

Moldova

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Introduction

Moldovans voted in parliamentary elections on 24 February 2019. The election campaign revealed the complexity of Moldova's political reality. The country is torn by tendencies that directly harm democratic efforts. Yet, public and political resistance have endorsed anti-corruption efforts and have created strong opposition to the oligarchic state capture that exists. A public poll conducted prior to the parliamentary elections indicated that Moldovans were more concerned with corruption than other political issues, and 49 percent of respondents cited corruption as the most important issue guiding their vote (International Republican Institute 2019). However, the parliamentary elections produced a hung parliament: no party is able to govern alone. The Socialist Party (PRSM), led by Moldova's President Igor Dodon, gained 35 seats in the 101-member Parliament. The ruling Democratic Party (PDM), headed by Vladimir Plahotniuc, received 30 seats. The opposition ACUM bloc, campaigning on an anti-corruption platform under the leadership of Maia Sandu and Andrei Nastase, got 26 seats. The conservative Shor Party received seven seats, and three independent candidates gained parliamentary seats. The parliament is yet to form a government. However, the lack of agreement on a governing coalition might result in a presidential decision to dissolve the legislature and to call for snap parliamentary elections.

About ICLD

The Swedish International Centre for Local Democracy (ICLD) is part of the Swedish development cooperation. The mandate of the organization is to contribute to poverty alleviation by strengthening local governments.

This report is part of a publication series that investigates local democracy in the 19 countries where the ICLD municipal partnership programme operates.

This report covers events up to 31 May 2019. Events occurring after this period are not considered.

This political gridlock is increasing political and economic uncertainty in a country that is still dealing with a 2014 banking fraud, when it emerged that \$1 billion (12 percent of Moldova's GDP) from the state budget disappeared through three Moldovan banks between 2012 and 2014 (Edwards 2019). Moldova's commitment to democratic principles was also brought into question in June 2018 when the Supreme Court upheld a decision to annul the results of the mayoral race in Chisinau, won by Andrei Nastase (European External Action Service, 2019). The non-transparent invalidation of the mayoral elections prompted the European Union to freeze macro-financial assistance to Moldova in 2018, stating that 'the decisions of the courts is an example of state capture and reveals a very deep crisis of the institutions in Moldova' (European Parliament 2018). The court decision favoured Vladimir Plahotniuc, not just the leader of PDM but also the country's richest oligarch whose ambitions and interest can

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strong-arm government institutions. Plahotniuc has excessive influence over governing officials, the police and media (Calus 2016). His control of the media shapes the political narrative of PDM by steering the spotlight away from domestic issues and focusing on the geopolitics of being a pro-European party. Moldova's geopolitical situation remains highly sensitive due to security concerns over the breakaway region of Transnistria and EU–Moldova negotiations within the framework of the EU's Association Agreement.

General country analysis

Moldova's constitution was amended nine times (although the 2010 amendment was declared unconstitutional), with 37 amended articles (Fruhstorfer 2016). The constitution established a semi-presidential system, but the president holds a dominant position compared to the prime minister with respect to the right to dissolve parliament (Art. 85). The constitution guarantees the principles of local autonomy, decentralisation of public authorities and local public consultations (Art. 109). The administrative-territorial organisation of Moldova includes two levels: the first level includes villages (communes) and towns (municipalities), and the second level includes 32 districts. The ethno-political conflict in Gaugazia was resolved by granting territorial autonomy to the region in the 1994 Constitution (Art 110, 111). The autonomous status enables Gaugazia to have a parliament and a government with a directly elected governor, although the division of competencies between central and regional government has not been fully clarified (*ibid.*, p. 377). Moldova has not resolved the political status of its breakaway territories of Transnistria. Thus, the Constitution (Art. 110) also assigns conditions of autonomy to the left bank of the Dniester River. The local public administration authorities include elected local councils and elected mayors.

Fiscal decentralisation

The constitution does not specify the political mandate of local councillors and mayors nor does it clarify the division of responsibilities between different levels of administrative-territorial units. The current regulatory framework on local governance is inconsistent, while the EU's criteria on decentralisation of public services and local autonomy are not fully implemented. Local governments are able to fulfil only limited functions, typically basic administrative functions, due to the lack of financial and administrative capacities. Only 17 percent of local governments can cover expenses with their own revenues, and the large majority of local governments (83 percent) rely on transfers from the state budget to cover their costs (Ionescu, Drezgic and Rusu 2015). Though not specified by the law, district authorities have assumed a superior hierarchical role by taking over the function of transferring state budget funds to level-one authorities. This is inefficient and unnecessary for public service provision at the local level. This role of district authorities has been supported and reinforced by the central administration, which, as a result, maintains some political control over local public policies. Apart from their functional role, district authorities have been granted responsibilities of managing the school network and coordinating social assistance services.

Political decentralisation

The Electoral Code (Art. 119) specifies that mayors of towns (municipalities), villages (communes) and local councillors in districts, towns and villages are elected via a universal direct vote for a four-year term. An individual may run for councillor in both first and second territorial-administrative units; and individuals may run for both mayor and local councillor but only in one electoral district of the same level (Electoral Code Art. 126). Mayors are elected

under a majoritarian system. If no candidate wins an absolute majority in the first round, the two highest polling candidates proceed to the second round. Local council elections are held under a proportional system. Local elections are competitive and conducted on a regular basis. However, the legal framework contains ambiguities and inconsistencies as well as contradictions between the electoral code and other relevant laws (OSCE/ODIHR, 2015). Despite being political rivals, the Socialist Party and the Democratic Party have shown their ability to cooperate and pass new laws, which could significantly tilt the playing field in their favour and prevent new political parties and forces from emerging. This was the case with the electoral reform, which introduced a mixed electoral system in Moldova (Gherasimov 2019). However, the most worrisome situation was the annulment of the mayoral race in Chisinau. It showed that oligarchic interests have the necessary administrative and legal leverage to overturn a political situation.

Conclusion: possibilities and barriers for municipal partnerships

The major issue for cooperation with local government is political uncertainty. Failure to agree on the governing coalition could set the country on the course to snap parliamentary elections. This means that the central government would occupy the country's political agenda, distracting the public from local issues. Political decisions even at the local level are conditioned by the incentive to deliver visible results to the public quickly in order to gain electoral support or public endorsement (Bolkvadze and Povitkina 2019). It conditions what cooperation and projects are prioritised and supported by local councils and mayors.

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