59 | 10627 Berlin
 +49 30 / 20 61 34 64 - 0 | info@berlin-economics.com | [Impressum](#)