

Moldova

by Leonid Litra

Capital: Chişinău
Population: 3.6 million
GNI/capita, PPP: US\$5,500

Source: World Bank *World Development Indicators*.

Nations in Transit Ratings and Averaged Scores

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
National Democratic Governance	5.75	5.75	5.75	6.00	5.75	5.75	5.50	5.50	5.50	5.75
Electoral Process	3.75	3.75	4.00	4.25	4.00	4.00	4.00	4.00	4.00	4.00
Civil Society	3.75	3.75	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25
Independent Media	5.25	5.50	5.75	5.75	5.50	5.00	5.00	5.00	5.00	5.00
Local Democratic Governance	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50
Judicial Framework and Independence	4.50	4.50	4.50	4.75	4.50	4.50	4.50	4.75	4.75	4.75
Corruption	6.00	6.00	6.00	6.00	6.00	6.00	5.75	5.75	5.75	6.00
Democracy Score	4.96	5.00	5.07	5.14	4.96	4.89	4.82	4.86	4.86	4.89

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. If consensus cannot be reached, Freedom House is responsible for the final ratings. The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year. The opinions expressed in this report are those of the author(s).

EXECUTIVE SUMMARY

Political infighting, extensive corruption, and deep social divisions have put Moldova's democratic development on hold. In 2015, the country experienced further setbacks to developing inclusive, transparent, and efficient governance.

From the start of the year, the country's deep political crisis triggered instability that pushed reforms into the background. Conflict between two oligarchs formally in coalition, Vlad Filat of the Liberal Democratic Party of Moldova (PLDM) and Vlad Plahotniuc of the Democratic Party of Moldova (PDM), disabled the functioning of the state and led to three changes of government during the year. Despite positive technical efforts in the modernization and European integration of state institutions, reforms have stalled and trust in institutions like the parliament and government has fallen below 7 percent.

The banking scandal that emerged at the end of 2014, in which over \$1 billion—equivalent to one-eighth of Moldova's GDP—disappeared from the state-owned Banca de Economii and two other private banks, dominated politics in 2015. The theft fed into a worsening economic situation and fueled protests starting in February against the failure of law enforcement institutions to investigate. Piggybacking on the initial civic protests by the "Dignity and Truth" platform, pro-Russian parties organized parallel demonstrations with a similar agenda beginning in September. The protests, political infighting, and finally a self-denunciation by Ilan Shor, a powerful oligarch suspected in the theft, eventually resulted in the arrest of former prime minister Vlad Filat. The circumstances of Filat's arrest cast doubt on its efficacy in Moldova's fight against corruption, however, since it came only after Shor's statements although much additional evidence had accumulated by that time. Furthermore, despite being named from the start as a key figure in the theft, and despite implicating himself in his own statements, Shor remains at liberty after being elected mayor of Orhei in June 2015.

The formal and informal competition between these main actors to control the public narrative also caused an increase in pressure on the media. Oligarch-controlled business groups that distort information for their benefit control most of the country's media, albeit with some notable exceptions. During the year, the parliament also made attempts to change legislation in ways that would increase the role of these groups in the media market under the guise of fighting propaganda. Yet civil society, with the support of international organizations, effectively put these changes on hold and successfully fought for regulations governing transparency of media ownership.

Reform of Moldova's judicial sector has stagnated. Positive steps, like the parliament's first reading of a new law on the prosecutor's office, or the 2012 establishment of a National Commission of Integrity to deal with conflicts of interest and declaration of assets, have been offset by political interests' blocking legislation and preventing the consolidation of strong institutions and practices. There is a clear unwillingness among the competing political elites to implement necessary reforms.

Surprisingly, local elections in June 2015 were well managed and largely considered free and fair, despite fierce competition. The results were not disputed, and even though the governing alliance secured a majority in many regions, left-wing opposition parties also gained significant control of certain areas. In local governance, implementation of a new law on local public finances was a positive development, changing the system of transferring funds from the central government to local entities and thus freeing local authorities from a significant mechanism of political influence. Aside from this law, however, other steps foreseen under the decentralization strategy that expired in 2015 have not been taken.

Implementation of Moldova's Association Agreement with the European Union was limited to more technical issues, while relations with the EU worsened due to a lack of progress in internal reforms. Negotiations within the 5 + 2 framework to settle the Transnistrian conflict have been on hold since 2014, and with the exception of a decision to expand the application of the economic part of the Association Agreement to Transnistria, there were no significant changes in that area.

Score Changes:

- **National Democratic Governance rating declined from 5.50 to 5.75** due to political infighting and unremitting political turmoil resulting in constant government instability.
- **Local Democratic Governance rating improved from 5.75 to 5.50** due to the implementation of a law on public finances that significantly reduced the ability of national authorities to pressure local authorities.
- **Corruption rating declined from 5.75 to 6.00** due to the state's inability to investigate and take action against the theft of \$1 billion from the banking sector and other corruption scandals.

As a result, Moldova's Democracy Score declined from 4.86 to 4.89.

Outlook for 2016: The conditions that caused the political crisis throughout 2015 are unlikely to be resolved in 2016 without a wide national political compromise, which seems improbable. In a country where reforms have barely progressed when political stability was ensured, the crisis has rendered them nearly impossible. The economic prognosis is grim. The banking sector theft, endemic corruption, and a worsening regional context will impact quality of life even more in 2016 than in the previous year. Early elections, if they occur, would likely strengthen the position of pro-Russian parties, worsening relations with the European Union, but not necessarily damaging the reform process more than the current crisis. The country's main challenges remain the same: implementation of the Association Agreement with the EU; de-politicization and de-oligarchization of state institutions, judiciary, and media; and implementation of reforms in areas like the justice system and decentralization.

MAIN REPORT

National Democratic Governance

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
5.75	5.75	5.75	6.00	5.75	5.75	5.50	5.50	5.50	5.75

- After a relatively stable political year in 2014, Moldova saw in 2015 the most intense political turmoil and instability since the regime change in 2009, with three different governments in the course of the year. Following the November 30, 2014, parliamentary elections, the political parties were unable to form a governing alliance for two and a half months. After nontransparent negotiations, a new minority government joining the Liberal Democratic Party of Moldova (PLDM) and Democratic Party of Moldova (PDM) was installed in February as the Political Alliance for a European Moldova, headed by PLDM-affiliated Chiril Gaburici. Unable to reach agreement with the Liberal Party (PL) on joining the coalition, it relied instead on the communist party (PRCM), which remained formally in opposition but often acted de facto as part of the coalition. The country’s two top oligarchs, Vlad Filat of PLDM and Vlad Plahotniuc of PDM, divided the ministerial portfolios as well as other important institutions,¹ as has been the custom since 2009.² For instance, PLDM took the State Tax Office and customs control, and PDM took the prosecutor’s office and National Anticorruption Center.
- The coalition barely functioned at a minimum level of competence—in April it adopted a state budget without a parliamentary vote, as required by law³—and did not last long. Infighting led to its collapse in June, and a new coalition was formed by PLDM, PDM, and the Liberal Party (PL), headed by Valeriu Strelet of PLDM. The Strelet government was sacked in late October, formally on allegations of corruption. It then took two months for president Nicolae Timofti to nominate businessman and public figure Ion Sturza to form a new cabinet. Lacking the political support of parties other than PLDM, most MPs boycotted the parliament session, and Sturza was not able to present his cabinet and program. The fact that it took the president almost two months to nominate a prime minister with a slim chance of support illustrates the depth of Moldova’s political crisis and inability of the political parties to find compromise.
- Public protests begun in February by the civic platform “Dignity and Truth” over the failure of law enforcement to investigate the \$1 billion banking theft and the country’s worsening living conditions gathered momentum through the year and into the fall. Although some leaders of the platform were connected to Victor and Viorel Topa—oligarch brothers who fled the country five years ago due to conflict with Plahotniuc and later convicted of a variety of crimes—the initial protests were authentically civic in nature. In September, pro-Russian parties, namely, the Party of Socialists of the Republic of Moldova (of Igor Dodon) and “Our Party” (of Renato Usatii), piggybacked on civic protests with a similar goal to force early elections, while also backing the idea of a referendum for direct election of the president to replace Moldova’s current system of selection by parliament.
- With protests ongoing in October, prosecutors detained former prime minister Vlad Filat on accusations of masterminding the \$1 billion banking theft and taking a \$250 million cut. The arrest was hardly a credit to investigators, however, as it was based on self-denunciation by the newly elected mayor of Orhei, Ilan Shor, whom many had named as involved in the theft at the time it was committed.⁴
- Through all of these events, the population’s trust in governing elites dropped to a new low. Clear evidence of oligarchic capture of state institutions and use of ostensibly independent institutions for political ends decreased the level of trust in the parliament to 6 percent (compared to 41 percent in 2009) and similarly low levels for the government and president.⁵

- Against this backdrop of deep disappointment in the ruling elite, new parties started to form. In March, former prime minister Iurie Leanca, who had avoided both camps in the political dispute, split from PLDM to form the European People’s Party of Moldova (PPEM).⁶ In December, Dignity and Truth became a political party, polling a solid 12 percent of public support in surveys,⁷ although ties between party leader Andrei Nastase and Victor Topa may damage its credibility. Also in December, former education minister Maia Sandu announced she would start her own party, “Action and Solidarity,” drawing on her reputation for integrity and positive results she takes credit for in reforming the education system.⁸ However, polls at the end of the year still showed the pro-Russian Our Party (16 percent) and Party of Socialists (10 percent) performing well.⁹
- Relations with the EU worsened significantly as the reform agenda under the 2014 Association Agreement stalled, with implementation of only 19 percent of its planned activities.¹⁰ Rampant evidence of grand corruption and lack of basic progress in good governance among ostensibly pro-European elites undermined the pro-EU agenda and strengthened the positions of Euroskeptical and Russia-loyal center-left parties.
- Transnistria received little attention in 2015, despite parliamentary elections unrecognized by Moldova or the international community in December. The 5 + 2 negotiations format has been on hold since summer 2014, and contacts between the government in Chişinău and the Tiraspol administration are limited. The only visible progress was the decision to apply the economic component of the Association Agreement to the entire territory of Moldova, including Transnistria, as of January 1, 2016.¹¹

Electoral Process

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3.75	3.75	4.00	4.25	4.00	4.00	4.00	4.00	4.00	4.00

- Local elections were held in June for Moldova’s 898 mayors, elected under a two-round majoritarian system, and 11,680 local council members, elected under a proportional representation system without a threshold.¹² Unlike the problematic 2014 parliamentary elections, the 2015 local elections were generally free and fair and well administered by the Central Electoral Commission. The elections offered the public a diverse choice, despite a difficult political context compounded by the resignation of the prime minister just two days before the first round. The declared pro-European incumbent parties won the most seats and mayoralties in the elections, although Euroskeptical center-left parties also secured significant support.¹³ Ilan Shor, an oligarch publicly named as a participant in the \$1 billion banking theft, was elected mayor of Orhei (see Local Democratic Governance).
- There were documented issues in the election. According to the local election monitor PromoLex,¹⁴ one major problem was access to voter-list verification, which diminished voter confidence in the electoral process. An inconsistent interpretation of the electoral law on the preparation of voter lists relating to the use of residence permits created circumstances that may have allowed for fraud.¹⁵ A dramatic increase in the number of voters registered in some districts since November 2014 (for instance, a 10.6 percent increase in Codru) could indicate vote manipulation and may have affected the results.¹⁶
- Additionally, the law on funding political parties and campaigns was adopted in March 2015 and the Electoral Code was amended in April 2015,¹⁷ thus violating the Venice Commission recommendation that electoral legislation should not be changed less than one year before an election. The OSCE also criticized changes to the law that prohibited the use of state and foreign symbols and images and forbade involving foreign citizens in campaigning, stating that this is a “disproportionate restriction challenging freedom of expression.”¹⁸

- Certain amendments were positive, such as making vote-buying and illegal campaign funding criminal offenses. Other sanctions for electoral violations include warnings, fines, confiscation of funds, suspension of public funding, and deregistration. However, the provision on sanctions is ambiguous and sometimes conflicting, as well as non-exhaustive. The OSCE noted that this could lead to discretionary application by the Central Electoral Commission, which also received more powers under the legislative amendments.¹⁹
- Following the elections, OSCE/ODIHR and PromoLex offered additional recommendations to improve the legal framework with regard to party funding, election administration, media, voter registration, and the election campaign. So far, the recommendations have not been converted into policies.
- Moldova also held elections in March for the position of *baskan*, or head of local government, in the Gagauz Autonomous Region. Socialist candidate Irina Vlah, running as an independent, won in the first round with 51 percent of the vote. These results were not surprising, as the Socialists had already won control of the region from the Communists in the November 2014 parliamentary elections. The election of Vlah means the central authorities will need to make even more of an effort to keep the region from becoming isolated, which would make it an easier target for Russia should the Kremlin decide to destabilize Moldova.

Civil Society

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
3.75	3.75	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25

- Civil society organizations (CSOs) continued to play an important role in the public life of Moldova in 2015. The number of CSOs is growing, with 10,074 at last count,²⁰ but the number of organizations functioning properly is much smaller. Despite their participation in dialogue platforms with the authorities, and even their role organizing mass demonstrations in 2015, the impact of CSOs on policy remains limited.
- One factor hampering their work is the suspicion that many civil society figures or experts are “sponsored” by political actors, especially from the dominant parties PDM and PLDM. Yet despite constant rumors about biased experts advocating for their patrons, there has been no serious investigation proving allegations of hidden political affiliation. In a November survey, only 24 percent of the population expressed trust in civil society in Moldova.²¹
- In 2015, civil society was critical to monitoring local elections and pressuring the political elite to investigate the \$1 billion banking theft. The Dignity and Truth platform organized in February, which initiated mass protests against the captured state that continued throughout the year, included within its founding ranks a number of influential civil society leaders.²²
- Seeking to defuse the protests, Prime Minister Valeriu Strelet ordered in September that civil society be included in a number of governmental bodies. Civil society groups rejected the proposal, arguing that the government was trying to deflect attention away from the banking scandal with a show of dialogue.²³
- One sign that the government was uninterested in cooperation with civil society was the failure to renew the mandate of the National Participation Council (NPC), a civil society body created in 2010 to advise the government through formal mechanisms. The NPC was intended to increase civil society and private sector participation in the government’s decision-making process and improve expert input in policymaking.²⁴ The two-year composition of the NPC expired in 2015, but new members have not been selected. The Strelet government held a call in June for candidates to the NPC, but no new members were announced. Then, in September, Strelet changed his opinion, saying that the format of the NPC was obsolete and should be changed to include nongovernmental

organizations (NGOs) in the colleges, or consultative bodies, attached to each ministry. This step, however, has not been fulfilled.²⁵

- Funding of CSOs comes mainly from foreign sources. The financial sustainability of the sector slightly increased in 2015, due not to a change in the amount of money available but to improvements in government cooperation, with a few ministries providing a small amount of funds for cooperative projects with CSOs. Local private funding for the CSO sector is provided mostly by businesses like telecommunications, but these funds go only to charitable causes.²⁶ Companies are unwilling to support CSOs that deal with democracy-related issues for fear of being perceived as taking a stand in opposition to incumbent political elites.
- The financial sustainability of CSOs hypothetically should improve in the near future due to the adoption of amendments to the Fiscal Code in 2014 that established a framework for individuals and legal entities to donate two percent of their income taxes to CSOs with public benefit status. Yet, despite the law having been adopted in the previous year, no regulations had been implemented by the end of 2015, meaning the impact of the law will not be seen until 2017.²⁷ In May, the NGO Council organized a meeting with the parliament speaker and other officials to discuss the financial sustainability of CSOs.
- Media CSOs dealing with corruption through investigations were particularly active and effective in 2015, and generated wide public discussion and reactions from state officials. For instance, RISE Moldova investigated the illegal leasing of forests and schemes to export and re-export fruits to Russia despite that country’s embargo on Moldova.²⁸ Additionally, the Center for Investigative Journalism’s online portal anticoruptie.md explored the businesses, assets, and interests of deputy ministers, leading to a reaction from the prime minister, who asked the National Integrity Commission to verify the data presented in the investigation.²⁹

Independent Media

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
5.25	5.50	5.75	5.75	5.50	5.00	5.00	5.00	5.00	5.00

- The strident politicization and oligarchization of the media remain key problems for Moldova that are rooted in institutions. Members of the Audiovisual Coordinating Council (CCA) are appointed by the parliament and nominated on political criteria. The selection process for the Council of Observers of the public company Teleradio-Moldova is also politically driven. For more than a year, the ostensibly nine-member council was dysfunctional while the parliamentary committee on mass media delayed the election of six of its members. In March 2015, the parliament elected four members from the ranks of PDM and PLDM, while “certain independent media experts were refused due to lack of political protection,” as a civil society monitoring report put it.³⁰ The other two council positions remain vacant.
- In a somewhat positive development, a law on transparency of media ownership was finally adopted in March 2015.³¹ However, the law was missing a key prohibition on registering companies in offshore areas that has been used to conceal media ownership. The positive side of the law is that individuals are now obliged to declare their ownership in media.
- Various politico-oligarchic groups or individuals control most of Moldova’s influential media and use them to present distorted information, especially about their political opponents. In terms of ownership, there is greater transparency thanks to the new law on media ownership and the resulting declarations. PRIME TV, Publika TV, Canal 2, and Canal 3 belong to Vlad Plahotniuc of PDM.³² TV7 and THT Bravo belong to Chiril Lucinschi of PLDM. JurnalTV belongs to Victor Topa, who is said to be close to the civic platform Dignity and Truth. Accent TV belongs to an individual close to Igor Dodon of PSRM, while Euro TV and AltTV belong to a person identified in the Kroll report on

the \$1 billion banking theft as an affiliate of Ilan Shor.³³³⁴ Another influential channel is PRO TV, a subsidiary of the Romania-based Central European Media Enterprise.³⁵ State-owned Moldova 1 public television is in theory impartial but in fact presents mostly positive news on the incumbent parties, mainly PLDM, PDM, and PL.

- In 2015, a proposal to modify the Audiovisual Code and Law on Freedom of Expression by officials from PLDM and PDM resulted in a wave of protests from journalists and civil society. The MPs argued that the law needed to be modified in order to protect against Russian propaganda, which had significantly increased after the illegal annexation of Crimea in 2014. During the year, a series of Russian journalists were prohibited from entering Moldova. However, media experts stated that along with fighting propaganda, the aim of the amendments was to “protect and consolidate the interests of certain media owners,” because the proposals were made in secrecy and without consultation with the wider public, media organizations, and civil society.³⁶ The amendments would have likely consolidated the positions of media controlled by the country’s dominant oligarchs.
- Strong reaction to the proposed amendments from media and civil society put them on hold and initiated a wider dialogue. At the request of the parliament speaker, the OSCE provided a legal analysis of the proposals, giving a negative assessment and suggesting improvements.³⁷ After the amendments were adjusted, the OSCE issued a new opinion with a rather positive assessment, although it pointed out certain inconsistencies still not in line with international practices that could lead to restrictions of expression and self-censorship.³⁸ The amendments remained stalled at year’s end.
- Investigative journalism in Moldova is becoming more powerful as more investigations uncover corruption, leading to pressure from public opinion and, on occasion, legal actions. At the same time, investigative journalists and their newspapers are often subject to political pressure and called into court. The mainstream newspaper *Ziarul de Gardă* published numerous investigations on such issues as conflicts of interest in the Civil Aviation Authority and the business activities of customs head Tudor Balitchi.³⁹ It has faced a number of lawsuits and threats as a result of its work. The latest example is a letter from a judge who forbade the newspaper to write about her activities and interests, and threatened to call the paper into court if such items continued to be published.⁴⁰
- Local media have been unable to provide Russian language content of sufficient quality to prevent Moldovans from relying on Russian media for information. According to the Broadcasting Board of Governors, 69 percent of the general population and 85 percent of Russian-speakers use Russian-language media.⁴¹ Many stations rebroadcast Russian content, including that produced by Russian state media.⁴² The dependence on Russian media makes it easy for Russian-language propaganda and disinformation to be effective in Moldova. The Coordinating Audiovisual Council and media CSOs monitoring Russian media found serious misconduct on several occasions.⁴³

Local Democratic Governance

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.50

- In Moldova’s local democratic governance in 2015, implementation of the Law on Local Public Finances significantly reduced the political influence of central authorities over local governments. Yet elections during the year did not bring significant changes to actual local governance, as incumbent parties managed to secure most of the votes. There were disturbing developments in the election of Renato Usatii, a controversial politician with an alleged criminal background,⁴⁴ as mayor of Balti, the country’s second-largest city; and the election of Ilan Shor, an oligarch under investigation in the \$1 billion banking theft, as mayor of Orhei. Balti is a broadly Russophone city, and Usatii was likely elected due to his links to Russia and a pro-Russian vision. Shor was elected in

Orhei as a kind of protest candidate due to the deep dissatisfaction of residents, and because he is widely known as the owner of the local football team.

- On the positive side, the Law on Local Public Finances was fully implemented for the first time across the entire country, following a pilot implementation in certain regions in 2014.⁴⁵ The main achievement of the law is to change the system of transferring funds from the central budget to local authorities with a new objective formula, removing political influence from the process.⁴⁶ This reduces the ability of politicians to make budget allocations based on mayors' political allegiances, freeing local decision-makers from being hostage to political parties and allowing them to put the interests of the local community first. So far, the law functions well in all districts, or *raions*, with the exception of Chişinău, which is facing a budget deficit as the new law puts the capital at a comparative disadvantage.
- Despite this important positive step, there remain serious deficiencies at the institutional level. The Parity Commission on Decentralization, which is in charge of implementation of the decentralization plan, did not meet at all in 2015. The state chancellery is also not involved in the decentralization effort due to political turmoil, which means there is no state body overseeing the coordination process.⁴⁷ The decentralization strategy for 2010–15 expired, and a series of laws scheduled for adoption within the strategy were not pushed forward. If there are three pillars of the strategy—local public finance, strengthening the fiscal base, and capital investments—only the first has been implemented. Aside from the general strategy, sectoral strategies were also supposed to be adopted this year; some of these were not adopted at all while others were adopted but not implemented. Decentralization is not a priority for the political elite.⁴⁸
- Based on the 2012 recommendation of the Congress for Local and Regional Authorities, local authorities should have received more competences and power, such as the ability to bring cases in the Constitutional Court, adopt laws, or grant jurisdiction over zoning. But although draft laws to this effect have been registered in the parliament several times, these also have not been adopted.
- Territorial administrative reform in Moldova is still an outstanding issue. With more than 30 raions, the country has too many units for its small territory. But there is no political will to address the problem, since it is a burdensome process that threatens many different interests. A study supported by the UNDP has offered several scenarios for reform but has not garnered support, including from the Congress of Local Authorities of Moldova, because its plan was prepared hastily and deemed unacceptable.⁴⁹
- Finally, a specific problem that undermines local democracy is that despite the decentralization of local public finances, the central government still decides what taxes are applied. This leaves local authorities to suffer for decisions taken at the central level.

Judicial Framework and Independence

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
4.50	4.50	4.50	4.75	4.50	4.50	4.50	4.75	4.75	4.75

- Moldova has adopted a largely adequate legal framework, but implementation is still lacking. The main problems of the judiciary are insufficient reasoning of judgments, defective and random assignment of cases, lack of audio recording of court proceedings,⁵⁰ lack of transparency in the appointment of judges, promotion of judges with poor evaluation results, and uneven judicial practice, including at the Supreme Court of Justice. Further judicial reform is unlikely since the current political actors—whether in the government or the opposition—are not interested in an independent judiciary.
- Within the legal framework there are still weaknesses, such as the disciplinary responsibility of judges and operation of the Superior Council of Magistracy. The biggest problem is the unreformed

prosecutor’s office. Draft legislation has been ready for over a year, and was voted on in its first reading in May 2015,⁵¹ but it is still awaiting final adoption by the parliament. The delay in adoption is due exclusively to political reasons, as the prosecutor’s office has become one of the main tools to exert control over the political landscape. The reform envisions reduction of hierarchical subordination in the prosecutorial system, provides for more effective disciplining of prosecutors, and increases social guarantees like housing for prosecutors.⁵² The most important improvements narrow the powers of the prosecutor’s office and the prosecutor general while increasing the powers of the Superior Council of Prosecutors and reducing political influence over the office.

- An investigation by the National Anticorruption Center in 2014 found that supposedly random assignment of cases was manipulated in order to “direct” certain cases to a specific judge. In March, the Superior Council of Magistrates reported that it had fixed the issue and, according to the council, it is now impossible to manipulate the docket.⁵³
- A mandatory polygraph test for candidates to become judges and prosecutors was supposed to start as of January 1, 2015. The test was postponed on the excuse that the necessary conditions for buying a polygraph machine and instructing personnel in how to use it had not been fulfilled.⁵⁴ However, political unwillingness and internal resistance would seem the actual cause for delay, since a polygraph machine only costs about \$9,000.

Corruption

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
6.00	6.00	6.00	6.00	6.00	6.00	5.75	5.75	5.75	6.00

- The theft of \$1 billion from the banking sector in 2014 reverberated throughout 2015, and, as in previous years, the main problem in tackling this corruption was the lack of political will. The partly state-owned Banca de Economii (BEM) had been left financially vulnerable by extensive mismanagement and corruption. Between 2012 and 2014, ownership of BEM and two other private banks was gradually acquired by a variety of individuals and entities linked to Ilan Shor (see “National Democratic Governance” and “Local Democratic Governance”), which then issued loans to newly formed Moldovan entities connected to Latvian bank accounts held by UK limited partnerships. In November 2014, the loans were cleared down from the Moldovan banks, leading to the banks’ collapse.⁵⁵ At the end of 2014, the amount of money needed to save the banks was estimated at MDL 15 billion (\$1.025 billion), or about one eighth of Moldova’s GDP. The government decided to liquidate BEM and the two other banks involved.
- Due to law-enforcement agencies’ inaction and opposition by the political class to investigating the theft, the EU decided to freeze its budgetary support to Moldova until the government reached an agreement with the IMF and carried out a credible investigation. Other donors followed suit. As a result, the National Bank hired the risk and consulting firm Kroll, which produced a confidential report in April that was leaked to the public in May. Although the government has opposed the second phase of the investigation, as a result of external pressure and pressure from street protests, the prime minister has allowed it to move forward.
- The first Kroll report identified a group of companies linked to Ilan Shor as being behind the theft.⁵⁶ The head of the National Commission for Financial Markets, Artur Gherman, who spoke out about illegal activities in the banking system, was sacked.⁵⁷ In October, Shor claimed that former prime minister and PLDM leader Vlad Filat had received \$250 million in bribes since 2010, and was the initiator of the theft. Filat was deprived of his parliamentary immunity and arrested the same day.⁵⁸ By December 2015, the National Anticorruption Center (CAN) had initiated 44 criminal cases related to the \$1 billion theft, of which 20 had already been sent to court. But the head of the center also said

that state institutions had known in 2013 that BEM could go bankrupt, again raising the question of why the anticorruption center, prosecutor general, and national bank did not act sooner.⁵⁹

- Filat's arrest was the first time that a former prime minister had been detained in Moldova, and it is still unclear what the consequences of this will be. Certainly, the fight against corruption at the highest level now comes at the risk of political instability. But Filat's arrest should not be necessarily considered part of an efficient fight against corruption, since his detention comes mainly as a result of Shor's self-denunciation in his cooperation with CAN, rather than as a result of the work of anticorruption bodies. It will be important to see what other arrests take place in order to judge the sustainability of the anticorruption fight. Over the last 10 to 12 years, public tolerance towards corruption has diminished dramatically in Moldova, and access to information and relative press freedom have increased significantly. Mistakes that the public forgave in previous governments will no longer be tolerated.⁶⁰
- As in the judicial sector, lack of political will is the most obvious issue that stymies effective work against corruption. A clear illustration of this is the refusal to depoliticize and enhance the work of the National Integrity Commission (NIC). An inter-ministerial task force with the participation of civil society experts drafted a packet of legislation in 2015 to improve the work of the NIC, but the government opinion was negative and the legislation was not passed.⁶¹ The government's negative position is likely because the proposals would not only consolidate the NIC's power to sanction decisions on conflict of interest but also create the proper conditions for confiscating ill-gotten wealth.
- In April 2015, following a Venice Commission assessment, the Constitutional Court declared the law on testing of professional integrity as partly unconstitutional due to lack of a genuine control mechanism to ensure a permanent and effective verification of compliance with the legal authority conducting the test. The court also determined that CAN, whose director is appointed and dismissed at the proposal of the prime minister, is a body under control of the executive and therefore lacks the required independence. The Ministry of Justice is currently working on a new law.⁶²

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