

Moldova's parliamentary elections – positive outlook

Parliamentary elections took place in Moldova on 11 July. PAS, a reformist party founded by President Maia Sandu, won 63 out of 101 seats – a sufficient majority to govern alone for the next four years.

Subsequently, the new cabinet was voted in on 6 August, which is led by Natalia Gavrilita as prime minister, a Harvard graduate, and a former minister of finance in Maia Sandu's government of 2019.

Expectations are high, but as PAS campaigned mainly on fighting corruption, an important battle emerges against the Prosecutor General, whom they consider unfit for the job, but who cannot be easily sacked.

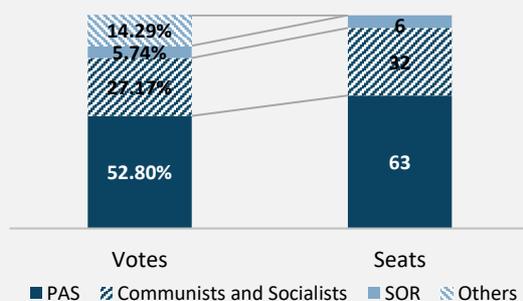
The new cabinet was re-organized from nine ministries to 13, but the main highlight was appointing a deputy prime minister for digitalization, a topic rather ignored throughout the pandemic in the previous legislature.

The elections

When Maia Sandu became president last November, she promised to dissolve the parliament and organize new elections. But since Igor Dodon and the fugitive Ilan Sor had decided to improvise a new coalition to try to govern for the remaining two years, it took Maia Sandu several attempts and some support from the Constitutional Court to finally call the snap elections.

PAS, the party she had founded and led (but had to quit upon becoming president) was in pole position after her success in the presidential race. Still, few polls predicted PAS could get more votes than the next two parties combined. This overwhelming victory of PAS came as a surprise to many and can be considered historic. Up until now, the Communists' Party was the only one that managed to win over 50% of seats and govern alone (2001-2009).

Distribution of votes and seats



Source: *alegeri.md*

The cabinet

Natalia Gavrilita, the new prime minister, as well as some of the new ministers were already known from a rather formalistic proposal of a cabinet earlier this year, as well as from Maia Sandu's government of 2019.

The new prime minister got the confidence vote, along with 15 ministers, including two without portfolios: reintegration and digitalization. The latter is a new addition along with the reorganization of some ministries (from 9 to 13): culture was split from education, health from social protection, while agriculture, environment and regional development went three separate ways. The latter also got infrastructure, which was previously with economy.

But having to govern alone, while setting a high bar on integrity of appointees, has led to some challenges in the effort to immediately fill all cabinet positions. Dumitru Budianschi, for example, was appointed Minister of Finance, in a rather last-minute move, after he had just been voted Head of the Economic Committee in the Parliament one week earlier. The candidacy for the Minister of Economy seems to also have been decided rather late – it is now Mr Sergiu Gaibu. Both him and Mr Budianschi had, until recently, been colleagues at Expert-Grup, a local think-tank. In its first official meeting, the cabinet fired 23 state secretaries, but only appointed nine new ones on the same day. The diaspora was asked to return and join the effort.

The programme

The new cabinet's programme is built around several main objectives: justice reform and anticorruption, quality of governance and digitalization, regional investment, and SME stimulation.

Along with detailed sectoral policies, the programme also includes a set of 40 immediate priorities in four areas: managing the pandemic, starting the justice reform, increasing incomes for vulnerable groups, and attracting external funding.

The highlight of the programme, but also the most difficult part of it, is the justice reform. This includes, among others, the extraordinary evaluation of judges and prosecutors. Some, including the Prosecutor General, consider the government's plans an excessive interference with the judiciary. Therefore, many of the initiatives may be brought up in front of the Constitutional Court. The new government may still have a "sympathizing" majority there, at least until the

Superior Council of Magistrates appoints the 6th judge to the only vacant seat of the Constitutional Court.

Meanwhile, many, including Sergiu Litvinenco, the newly appointed Minister of Justice, have called for the resignation of the Prosecutor General, who said he has no reason to resign. He still has five years left out of his seven-year mandate. That is one more than that of the newly elected parliament.

The economy

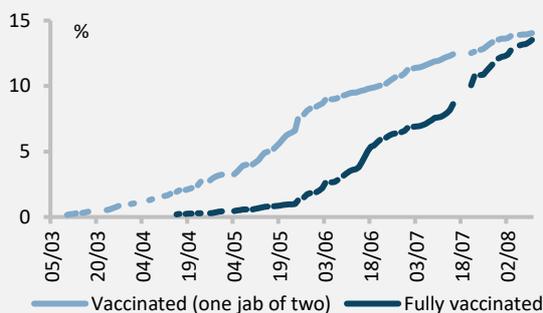
Compared to reforms of the judiciary and the restructuring of the bureaucracy to digitalize its public services, the economy may be less of an immediate challenge for the new government. GDP is expected to rebound at 3.8% in 2021, according to the World Bank. Tax collections in the first seven months were up by 17% from 2020, while industrial production was up by nearly 12% yoy in the first five months, albeit from a COVID-struck baseline in 2020.

Moldova can already count on USD 236 m from the IMF as part of its extraordinary SDR allocation, which the country could receive before the end of August, while more support is expected from the US and EU. Mrs Gavrilita is expected to visit Brussels and bring back mainly good news in September. Meanwhile, EUR 50 m of macro financial assistance from the EU may reach Moldova by the end of September (subject to reforms).

The pandemic

Only 14.2% of the Moldovan population have received two jabs of the COVID vaccine so far. The vaccination rate slowed down significantly from May, but many are still getting vaccinated in neighbouring Romania (especially those with a strong preference for BioNTech), but no data is available on their numbers.

Vaccination rate, % of population



Source: ourworldindata.org

Meanwhile, the number of daily cases has increased from an average of 50/day to more than 400/day. The Ministry of Health reported that 99% of those hospitalized in intensive care had not been vaccinated.

Meanwhile, yellow and orange codes are re-emerging, so new restrictions cannot be ruled out, especially as the new schoolyear starts on 1 September. Until the government decides on rules going forward, hospitals are reopening previously closed COVID-19 sections.

Outlook

But pandemic aside, the outlook is very positive. The new majority seems very determined to do good and it has all the power for that. Reforming the justice sector may take longer, with all its independence and constitutional safeguards, but it seems like a question of “when”, rather than “whether” top judges and prosecutors deemed corrupt will be replaced.

Author

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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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