

# PROMOTING GOOD GOVERNANCE IN THE REPUBLIC OF MOLDOVA

## **The Approach of the European Union**

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## 1. Introduction

The promotion of good governance in its neighborhood has become one of the main pillars of the European Union's foreign policy during the last decade. The European Security Strategy adopted in December 2003 explicitly mentions the need for the EU to support the development of good governance in its Eastern and Mediterranean neighbourhood (European Council 2003). This objective was reiterated by the Strategy Paper for the European Neighbourhood Policy (ENP), which points out that good governance constitutes one of the areas of "mutual commitment" for the new partnership between Brussels and the countries in its Eastern and Southern vicinity (European Commission 2004a: 3). Consequently, the European Commission (EC) underlined this aspect in its proposal for the establishment of a new financing instrument - the European Neighbourhood and Partnership Instrument - for projects in states included in the ENP (European Commission 2004b: 12).

The purpose of the present paper is to find out which strategies the EU has employed in order to implement this new objective of its foreign policy in the Republic of Moldova, as well as to identify the underlying scope of EU measures geared at promoting good governance in Chisinau. The chief difficulty in achieving this task derives from the significant literature gap explaining why the EU seems to prioritise certain good governance export outcomes over others, while at the same time there is a plethora of contributions examining the success of measures proposed under the ENP and more specifically under the EU-Moldova Action Plan. The root of this analytical disproportion seems to lie in the absence of a clear long-term vision of the European Union for its Eastern neighbourhood, which has also been affecting the sustainability of EU involvement in the Republic of Moldova (European Parliament 2008: 5). Experts are therefore hard-pressed to understand under what kind of general pattern of policy change EU measures in the target state can be subsumed. A further analytical barrier lies in the concept of good governance *per se*, for which no consensual definition has been found as yet (Börzel et al. 2008: 7). Therefore, the definition of governance as institutionalised modes of cooperation including both top-down regulation through governmental institutions and coordinated interaction of public and non-state actors which is employed in this paper should only be understood as serving working purposes, the choice thereof

relying on one of the few papers systematically analysing the good governance approaches of the EU in its Eastern neighbourhood with a focus on the process of promotion rather than on its outcomes (Börzel et al. 2008).

While grasping the *raison d'être* of the ENP is fraught with difficulties, it seems possible to understand why good governance has been mainstreamed into the EU's policy towards its Eastern partners. In conjunction with the promotion of democratisation and the intensification of commercial relations, the export of good governance is considered a response to security threats such as irregular migration, organised crime or ethnic conflicts which risk spilling over into the EU following Eastern enlargement (Sasse 2008: 2). Extending EU governance in its vicinity is also a tool meant to "equip the European Union with a role in influencing the countries of a [...] geopolitical 'grey zone'" (Gänzle 2007: 2). This is especially true for the post-Soviet countries, where Brussels needed to find a modality of counteracting Russian influence (Panainte 2008: 2).

The export of good governance cannot, though, be reduced to security-related considerations, not least given the fact that the concept was initially included in Brussels' agenda for international development cooperation (Börzel et al. 2008: 13). Thus, the assumption that bad governance represents the prime motivation for the EU to try to promote the opposite thereof (Börzel et al. 2008: 11) needs to be taken into consideration. Yet in the case of the Eastern neighbourhood of the EU, bad governance is inevitably connected with the afore-mentioned security issues. For instance, bad governance in Chisinau, including key deficits such as informal institutions and corruption (ibid.), is intertwined with the unresolved issue of the status of the breakaway Transnistrian region, with political and economical elites in both the Moldovan and the Transnistrian capitals profiting heavily from the existence of this area of *de facto* legal extraterritoriality (International Crisis Group 2006: 4). Consequently, it seems safe to assert that good governance export in Eastern Europe has at least two motivational pillars. The intrinsic reason for Brussels' good governance promotion lies in the intention to eliminate bad governance in the target neighbouring state, while the instrumental reason lies in the EU's wish to prevent risks related to soft and hard security threats in adjacent countries from affecting Community interests.

Understanding the logic of the European Union's support for the development of good governance in its neighbourhood also involves distinguishing between the different aims this process may entail. Good governance export is by no means a one-way track. Indeed, the EU may differentiate its approach in this respect along two dimensions: the contents of good governance and the channels of influence (Börzel et al. 2008: 9). It may choose to promote a more administrative approach of the good governance concept related to the implementation of efficient and effective decisions (Börzel 2009), with the aim of "achieving the goals that citizens collectively care about" (Scharpf 1997: 19). The legitimacy of adopted measures in this case derives from the output thereof. However, the EU can also promote a more political understanding of the good governance concept, by supporting measures seeking to enhance input related reform goals, which ensure that political decisions represent the will of the affected people (Börzel 2009: 3, Börzel et al. 2008: 9). Likewise, Brussels has the choice of using either of two channels of influence: intergovernmental or transnational, involving state or non-state actors in the target state, respectively (Börzel et al. 2008: 9). Therefore, by combining the two possible forms of the legitimacy of reform targets and the two channels of influence according to a model developed by Börzel et al. (2008: 9-10), it is possible to distinguish between four different good governance approaches: effective government which aims at implementing output-related objectives (mainly consolidating the administration) through the intergovernmental channel, effective governance which seeks similar results, but employs the transnational channel, democratic government which makes use of the intergovernmental channel in order to promote the inclusiveness of political decisions and democratic governance which attempts to enhance democratic quality by strengthening non-state actors.

Just like the internal political context influences the strategies employed by the Community in order to promote democracy (McDonagh 2008), domestic factors – essentially the degree of statehood and democracy – are expected to be responsible for the EU's preference of both the contents of its governance-related goals and of the choice of partners in the target state (Börzel et al. 2008: 6). While some analysts warn that the EU "is bad at differentiation" (Popescu 2006: 8), research into the Union's good governance export in the Caucasus states has shown that Brussels does respond to differing political conditions on the ground by modifying its approach towards promoting good

governance according to changes in the internal setting, with the notable exception of countries where significant economic interests are involved (Börzel 2009: 37-38). At the same time, the EU does have a bias towards favouring effective policy outputs over the strengthening of accountability and inclusiveness (Börzel et al. 2008: 12). This contrasts with the American approach towards good governance, which views the promotion of democracy as essential towards ensuring governance efficiency (USAID 2002: 42).

In the case of the EU, support for input related goals is only likely if the state concerned has strong administrative capacities (Börzel 2009: 37-38). The commitment of the respective third country government influences the means chosen by the EU to promote democracy (Raik 2006: 33). If state institutions do not comply with European democratic standards - such as the rule of law, the separation of powers, free and fair elections, accountability or decision transparency (Popescu 2006: 13, Börzel et al. 2008: 12), Brussels is likely to channel its support towards non-state pro-democratic constituencies, such as NGOs or independent media, by empowering them to influence public life as a counterweight against the authoritarian government. In such a context – like in the case of Belarus – the EU, like other donors, needs to work secretly, since the government tries to control all flows of foreign aid (Raik 2006: 37). This process of promoting democratic governance is unlikely to occur if the domestic state leadership has proven both its capacity to govern effectively, and its commitment to do so legitimately, in which case it is likely to be the main addressee of the EU's good governance export strategy, with the aim of enhancing democratic government (Börzel et al. 2008: 13). This approach was adopted by the EU in accession countries in the final stages of the enlargement process (Börzel 2009: 36).

If the country concerned is marked by weak statehood, input related goals are likely to take a back seat, regardless of the degree of democracy. In the case of authoritarian regimes, the EU would be expected to attempt to involve non-state actors in order to implement the reforms which state institutions are not capable of tackling (Börzel et al. 2008: 12). This is, for instance, characteristic of Brussels' good governance approach in the APC countries (Börzel 2009: 36). Weak democracies are likely to be the targets of an effective government approach aimed at improving the capacities of state institu-

tions to adopt necessary governance reforms (Börzel et al. 2008: 13), as happens to countries which are in the early phases of the EU enlargement process (Börzel 2009: 36). Deepening cooperation with the EU, at least in the long run and regardless of the existence of an accession perspective, also requires the implementation of democratic standards (Popescu 2006: 13).

It is also important to distinguish between the three instruments used by Brussels in the process of good governance promotion, each of which attempts to successfully diffuse good governance by employing a different mechanism of influence. Political dialogue involves processes of social learning and persuasion, assistance targets capacity and institution building whereas conditionality aims to change actors' preferences through positive or negative incentives (Börzel et al. 2008: 10-11). In order to strengthen democracy, the Community relies on strategies based on conditionality or socialization (McDonagh 2008: 142), while when seeking output related governance goals Brussels largely relies on technical assistance in the beginning, while later increasingly making use of conditionality and political dialogue (Börzel et al. 2008, McDonagh 2008). Certainly, technical assistance is also employed as a complementary instrument for democratic capacity-building. Macro-financial assistance in the form of loans, as well as direct budgetary aid, supplement the spectrum of means at the EU's disposal in order to extend its governance regime in its Eastern neighbourhood (Börzel et al. 2008, European Commission 2006: 10).

This paper represents a first attempt to examine if the general strategies of EU good governance promotion summarised above have been employed by Brussels in its relationship with the Republic of Moldova. In order to respond to this desideratum, after a review of the domestic political situation, a hypothesis can be formulated regarding the EU's preference for one of its four possible good governance approaches. The paper then goes on to present the evolution of EU support for good governance in Chisinau since the inception of the TACIS programme in 1991 and until the introduction of the ENPI in 2007. This cross-time comparison, based on research into EU policy towards the Caucasus (Börzel et al. 2008), makes it possible to find out if the Community did indeed orient its strategy according to the Moldovan degree of statehood and democracy, while concomitantly showing if and how the EU responded to changing internal opportunity structures in the Republic of Moldova. Finally, based on the findings regar-



ding EU involvement in Moldova, a few suggestions to improve the analytical framework are made.

## **2. The Setting – the Republic of Moldova between State Fragmentation, Stalled Democratic Reforms and Economic Under-Development**

The Republic of Moldova has been plagued by several crises during the past two decades, both political and economical, resulting in the country often being quoted in the Western media as being the poorest nation in Europe. On the UN's Human Development Index 2007, Chisinau ranked 117<sup>th</sup>, between Vietnam and Equatorial Guinea (UNDP 2009: 172). The social and economic situation of the country is therefore considered one of the main challenges for the EU's assistance policy (Umanet/Popescu 2005: 17). Migration either to Russia or to member states of the European Union has become a mass phenomenon in the Republic of Moldova, with remittances of Moldovan guest workers accounting for 36.2 percent of GDP in 2007 - ranking 1<sup>st</sup> in the world, together with Tajikistan (Ratha et al. 2007: 3). While exact figures are unknown, the latest published estimates of the International Organisation for Migration placed the number of emigrants at 440,121 or 10.5 percent of the total population (IOM 2008: 15). Brain drain has become a defining trait of Moldovan society (Arabasa 2008: 359), as well as mass applications for the citizenship of neighbouring Romania, mainly in order to be able to travel and work legally in the EU, but at the same time breeding the ground for political tensions between Bucharest and Chisinau (Avram/Müller 2008: 410-415, Avram 2009).

Corruption at all levels of society has been affecting the Republic of Moldova constantly for the past two decades. In 2001, the country ranked 63<sup>rd</sup> on Transparency International's Corruption Perception Index, with a score of 3.1 and was thus better placed than all other former Soviet republics, except for the Baltic States (Transparency International 2001). However, Moldova's score worsened in the following years, resulting in a downgrading to 2.3 (114<sup>th</sup> place) in 2004 (Transparency International 2004). This trend partly reversed yet again, with Chisinau obtaining a significantly better evaluation for



2009 (3.3 and rank 89) (Transparency International 2009). Still, even the latest figures show only relative progress and highlight the fact that corruption is rampant in the Republic of Moldova. The quoted data largely corresponds to the World Bank Governance Indicators during the same timeframe. Chisinau's score for government effectiveness remained constant between 2000 and 2003 at -0.63, dropping to -0.83 in 2004 and finally reaching -0.76 in 2008, whereas regulatory quality was estimated at -0.43 in 2000, -0.57 in 2004 and -0.20 in 2008 (Kaufmann et al. 2009). Control of corruption decreased from -0.70 in 2000 to -1.01 in 2004, to then rise again to -0.64 in 2008 (ibid.: 98).

Weak statehood has been identified by most experts as one of the main problems in the Republic of Moldova. Since 1992, the Eastern region of Transnistria has been functioning as a *de facto* independent state, with Russian economic and military support and without international recognition. Significantly, most of Moldova's industry is concentrated in Transnistria, weakening the country's economy even further since Chisinau is deprived of fiscal revenues from its renegade territory (Stratenschulte 2007: 61). Economic reforms are also hampered under these circumstances (Lynch 2004: 94). Internal politics have also been dominated by the issue of the nation's re-unification (Stratenschulte 2007: 61) and the conflict in Transnistria is at least partly to blame that the Republic of Moldova did not receive an integration perspective into the EU (Grund/Sieg 2008: 403). The country has reached a level of only relative stability, prompting analysts to speak of a "prolonged transition" in Chisinau (Raik 2006: 34). While Moldova ranked lower on the Bertelsmann Transformation Index 2008 than the Ukraine, Georgia, and the Russian Federation, the 60<sup>th</sup> place it was accorded is better than in 2006, when the country was ranked 75<sup>th</sup> (Bertelsmann Stiftung 2008). The stateness score was 8 out of 10, lower than the Ukraine (8.8), but better than Georgia (6.8) and equal to Russia - by comparison, the lowest-ranked EU member state Romania had obtained 9.5 points for this criterion (ibid.), underlining the discrepancy between the Community and its Eastern neighbourhood.

Democratic progress has been slow in the Republic of Moldova, with informal political structures as one of the main barriers in this respect (Grund/Sieg 2008: 405). However, the government's weakness has paradoxically been a cause for the country failing to

fall into authoritarianism, since the state did not have the capacities to enforce such a trend (Raik 2006: 34). Civil society is also under-developed (Umanet/Popescu 2005: 17). Moldova thus suffers from a double weakness, which poses a dilemma for any potential donor in choosing its cooperation partners for projects on the ground. The lack of capabilities of non-state actors have prevented these from using the comparative freedom they have been enjoying. The fact that civil society has not been able to assert a more offensive role may have been a cause for the government's permissiveness, since its position was never under threat (Raik 2006: 34). Consequently, the Freedom House accorded the Republic of Moldova the status of a partially free country in 2008, with a political rights score of 3 and a civil liberties score of 4 points (Freedom House 2008). Chisinau's results have been constant in this respect since 2003. In 2002, the political rights situation had been evaluated more critically with only 2 points (Freedom House 2002). The Economist Intelligence Unit Democracy Index 2008 score for Moldova was 6.50 out of 10 (rank 62), worse than that of the Ukraine (6.94), but markedly better than that of all other Caucasus states (Georgia ranked only 104<sup>th</sup> and had a score of 4.62). Chisinau was therefore included in the list of so-called flawed democracies (Economist Intelligence Unit 2008: 5).

The complexity of the internal Moldovan political and economic context makes a prediction of the EU's good governance approach difficult to make. The economic underdevelopment and the resulting grave social consequences, of which migration is the most prominent, leads to the expectation that effective government with a focus on assistance and political dialogue is the most likely strategy for Brussels to adopt. The EU's preference for public institution-building allows for the assumption that it is improbable for civil society to be as important an addressee of European good governance promotion measures as the Moldovan state. However, elements of effective governance may be necessary in order to compensate for the weakness of state institutions, at least in some policy areas, and capacity-building for non-state constituencies may prove useful from the perspective of the Community. Nevertheless, the fact that since 2003 Moldova has been explicitly pursuing EU integration has given Brussels a stronger kind of leverage, so that a more significant role for conditionality may also be presupposed, aimed especially at state actors. Given the fact that the Republic of Moldova has no significant economic resources, it is improbable for the EU to refrain from ma-

king use of conditionality, as was the case in Azerbaijan (Börzel et al. 2008). Finally, the comparatively better ranking of Moldovan democracy is expected to influence the EU's approach by including elements of democratic government in its good governance promotion toolkit for Moldova. Testing these expectations is the task of the following two sections.

### **3. Targeting State Institutions – Effective Government as a Key Objective of EU Involvement in the Republic of Moldova**

The European Union's assistance policy in the Republic of Moldova initially followed the pattern of Community involvement in the other former Soviet republics, except the Baltic countries. Thus, Chisinau was included in the Technical Assistance for the Commonwealth of Independent States (TACIS) programme, which started in 1991. As its title implies, the focus of this approach to support for the young nations lay on technical assistance and was therefore in line with development policies, rather than approaches aiming at the transformation of target states, such as PHARE (Umanet/Popescu 2005: 18). The main goal of TACIS in the Republic of Moldova was to support transition to a market economy, with aid initially centred on the agricultural sector (European Commission 2001: 10). Beginning with 1996, a diversification of the policy areas covered by TACIS took place, with the inclusion of domains such as the development of the private sector (Umanet/Popescu 2005: 18). Further targets of EU assistance were the social sphere and public administration, whereas TACIS cross-border and regional projects addressed transport, the environment and justice and home affairs (European Commission 2001).

As the EU meanwhile admits, the early years of TACIS assistance were characterised by a "top-down approach". The intergovernmental channel was almost exclusively used – an approach which Brussels attributes to the need for institution-building, as well as to the lacking sense of ownership on the part of the national authorities involved (European Commission 2006). Before the formalisation of relations between Brussels and Chisinau within the framework of a Partnership and Cooperation Agreement in 1994 (PCA), there was no scope for political dialogue (Umanet/Popescu 2005: 18). The lack

of conditionality was also characteristic of TACIS, therein lying an essential difference when compared to EU transformation policies in other post-Socialist states (Umanet 2004: 12). Between 1991 and 1998, further Community involvement was limited to macro-financial assistance, amounting to 87 million euros (European Commission 2006: 35).

The beginning of contractual relations between the EU and the Republic of Moldova after the entry into force of the PCA in 1998 set the stage for initiating political dialogue and specified negative conditionality criteria related to the respect of democracy and human rights, as well to the principles of market economy. While the aim of supporting political transition was included in the PCA, the document still had a markedly strong focus on the economic dimension of transformation and no special programmes were created in order to promote civil rights (McDonagh 2008: 150). TACIS was turned into a financing instrument to support the implementation of PCA objectives. The priority areas for the years 2000-2003 reflected the European Union's preference for measures relating to output-based legitimacy, with institutional, legal and administrative reform, support for the private sector and economic development and for alleviating the social effects of transition constituting the priorities of the corresponding TACIS National Indicative Programme (European Commission 2001: 10). Despite being included in the PCA, conditionality remained of limited practical importance, especially since Brussels did not establish any monitoring mechanisms (Buscaneanu 2008: 74).

Consolidation of good governance, though not an objective of the PCA, was discussed in other documents related to the EU's policy towards Moldova. Thus, in the Country Strategy Paper for 2002-2006, strengthening good governance is explicitly pointed out, the text stressing that it should be one of the results of the envisaged political dialogue under the PCA framework and directly linking it to the fight against corruption and money laundering. Furthermore, the same document also underlines the necessity of ensuring good governance as a precondition for the improvement of the investment climate and for producing economic growth (European Commission 2001: 13-14). The amended TACIS National Indicative Programme 2002-2003 further details the objective of assisting the Moldovan government in applying good governance, specifying that this should result in the creation of an anti-corruption policy and programme, in the de-

velopment of an anti-money laundering regime, in the improvement of the business environment, as well as of information for poverty assessment and of environmental awareness (ibid.: 15). Significantly, the implementation of assistance for improving good governance was tied not only to the conditionality mentioned in the PCA, but also on the commitment of the Moldovan government and parliament to pass and implement the necessary legislation (ibid.: 16).

This overt promotion of good governance by the Community was – in contrast to the first years of EU assistance in the Republic of Moldova – no longer typical of Brussels' policies in CIS states, given the fact that, for instance, good governance only explicitly became part of the agenda for the Caucasus republics when the European Neighbourhood and Partnership Instrument was introduced (Börzel et al. 2008: 16). The inclusion of good governance in the list of specific objectives to be covered by TACIS also shows that the EU had not been reluctant to differentiate between post-Soviet partner countries, thus contradicting one of the main critiques of the so-called “PCA method” which was accused of “folding it [the Republic of Moldova, A.A.] together with states that have different backgrounds, compositions and prospects” (Lynch 2005: 95). On the contrary, the Moldovan example serves to prove that the EU did react to the more favourable domestic political opportunity structure. As quoted above, at the beginning of the current decade, Moldova had obtained better ratings on corruption perception and on government effectiveness than the other CIS members, therefore prompting the EU to promote more ambitious targets such as good governance. The exclusive focus on state actors as addressees of measures in this regard confirms the assumption that Brussels tends to resort to non-state actors only when government institutions do not yield the outputs expected by the EU (Börzel et al. 2008).

While the explicit objectives related to the strengthening of good governance all aim at effectiveness, rather than inclusiveness, the EU did allocate a modest sum for projects in the Republic of Moldova under the European Instrument for Democracy and Human Rights (EIDHR), which amounted to 0.2 million euros in 2000 and 0.47 million euros in 2001 (European Commission 2006: 35). However, the development of civil society was also an objective of the TACIS National Indicative Programme 2002-2003, which aimed at enhancing the contribution of non-state actors in the social and environmental

sphere and at capacity-building for NGOs active in these fields (European Commission 2001: 17-18). The strengthening of citizens' contribution to democracy was one of the objectives of the EU's Tempus programme for Moldova, with higher education establishments as the main partner institutions (ibid.: 18). These elements of EU policy towards Chisinau show that while effective government clearly remained the main strategy in order to promote good governance, Brussels did cautiously make use of the transnational channel, while at the same time attempting to consolidate the input-dimension of Moldovan democracy. Moreover, by involving NGOs in the social and environmental sectors, the EU also included an element of effective governance in its good governance approach for the Republic of Moldova.

#### **4. Targeting Civil Society – Elements of Effective and Democratic Governance in the EU's Approach towards the Republic of Moldova after 2003**

The political context in Chisinau radically changed between 2001 and 2003. At the beginning of 2001, the Party of Communists (PCRM) under Vladimir Voronin had obtained an unprecedented victory in Moldovan elections, winning 71 seats in Moldova's 101-member legislative. At first, the new government advocated closer relations with Moscow and even considered joining the Russia-Belarus-Union. Government effectiveness decreased, one of the most visible results thereof being the suspension of payments by the International Monetary Fund under its programme for Moldova, which had been included in the Poverty Reduction and Growth Facility (European Commission 2004c: 19). Corruption perception indicators also worsened, as underlined in section 2 by the marks accorded to the Republic of Moldova by Transparency International.

A significant political development in the Republic of Moldova occurred only late in 2003, when Voronin announced European integration as the strategic objective of his country's foreign policy. While this new diplomatic vector has been dismissed by many local experts as electoral rhetoric (Panainte 2008: 2), Western analysts point out that Chisinau's approach towards EU integration is mainly reactive, rather than proactive

(European Parliament 2008: 13). Indeed, the reversal of the initial foreign policy strategy of the PCRM government was mainly due to the failed implementation of the so-called Kozak Memorandum aimed at solving the conflict in Transnistria by creating a federation with three federal subjects (Moldova proper, the autonomous region of Gagauzia and Transnistria) and stipulating the presence of a contingent of Russian troops in order to guarantee its provisions – a plan ultimately rejected by Voronin. The factor of the new orientation of Chisinau's foreign policy also needs to be taken into consideration as a decisive element of the changing Moldovan domestic opportunity structure.

Against the backdrop of the already inaugurated European Neighbourhood Policy and of the EU-Moldova Action Plan being in the final phase of negotiation, the Country Strategy Paper 2004-2006 and the corresponding National Indicative Programme 2005-2006 provided for a slight shift from the Community's strong focus on effective government, in response to the weakening of the Moldovan state, while it still mainly targeted state institutions. A visible reaction of the EU, given the worsening situation on the ground, lies in the fact that good governance as a concept disappeared from the list of priorities for the years 2004-2006 (European Commission 2004c: 20-22). Instead, combating corruption and money laundering, together with the fight against irregular migration and human trafficking, were subsumed under the heading "co-operation in Justice and Home Affairs" – one of seven priorities of both the EU-Moldova Action Plan and of the Country Strategy Paper 2004-2006 (*ibid.*). The promotion of cooperation between judicial and law enforcement bodies on the one hand and NGOs specialising in these fields on the other hand became an explicit target (*ibid.*: 27). At the same time, state institutions, ranging from the parliament to the national border guard or customs services, continued to be the principal partners for the EU. Assistance remained a key instrument for supporting both public institutions and non-state actors in promoting the fight against corruption, money laundering and human trafficking.

Other objectives formerly linked to the promotion of good governance were indirectly addressed to by other priority areas of the Country Strategy Paper 2004-2006. This was especially the case for the target of contributing to the economic and social reform and development of the country. The TACIS National Indicative Programme provided for an enhanced role for NGOs working to contribute to the alleviation of the social



consequences of transition by supporting organisations assisting vulnerable groups such as single parent families, the elderly or the disabled, through capacity-building measures, while also promising technical assistance to the government aimed at reducing poverty (ibid.: 37). Strengthening civil society was identified as an objective *per se*, with the National Indicative Programme stressing that NGOs “can play an important part in social transition and address at community level social problems that might otherwise be overlooked” (ibid.: 29). Local authorities were also included on the list of potential beneficiaries of capacity-building (ibid.: 30). The significance of these new elements of the Community’s good governance approach for the Republic of Moldova is highlighted by the fact that the choice of enlarging the spectrum of addressees of support from Brussels occurred despite the fact that the non-governmental sector was underdeveloped at the time, thus posing an additional challenge for the EU’s assistance policy (Umanet/Popescu 2005: 17). However, the weakness of state institutions will have left Brussels with no other alternative than to try a two-pronged strategy of promoting good governance by adding the transnational channel to the already employed intergovernmental one.

Under the third priority area – political dialogue and reform – provisions were also made for an enhanced role for NGOs, the reports of which were to be taken into consideration when monitoring reforms regarding the impartiality and independence of the judicial system (European Commission 2004c: 25). The same holds true for the priority area relating to transport, energy, telecommunications and the environment, with Brussels considering that NGOs can make a contribution in the field of ecology (ibid.: 30). However, in both cases state actors were clearly the priority targets for EU good governance promotion, which specified the need for legislative approximation and administrative reforms (ibid.: 24).

Democratisation had also suffered serious setbacks between 2001-2003, with the PCRM-dominated parliament passing a number of legislative acts resulting in direct or indirect curbs on the exercise of political and civil rights (McDonagh 2008: 148). The TACIS National Indicative Programme 2005-2006 reflects the fact that the EU’s perception of the degree of democracy in the Republic of Moldova had changed. Various forms of support were to be employed in order to strengthen democracy and ensure

the respect for human rights (European Commission 2004c: 24). Furthermore, despite the focus on output-related objectives for the involvement of non-state actors, the necessity of supporting NGOs promoting democracy and human rights was mentioned, as well as of associations of independent media (ibid.: 29-30). These elements of democratic governance – like the effective governance strategy described above – represented a significant change from the previous concentration on effective government in the Community's approach towards the Republic of Moldova. Last, but not least, the Country Strategy Paper 2004-2006 and the TACIS National Indicative Programme 2005-2006 provided for the use of the twinning instrument for the first time in the relations between Brussels and Chisinau (ibid.), thus supplementing the assistance-based strategy by using an instrument that may also involve processes of social learning.

## **5. Targeting Conflict Resolution, Strengthening Trade and Combating Corruption – the EU-Moldova Action Plan 2005-08**

The Republic of Moldova belonged to the “first wave of ENP countries” (Popescu 2006: 1) to conclude an Action Plan with the European Union, together with the Ukraine, the document being adopted by the EU-Moldova Cooperation Council in February 2005. Arguably, this new step represented the most radical change in the relationship between Brussels and Chisinau. The Republic of Moldova was thus “invited to enter into intensified political, security, economic and cultural relations with the EU” and for the first time conflict prevention and conflict resolution were defined as a commonly-shared responsibility (EU-Moldova Action Plan 2005: 1). Indeed, the failed Kozak Memorandum - which would have endorsed a solution to the Transnistrian conflict favouring the geostrategic interests of the Russian Federation in the region – acted as a catalyst for renewing and intensifying EU engagement in the Republic of Moldova (Grund/Sieg 2008: 404). The European Union explicitly placed the resolution of the Transnistrian issue at the core of the new document. Given the direct link between the “frozen conflict” and the weakness of the Moldovan state, the implementation of measures aiming to overcome the former or reduce its negative impact can be considered a strategy to promote good governance by consolidating Moldovan statehood. Not only was the conflict between Chisinau and Tiraspol identified as one of the seven priorities of the Ac-

tion Plan (the others including political dialogue and reform, economic and social reform, regulatory reforms, justice and home affairs, transport, energy and research and development, as well as people-to-people contacts), but it penetrated the other target areas too. Thus, support for constitutional reform as a prerequisite for a settlement of the Transnistrian issue was mentioned as the first goal of the chapter on political dialogue, whereas the development of border management was to include measures aimed at the Transnistrian sector of the Republic of Moldova's border with the Ukraine (EU-Moldova Action Plan 2005). Brussels showed its willingness to address a conflict it had hitherto largely ignored, taking advantage of the fact that Chisinau's foreign policy had turned away from its Moscow-based orientation which had forced Voronin to look for support in Brussels in the quest for a lasting settlement of the Transnistrian question.

The most visible support from the EU yet again came in form of technical assistance through the European Border Assistance Mission (EUBAM) at the boundary between the Republic of Moldova and the Ukraine, including the Transnistrian sector, which is meant to assist the Moldovan and Ukrainian authorities in combating smuggling and other forms of cross-border criminality and thus ensures that only Transnistrian products registered in Chisinau can be exported (Grund/Sieg 2008: 404). Thus, the mission had the effect of strengthening Moldovan statehood (Stratenschulte 2007: 62). The deployment of the border guards and customs officers from EU member states who assist their Moldovan and Ukrainian counterparts is also aimed at combating corruption on the ground (EUBAM 2006: 13), therefore further contributing to the consolidation of the statehood in both countries. Moreover, the EU and the Republic of Moldova agreed on the need to involve civil society and to promote democratic values and respect for human rights as a further means of contributing to the settlement of the Transnistrian issue (EU-Moldova Action Plan 2005: 10). The effective government approach used in the case of EUBAM was therefore complemented by an – albeit modest – element of democratic governance. While the outreach of the latter is certainly limited due to the complexity of the geopolitical context, it responds to the necessity pointed out by Moldovan experts to involve non-state actors from the unrecognised republic (Popescu 2006: 14). Furthermore, a democratised Moldova is more likely to appeal to the Transnistrian population (Raik 2006: 35), which until now has been reluctant to

support steps to overcome the divide along the Dnestr river. The TACIS National Indicative Programme 2005-2006 had also pointed out that in case of a successful resolution of the conflict, Transnistrian civil society would have to be engaged thereafter, besides the necessary steps to ensure democratic reforms (European Commission 2004: 19).

Whereas the cooperation between the EU and the Republic of Moldova regarding a possible solution for the Transnistrian issue has primarily been based on the instrument of assistance, the main mechanism upon which the EU-Moldovan Action Plan is based is the incentive of closer ties between Brussels and Chisinau depending “on the degree of Moldova’s commitment to common values as well as its capacity to implement jointly agreed priorities” and promising the Republic a “stake in the EU’s internal market” and the “further development of mechanisms for political dialogue” (EU-Moldova Action Plan 2005: 1-2). It has been argued that the vagueness of these incentives may prove to be an impediment for the efficiency of EU conditionality (Umanet/Popescu 2005: 21). However, it is imperative to differentiate between economic or even “technical” conditionality on the one hand and political conditionality on the other, since, for instance, the EU did spell out its trade-related incentives for Chisinau much more than its offer for enhanced political relations. Thus, Moldova was promised Autonomous Trade Preferences, if capable of implementing a system of efficient control of the origin of goods (EU-Moldova Action Plan 2005: 4). The TACIS National Indicative Programme 2005-2006 had also stipulated that assistance would be targeted at consolidating the Moldovan administration and at the approximation of legislation aimed at setting the stage for additional trade concessions by the EU (European Commission 2004c: 24). The Republic of Moldova proved to be successful in reforming its customs system and in the control of its origin of goods and was therefore granted Autonomous Trade Preferences in 2008 – a result of EU positive conditionality (Buscaneanu 2008: 74-75). Furthermore, in matters related to output-related governance objectives, Chisinau went even further than EU conditionality, by introducing the legal requirement that all laws comply to the *acquis communautaire* in what some specialists have called a process of “voluntary adaptation” by political elites in Chisinau to EU standards and norms (Verdun/Chira 2008: 7).

Another area where the EU could put forward a strong incentive was the prospect of visa facilitation as part of cooperation in the area of justice and home affairs. The absence of the explicit prospect of more freedom of travel had prompted initial misgivings about the ENP in the affected countries (Munteanu 2008: 398). In order to ease travel for certain categories such as businesspeople, students or journalists, Brussels had tied the issue to the conclusion of a Readmission Agreement alongside the Visa Facilitation Agreement (Litra 2009: 11-12). By the end of 2007, both documents had been signed, constituting – along with the Autonomous Trade Preferences – one of the most important elements of progress in relations between the EU and the Republic of Moldova (Grund/Sieg 2008: 404). While visa facilitation is not linked to good governance, the readmission agreement does force the Moldovan government to improve its migration management capacities, which was one of the objectives of the EU-Moldova Action Plan and which undoubtedly represents an essential element of good governance, especially in the context of the country's flow of illegal or semi-legal migration. Both in the case of the trade preferences, and in the case of the readmission agreement, the obvious target of EU conditionality were Moldovan state institutions such as the customs or border guard service, with the role of civil society actors – in the case of the latter – remaining at the level foreseen in the TACIS National Indicative Programme 2005-2006, as quoted earlier. Output-oriented objectives aimed at regulatory reform thus proved to be achievable through concrete EU positive conditionality. As quoted in the second chapter of this paper, the World Bank's assessment of regulatory quality had reached -0.20 by 2008, compared to -0.57 in 2004.

As in the Country Strategy Paper 2002-2006, the fight against corruption and money laundering were included in the political dialogue and reform component of the EU-Moldova Action Plan. Furthermore, combating corruption was declared a precondition for improving the business climate (EU-Moldova Action Plan 2005). Later Community progress reports on the Action Plan even stressed that the success of the Moldovan authorities' anti-corruption strategy was essential for achieving all the objectives of the document in the field of political reform (European Commission 2008: 4), thus underlining the strong link between corruption and guaranteeing the rule of law or the independence of the judiciary as well. Furthermore, cooperation with civil society on the issue of combating corruption was to be further developed (EU-Moldova Action Plan

2005: 6). Just like in the TACIS National Indicative Programme 2005-2006, the EU was most probably reacting to the worsening corruption perception indicators for Moldova. Three years later, the EU – while applauding certain progress made in the field – not only underscored the need for more substantial steps forward, but also once again indicated that the problem had to be tackled in conjunction with civil society (European Commission 2008: 4). Corruption remained one of the most sensitive issues in EU-Moldovan relations even after the corruption perception ratings of the country improved in 2008, with Brussels requesting the allocation of more resources and the adoption of secondary legislation to ensure that anti-corruption measures put in place by Chisinau were efficiently implemented (European Commission 2009: 4). The fact that the Republic of Moldova was constantly lagging behind Brussels' expectations did trigger EU conditionality. The fact that the EU-Moldova Action Plan was extended by a year in February 2008, instead of starting negotiations on a new agreement between the EU and its Eastern neighbour has been attributed to the lack of progress attested by the EU in several areas (Lupan 2010). Thus, the promised deepening of political relations was postponed.

However, while Moldova was indeed hoping to start negotiations for a new document to replace the PCA (Grund/Sieg 2008: 404), it is by no means certain that compliance with EU benchmarks in the area of corruption would have necessarily led to deeper political relations with Brussels. Indeed, the lack of clarity regarding the political finality of the Republic of Moldova's European future may have been to blame for the modest progress Chisinau made in this respect. Other objectives related to political dialogue and reform, such as ensuring freedom of the media and freedom of expression, as well as the strengthening of institutions supposed to guarantee the rule of law – explicit priorities in the EU-Moldova Action Plan - have also hardly been achieved (ibid.: 406). The European Union has been reluctant to link economic and political conditionality, i.e. to link more concrete “carrots” such as the Autonomous Trade Preferences to progress in democratic freedoms (Buscaneanu 2008: 77), thus confirming that the ENP is a policy which allows traditionally Eurosceptic actors to selectively follow the path of rapprochement with the EU (Sasse 2008: 4). The Moldovan Party of Communists with its initial orientation towards Russia and its failure to implement democratic reforms appears to fit this description quite well, choosing to focus only on measures that were

not about to challenge its position in political life in Chisinau. Furthermore, under the heading on people-to-people contacts in the EU-Moldova Action Plan, the focus is on cultural and educational cooperation, without reference to the potential of such projects to enhance democracy and with only one brief mention of the goal to consolidate civil society cooperation (EU-Moldova Action Plan 2005: 42-43).

Political dialogue on issues related to the input dimension of good governance did nevertheless take place, with the EU-Moldova Parliamentary Cooperation Committee playing a prominent role in this respect. Problems such as the necessity of implementing institutional reforms in the area of rule of law or freedom of speech, as well as on freedom of the media were addressed, while concomitantly stressing that in preparation for the parliamentary elections in 2009, the Moldovan government needed to ensure “a level-playing field for all political parties” (EU-Moldova Parliamentary Cooperation Committee 2008: 4). Furthermore, in cases of blatant cases of disregard for fundamental freedoms, the EU Heads of Mission in Chisinau reacted in two joint statements during 2008 (European Commission 2009: 5), publicly “shaming” the Communist government. Such messages had already been successful in 2003, when the PCRM-led government had attempted to gain control of public television (McDonagh 2008: 156).

The lack of capacities of state institutions to cope with requirements such as the drafting of reports on the implementation of the Action Plan also led the government to cooperate with NGOs in preparing such documents. Progress regarding the EU-Moldova Action Plan was monitored by two NGO coalitions in Chisinau and in some cases of initial governmental non-compliance with the objectives therein, public pressure by non-state actors was a factor responsible for bringing the authorities back on track (Popescu 2006: 7). Thus, while the EU-Moldova Action Plan’s input-related objectives were less actively pursued by the Community, NGOs were able to strengthen their position and in so doing contributed to the inclusiveness of the reform process. One lasting result of this enhanced role for civil society was the inauguration of the National Council of Participation in 2008, meant to provide the government with the expertise of non-state actors in formulating and assessing public policies (European Commission 2009: 6). Such side effects show that the EU cannot always control the impact of its good governance approach on the constellation of state and non-state actors on the



ground. Despite its focus on the Moldovan government in the Action Plan, the result at the national level was a mixture of effective government and effective governance, albeit with a much stronger role of the former.

## **6. Rethinking Good Governance – the European Neighbourhood and Partnership Instrument in the Republic of Moldova**

With the advent of the introduction of the new European Neighbourhood and Partnership Instrument for the ENP countries, good governance became an explicit objective not only in the relation between Brussels and Chisinau, but for the entire region (Börzel et al. 2008: 16). The Republic of Moldova does, however, stand out, since among the Eastern neighbours of the Community, it is scheduled to receive the greatest amount of funding per capita between 2007 and 2010 (48 euros), surpassing the Ukraine – considered more “advanced” in its quest for closer ties with the EU (Stratenschulte 2007: 63) – and the Caucasus republics (European Parliament 2008: 8). By the time the ENPI came into force, improvements in governance had already become visible in the Republic of Moldova and in the following year, indicators for corruption perception, government effectiveness and regulatory quality (as quoted in section 2) proved that Chisinau, while still far from approaching the level of EU member states, had been making progress. As Moldovan experts readily admitted, the Action Plan had provided “a favourable framework for strengthening government structures” (Osoian 2007: 22). The EU responded to this development by continuing to focus on state institutions as the main targets of good governance promotion and on output-related objectives. Technical assistance was supplemented by twinning (European Commission 2009), whereas the ENPI for the Republic of Moldova contains conditionality primarily relating to the disbursement of funds for the Food Security Programme (Litra 2009: 13).

The Country Strategy Paper 2007-2013 identifies support for good governance and democratic development as the first of three priority areas for ENPI national allocations for Chisinau and specifies four corresponding sub-priorities: public administration reform and public finance management, rule of law and judicial reform, human rights, civil society development and local government, education, science and people-to-people

contacts (European Commission 2006: 18). Thus, apparently there is a new balance between output-related targets and objectives related to enhancing the inclusiveness of decision-making. However, data from the progress reports of the European Commission in 2008 and 2009 show that this apparent novelty in the EU's approach should rather be understood as having declaratory character. Under the first ENPI Annual Programme for the country, the focus of assistance programmes lay on the social sector (priority area 3), which amounted to 21 million euros of budget support out of a total of 40 million euros of EC funding (European Commission 2009: 22), while the only prominent area to receive funding under the good governance heading was border management, including EUBAM-flanking support (European Commission 2008: 18). Support for border management continued in the following year, with 10 million euros out of 62.3 million – the greater part of the rest being dedicated to reforming the health system (European Commission 2009: 22).

Nevertheless, in order to support civil society contacts between Chisinau and Transnistria, a project to build up relations between non-state actors on both sides of the Dnestr was also financed (European Commission 2009: 22). In the case of the latter, however, this is not to be attributed to the EU's prioritising non-state actors as such, but rather to the impossibility of Brussels to finance any measure involving the unrecognised authorities in Tiraspol. Therefore, it seems relatively clear that Brussels has been maintaining its effective government orientation already present in the EU-Moldova Action Plan. However, it should be mentioned that it is too early to evaluate Brussels' good governance approach under the ENPI, since the programme has only been functional since 2007 and an in-depth analysis thereof cannot be completed at this time.

## **7. Concluding Remarks**

The present paper represents an attempt at a comprehensive overview of the European Union's good governance approach for the Republic of Moldova. It has been able to show that while Brussels started its promotion of good governance in Chisinau mainly through technical assistance under the TACIS framework, thus including the country in the group of post-Soviet states for which European integration was not en-

visaged. In choosing effective government as a good governance export strategy, the European Union was reacting to the multitude of social and economic problems the Republic of Moldova faced in the 1990s. Despite these hardships, the Moldovan government received better ratings on corruption perception, government effectiveness and regulatory quality than its CIS neighbours, prompting the Community to identify good governance as an explicit objective of its policy towards Chisinau in late 2001 in its Country Strategy Paper 2002-2006, whilst at the same time remaining true to its principle of primarily supporting state institutions. At this point, political dialogue – first included in the PCA - was also upgraded, complementing the focus of the EU on technical assistance. In setting the ambitious target of good governance for Moldova, the EU showed its capability of differentiating between post-Soviet states and of responding to a more favourable domestic political environment in Chisinau, when compared – for instance – to the Caucasus countries, where good governance only much later became an explicit goal of Community assistance (Börzel et al. 2008: 16) While the lack of monitoring mechanisms precluded an enhanced role for conditionality as spelt out in the PCA (Buscaneanu 2008: 74), the above-mentioned goal was linked to the Moldovan authorities' readiness to draft and implement required legislation, including in the areas of combating corruption and money laundering (European Commission 2001: 15-16).

The takeover of power by the Communist government and the decreased ratings of standard statehood indicators provide the evidence that the European Union shifts its focus from effective government to an approach including elements of effective governance as soon as the state institutions it has been cooperating with are no longer capable of producing the outputs desired by the European Union. The Country Strategy Paper 2004-2006 includes provisions on the necessity of NGOs tackling social issues which the government alone may not be able to handle, while at the same time indicating a more pronounced role for non-state actors in promoting the inclusiveness of political decisions, in response to the PCRM's poor record in this respect. Furthermore, non-state actors received a stake in measures to combat corruption, money laundering and border management, including human trafficking (European Commission 2004c). Technical assistance remained the main instrument employed by Brussels, though twinning was also introduced at this time.

The EU-Moldova Action Plan brought about what experts have been calling “conditionality lite” (Sasse 2008), by offering primarily economic incentives for further output-related reforms, while giving the Moldovan government the opportunity to progress selectively. The pro-European foreign policy thereof after 2003 was a catalyst for even more legal approximation took place than demanded by Brussels (Verdun/Chira 2008: 7-8). Economic conditionality with the concrete “carrot” of better access to the EU market for Moldovan products was successful in encouraging Chisinau to modernise its customs service, while the issue of free travel led to the concluding of a Readmission Agreement, which formed a package with a much-expected (by the Moldovan side) Visa Facilitation Agreement. The EU in these cases showed a thorough understanding of the domestic opportunity structure, especially since the PCRM government was hard-pressed to show tangible results of its new foreign policy orientation. Therefore, it is understandable that the EU reverted to the effective government approach. However, indirectly the EU also favoured civil society actors, because Moldovan state institutions were dependant on the assistance thereof in monitoring progress with meeting EU benchmarks.

Concomitantly, the Community proved that its motivation to promote good governance was not inclusively intrinsic, but also guided by security fears (Börzel et al. 2008: 11 and Sasse 2008: 2 respectively). The risk of a solution to the separatist conflict in Transnistria best serving the Russian Federation’s geopolitical interests was an important factor in the EU’s decision to send the EUBAM mission to supervise the border between the Republic of Moldova and the Ukraine, while at the same time strengthening Chisinau’s leverage over the renegade region and thus Moldovan statehood *per se* (Stratenschulte 2007: 62). Border management also remained a focus of the good governance approach under the ENPI framework. The mission helped stem corruption in the border agencies, while this still remained a social phenomenon insufficiently tackled by the authorities in Chisinau. In response to the reluctance of the Communist-led government to effectively fight against corruption, the EU emphasised the need to involve civil society as well, thus reiterating its approach of only resorting to the latter when the effective government strategy does not show results.

Political dialogue on input-related issues such as the democratic conduct of elections or independent media did exist, though at a lower intensity, thus confirming the assumption that elements of democratic government may also be promoted by Brussels, given Moldova's comparatively good democracy ratings in the CIS context. Moreover, in reaction to the period 2001-2003, when Chisinau had lapses into authoritarianism, the EU reacted in its Country Strategy Paper 2004-2006 with elements of democratic governance, by pointing out the possibility of funding non-state actors to promote inclusiveness and transparency, including an enhanced role for local authorities (European Commission 2004c: 29-30). However, the EU's bias towards effectiveness has prevented democratic government of becoming the dominant approach for good governance export.

The present paper has therefore shown that all the hypotheses in the introduction were supported by the empirical data. However, there are two aspects which cannot be accounted for only with the help of the theoretical model adopted. While good governance may be an objective of the EU, the ENPI funding distribution has shown that there may be a significant discrepancy between declaratory priorities and projects actually receiving funds. The apparently balanced list of sub-priorities related to good governance which refers to both output- and input-based areas, the EU's allocation policy has clearly favoured the former. Quantitative analysis criteria might therefore be a necessary supplement to the largely qualitative theoretical framework employed, in order to shed more light on the priorities of Brussels on the ground, including on its good governance promotion approach. At the same time, Chisinau receives more aid per capita under the ENPI framework than all other countries eligible, except for the Palestinian Authority (European Parliament 2008: 7). Thus, the EU differentiates its good governance approach among ENP countries based on quantitative criteria as well, by providing varying sums per capita for the implementation of measures related to improving governance. It seems important to understand if the funding provided reflects a response towards the domestic political context or if it is related to a specific good governance export strategy, i.e. if, for instance, effective government requires more financial support than democratic government.

A further analytical limitation is to be found in the linkage between statehood and regime type and EU good governance export strategies. The impact of membership aspirations of the various ENP countries may have to be taken into account as a variable separated from a broadly defined domestic opportunity structure. This is due to the fact that once “an ENP country with membership aspirations does indeed meet the EU’s criteria and objectives [...] the EU will find it very hard to deny membership on substantive grounds” (Sasse 2008: 3). Whilst the EU is expected to react to the political context of a particular neighbouring state (Börzel et al. 2008: 9, McDonagh 2008), it remains questionable whether Brussels is likely to promote good governance to the extent that the country in question may eventually qualify for membership. This is especially relevant when taking into account the preference Brussels has been showing for promoting stronger statehood, i.e. the capacity of public institutions to carry out regulatory functions and to implement policies (Börzel et al. 2008: 11). While democratic criteria in ENP states remain problematic, full EU membership is bound to remain out of the question - a convenient result for Brussels, at least until a long-term engagement strategy for its Eastern neighbours with a clear finality is agreed upon. This aspect may be dismissed as cynical, yet its potential impact on the choice of priorities in the process of good governance export cannot entirely be overlooked. In the case of the Republic of Moldova, it has been pointed out that the opposing trade interests of Brussels and Chisinau have led to the paradoxical effect of the EU providing the latter with balance of payment loans necessary as a result of trade barriers imposed by the Community on its neighbour – instead of liberalising trade (Umanet/Popescu 2005: 22). It may therefore be necessary to understand if the EU’s lack of ambition in promoting input-related governance progress is also related to its reluctance to accept the idea of EU Moldovan membership. These problems underline the need for further research on further factors influencing the EU’s good governance export approaches.

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