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2021 EASTERN PARTNERSHIP SUMMIT: REVIVING AND ADVANCING MOLDOVA'S EUROPEAN INTEGRATION

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In light of the recent Association Trio demarche and the appointment of the pro-reform Gavriliță Government, Moldovan expectations from the upcoming EaP Summit refer to enhancing the existing framework of relations with the EU, going beyond political association and economic integration. Considering the announcement by the European Commission of the €600 million Economic Recovery Plan for Moldova, together with the formalization of a new EU-Moldova Association Agenda, one expects a positive incremental effect on bilateral cooperation providing for the impetus to explore new avenues for Moldova's European integration process.

This policy brief provides a list of recommendations to support Moldova's European path in the context of the next EaP targets, building on the existing results, the impact of the COVID-19 pandemic and addressing internal and external challenges, both in the EU and in the EaP countries. These proposals can secure their envisioned benefits, sustainable economic development, strengthened resilience and security environment and enhance the regional cooperation among the Association Trio and with the EU.



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KEY RECOMMENDATIONS:

Recommendations arising from the local political context

Present a timeline of phased financial disbursements for the enactment of structural reforms under the **EU-Moldova "Economic Recovery Plan"** at the Brussels Summit.

Adopt an ambitious EU-Moldova Association Agenda, currently under advanced negotiations, to **set up a framework of expectations** regarding mutual commitments for the next six years.

Update the Association Agreement to include new areas of cooperation and the **conceptualisation of a timeline for European integration** to obtain **candidate status by 2025-27**.

Recommendations arising from the regional political context

Endorse an EU-Associated Trio Common Statement at the Summit to build on the commitment to **revise the EaP multilateral architecture**.

Conclude the Associated Trio framework of cooperation by establishing a Secretariat of the institution with the participation of the **EU DG NEAR Commissioner** at the reunions.

Recommendations arising from EU priorities for the EaP future

Ensure that the Monumental Economic and Investment Plan serves as an **"EaP Marshall Plan"** for Eastern Europe.

Adopt a monitoring mechanism aimed at ensuring the **benchmarking of the reforms** in the Associated Trio.





CONTEXT

The Eastern Partnership Summit in Brussels is scheduled to take place in December 2021 – four years after the previous multi-stakeholder gathering. Following an extensive consultation process with key stakeholders, EU published a joint communication entitled “[Eastern Partnership policy beyond 2020](#)”, identifying “strengthening resilience as a key objective in the Union’s external actions”. Further, following the COVID-19 pandemic surge and subsequent economic recession, the Union launched the regional “[Renewed Agenda for Recovery, Resilience and Reform underpinned by an Economic and Investment Plan](#)”.

At the same time, the EU’s foreign policy towards Eastern Europe is confronted with claims of “fatigue” and reduced “willingness” to reflect the geopolitical endeavours of the von der Leyen Commission. In addition, since the last reunion, several developments took place that altered the regional framework of cooperation. Local political developments including the change of elites in Moldova and Ukraine, the 2020 Nagorno-Karabakh military confrontations, and the civil unrest following elections in Georgia and Belarus (that culminated with the latter’s suspension of EaP membership) have posed new conundrums for the EU-EaP dialogue.

Furthermore, the conceptualization of the Association Trio in May 2021 via the “[Memorandum of Understanding between the Republic of Moldova, Georgia and Ukraine on cooperation in the field of European integration](#)” and the recent International Conference in Batumi added voice to the call for enhanced differentiation within the region.

Hereby, the Moldovan snap parliamentary elections from July 11 cemented the ongoing process of elite change that begun in 2020. Following Maia Sandu’s presidential electoral success in fall 2020, the subsequent constitutional crisis and snap elections produced an electoral outcome in which the pro-reform Party of Action and Solidarity single-handedly achieved a comfortable parliamentary majority – a first for a pro-European Integration party since independence.

Considering the paradigm shift in local politics and the unique chance for enhanced democratization and reform, Moldova’s presence at the EaP Summit represents an opportunity to restore the formerly close ties with the EU, which were severely damaged during the previous Plahotniuc and Dodon-governments, an opportunity to revive and advance further Moldova’s European integration process. Further, the announcement by the Commission regarding an “[Economic Recovery Plan for the](#)

[Republic of Moldova](#)” that could mobilize up to €600 million in macro-financial assistance, grants and investments, in the next three years subject to conditionality provisions”, amplifies Moldovan hopes for a renewed and strengthened cooperation with the EU.

THE EU’S RENEWED COMMITMENT TO THE EASTERN PARTNERSHIP

Coinciding with the local political developments, the European Union has been promoting a range of new political instruments in the Eastern Partnership, in line with EU policies planned for the 2021-2027 Multi-Annual Financial Framework.

At the regional level, expanding on the previous “[Eastern Partnership policy beyond 2020](#)” document and in line with the ambition to tackle the socio-economic hardships posed by the COVID-19 pandemic, the Commission has formulated a “[Renewed Agenda for Recovery, Resilience and Reform underpinned by an Economic and Investment Plan](#)”. The supporting document acknowledges that to achieve the objective of “strengthening resilience and generating concrete benefits”, the new EaP agenda will focus on two main pillars: “(i) [investment, supported by an economic and investment plan](#) and (ii) [governance](#)” [supplemented by a list of “Top Ten Targets for 2025”](#). When considering the renewed goals, the continuing shift to providing tangible benefits directly to the population is observed, with 70 % of “Top Ten Targets for 2025” revolving around increasing the living standards of local households.

Furthermore, acknowledging the [past calls from leading EU and EaP think-tanks](#) that pointed out the increased necessity for additional commitments supported by both the EU and fellow partners, the “[Top Ten Targets for 2025](#)” involve new priorities in areas such as digitalization, sustainability, or regional security. Nonetheless, the offered proposals do not need to limit themselves to the formulated outcomes and should integrate the proposals originating from fellow active EaP stakeholders. For instance, with regard to **the security paradigm**, the European Union should enhance the planned “hybrid threat” identification framework and propose a unified platform for cooperation in security matters under a regional “[Security Compact](#)”. The Compact would replace the existent fragmented initiatives and be closely linked to rule of law and anti-corruption reform progress. Considering the **economic integration prospects**, access to the Single Euro Payments Area (SEPA) framework can lead to an increase in the number of transactions and investor cash flows that would ease EU businesses into entering the local market. Although post-2020





priorities refer to such targets, they miss on specifying potential benefits of EaP partners, focusing on enhancing the role of the Euro.

In addition, the EU's intention to invest considerable resources into the **digital and green transformation processes** represents another opportunity to create regional synergies. The integration of the EaP in these visionary initiatives would bolster the local production's quality and contribute to fulfilling the demands of EU and local markets. Further, the **interconnection and modernization of the transportation infrastructure** that will be funded from the "Top Ten Target" of "[3000 km of priority TEN-T roads and railways planned to be built or upgraded by 2025](#)" would lead to reduced travel times for beneficial economic endeavours on both sides. Moreover, offering access to the **green transition projects and innovations** represents a valuable opportunity to promote climate resilient policies and enhance the living standards for joint population ecosystems (e.g. Prut/Nistru River ecosystem).

Finally, concerning the bilateral EU-Moldovan relations, one of the key recent development has been the announcement of the [€600 million Economic Recovery Plan](#). The plan revealed during the visit to Chişinău by the Deputy Director General at DG NEAR, Katarína Mathernova, would address the negative economic impact of the COVID-19 pandemic and provide necessary economic lifelines to the Moldovan economy.

The funds are expected to contribute to the restart of [five economic pillars](#): management of public finances (€220 million), SME support (€100 million incl. facilitating exports to EU markets and developing communities), infrastructure development (€230 million for interconnection to EU energy systems), education (€25 million), and the reform of the justice system combined with anti-corruption measures and building institutional capacity (€25 million). These resources could close the existing gap with respect to Moldova's financial investment capacity, considering recent expertise estimates the requirement of \$400 million in yearly investments "[to achieve an annual economic growth of 7.6% and raise the economic participation rate of the active population by 10 p.p.](#)".

MOLDOVAN EXPECTATIONS AMID THE UPCOMING 2021 EAP SUMMIT

Acknowledging the EU's renewed commitment to the region and the local political momentum, this policy brief elaborates upon the Moldovan officials' expectations at the upcoming 2021 EaP Summit.

Formalisation of the EU-Moldova "Economic Recovery Plan"

One of the key points of interest for the new Moldovan government will be the **negotiation and subsequent ratification of the €600 million Economic Recovery Plan**. Hereby, the Moldovan public understands that the expected conditionality attached to the recovery plan will certainly touch upon substantial reforms, most notably in the fields of justice and fight against corruption, as referred within [the European Commission press release](#). Another important political message, which may not be seen on the surface by some, is that one of the key preconditions for these EU funds to be implemented in Moldova is the need for a stable parliamentary majority and the appointment of a functional Government.

The July snap election results have bestowed upon the Gavriiliță government the legitimate public approval to enact game-changing reforms, particularly concerning the judiciary, economic/fiscal, and social dimensions. Learning from the successful experience of previous reformers at pivotal historical moments (e.g. Balcerowicz in 90s Poland), the first six-month "window of opportunity" will define the potential of the new Moldovan reformers. To enable progress on structural reforms and maintain the support of local public opinion in favour of structural changes, the EU is expected to provide visible backing (e.g. phased disbursements) during the reform implementation period. Such an approach would align the Union to its strategic partners, considering the guarantees by former US Ambassador to Moldova, Derek Hogan, to increase the American and International Financial Institutions' support amid this "[unique chance](#)".

Associated Trio and EU-Moldova Association Agenda

Another key recent development has been the joint effort of the three Associated countries (Georgia, Moldova & Ukraine) to achieve the **Formulation of the Associated Trio** as an implementation of the principle of differentiation within the EaP architecture. Notwithstanding that some EU officials and Member States are still shy to advance stronger political perspectives for EU integration to the Associated Trio due to their fear of antagonizing the Russian Federation, the core political declarations and present-day regional realities make the application of the differentiation principle a **necessity rather than a caprice**. Serving as a "[catalyst for full-fledged democratisation](#)", the European Parliament acknowledged the potential vigour of an Association Trio framework in past recommendations to fellow EU institutions. Therefore, the question to be addressed in internal



EU forums is rather if the Union intends to put into practice the claimed geopolitical intentions or it will continue the “retrenchment” policy witnessed for the past years. Consequently, **Moldovan expectations look to attain the operationalization of the platform within the negotiation processes** related to the upcoming Summit. The Association Trio Ministers of Foreign Affairs’ visit to Brussels ([including a meeting with High Representative Borrell](#)) has confirmed the ambitions of the countries to enhance their [“tripartite cooperation” and aspirations to “become members of the European Union” and continue “implementing the Association Agreements”](#). Coming to meet the internal regional initiatives with the institutionalization of the enhanced cooperation platform would absolve the Union of perceived criticism over the hesitant policy-making. Moreover, while the recent Batumi Conference attended by the European Council President, Charles Michel, has acknowledged the associated countries’ efforts and political statement, further openness to enhanced cooperation on behalf of the EU to the “European Future” commitment of the Trio is expected. This should not be limited to assessments of [“competitive benchmarking on key reforms”](#). The potential €17 billion in public and private investments that would accompany the €2.3 billion economic investment plans for the Eastern Partnership need to be assigned and incorporated in lucrative economic ventures during the significant reform processes.

Finally, another priority reflected in the governing program of the Gavrilă cabinet represents the [“adoption and implementation of the new Moldova-EU Association Agenda for the years 2021-2027 and of the National Plan for the Implementation of the Association Agreement with the European Union](#), including legislative measures for transposition and implementation of the *acquis communautaire* at national level”. The implementation of the EU-Moldova Association Agreement is streamlined since 2014 by the Association Agendas, which includes short- to medium-term policy priorities as per the Agreement in areas such as justice reform, political and foreign policy dialogue, or DCFTA implementation. Notwithstanding the enthusiastic and committed approach witnessed under the previous Sandu government in advancing the renewal of the document, under the latter governments, [no planning document was available for 2020](#).

In light of the current developments and political statements that reveal the future role of political conditionality associated with justice and anti-corruption reforms, additional fields of cooperation appear imperative for successful transformations. For instance, the [discussions over the expansion of](#)

[DCFTA allocations](#) towards meat and dairy products would advance Moldova’s implementation of EU phytosanitary standards, while benefitting local producers and integrating supply chains in the Union’s Single Market. Further, Moldova’s harmonization with the [EU’s digital vaccination certificate](#) launched on July 1st would allow vaccinated Moldovan citizens to travel freely to the EU. In addition, considering the high risks posed by the COVID-19 virus mutations, the Moldovan authorities should prioritize access of health care workers to the [post-2020 commitment to provide “850 000 health workers”](#) in the region with “vaccination and benefits from improved therapeutics, equipment, and working conditions”.

CONCLUSIONS

Overall, this policy brief identifies that the recent political development within the EU and the Eastern Partnership region favour a restart at the Brussels Summit of a more ambitious relationship between the EU and Moldova. Considering the current “window of opportunity” for a reform agenda after the investment of a pro-European government and the novelties of the Eastern Partnership post-2020 agenda, Moldova would highly benefit from an engaged and visionary EU. The operationalization and introduction of new frameworks of cooperation can provide the financial resources and technical expertise to enact a “shock therapy” process of change, similar to the 1990s work of Balcerowicz in Poland. Such an outcome would ensure that Moldova would finally evade the downward spiral of gradual transition that perpetuates local endemic corruption.

Notwithstanding these expectations, the key to the success of the Eastern Partnership policy resides within the co-optation of involved parties, whether Union officials or programme beneficiaries. In this regard, stakeholders need to be informed of the potential reform processes originating from Moldova’s ongoing reform commitments, including the incurred costs and risks, to avoid the lack of support and creation of discord in the region by kleptocratic and malign foreign interests.

The current political momentum confirms that the Moldova aspire for a political boost at the 2021 Brussels Summit, revive the Prague Declaration spirit of optimism. Such a boost will recognize the choice of Moldovan citizens for reforms at home and further European integration. As vividly pointed out by Lithuanian President Gintanas Nauseda, the Union must offer [“clear perspectives for integration”](#) for the EaP states, as the integration and reform processes initiated in the Eastern European states require efforts on both sides.





RECOMMENDATIONS

The key to assure an irreversible paradigm change in the EU-Moldovan relations could also depend on the readiness of EU officials to discuss a clearly defined roadmap for further Moldova's economic and political integration with the EU in the next decade. In this context, President Michel's positive assertion of the Associated Trio's aspirations to initiate Article 49 procedures in the future can encourage the long-term enhancement of the EU-Moldova nexus. To support this process, the following set of recommendations ahead of the upcoming EaP Summit in Brussels are presented:

Recommendations arising from the local political context

- **Present a timeline of phased financial disbursements** for the enactment of structural reforms under the **EU-Moldova "Economic Recovery Plan" at the Brussels Summit**. With the new government pushing for comprehensive economic and social reforms, the financial disbursements will contribute to economic stability amid the reform and recovery processes.
- **Adopt an ambitious EU-Moldova Association Agenda**, currently under advanced negotiations, **to set up a framework of expectations regarding mutual commitments** for the next six years.
- **Finalise the interconnections to the EU energy gridlocks** under the infrastructure and energetic interconnection dimensions of the EU **"Top Ten Targets for 2025"** commitments.
- **Update the Association Agreement** to include new areas of cooperation. The revision of the document must contain the **conceptualisation of a timeline for European integration** to obtain **candidate status by 2025-27**.

Recommendations arising from the regional political context

- Endorse an **EU-Associated Trio Common Statement at the Summit** to build on the commitment to revise the EaP multilateral architecture. With the ongoing rapture within the EU-Belarus relations and the repercussions of the 2020 Nagorno-Karabakh conflict, **it is highly unlikely that the Brussels Summit would wrap up with a unanimously approved joint declaration**.
- **Conclude the Associated Trio framework of cooperation** by establishing a Secretariat of the institution with the participation of the **EU DG NEAR Commissioner** at the reunions.

Recommendations arising from EU priorities for the EaP future

- **The monumental Economic and Investment Plan** should serve as an **"EaP Marshall Plan" for Eastern Europe**. **Potential avenues for economic endeavours** are to be explored by both Eastern European and EU counterparts.
- **Expand technical support to the region's reform ambitions** on behalf of EU Member States that joined during the 2000s enlargement, by setting **regional formats of cooperation and sharing their previous accession experience**. The recent efforts of **Polish and Romanian authorities** have the potential to **enhance Moldova's position** within the negotiations with Brussels and **revitalize Moldovan foreign policy**.
- **Adopt a monitoring mechanism** aimed at ensuring the **benchmarking of the reforms** in the Associated Trio. Through this tool, **Moldovan reformers** would be encouraged to **maintain their commitments** and learn from their ambitious colleagues.

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