V4 AS A DEVELOPMENT ACTOR IN MOLDOVA

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The fact that Moldova is the poorest European country does not need to be overemphasized. Transformation of the socialist economy in Moldova to a market economy and of the authoritarian political system to a democracy has been burdened with high social costs. The entire process has resulted in a very fragile political stability and a major initial slow-down in economic growth. And even if economic growth took on positive direction in 2000, wealth has been distributed very unevenly and growth has been based on very vulnerable premises. The growth itself has been much dependent on economic migrants who earn income abroad which is then spent by their relatives in Moldova. In other words, the more money is sent home by Moldovans living abroad (typically in Italy and Russia), the higher the consumption in Moldova. Moldovan economy has been growing also due to increased demand for agricultural products (particularly wine) in Russia or the EU (which, again, does not constitute a reliable and regular source of income for the state budget).

Programming for development

Even though much has been written on this topic and it is generally known that such system is unsustainable, Moldova is still awaiting a more serious structural reform which would make productivity the foundation for further development. Moldova is a country which is still undergoing transformation and development. It is in constant process of institutional reforms, changes of policies and legislation while still attempting to become closer to the European Union. At the same time, it still stagnates in a way and remains a poor country with flourishing corruption and major social problems.

Moldovan elites paid more serious attention to creating strategic documents on development after adopting the Millennium Development Goals. The plans themselves have been perceived and understood rather as a way to obtain resources for addressing some of the pressing problems (external motivation), than an internal effort to modernize and increase quality of life in the country. In 2003, representatives of the Moldovan government formulated the document “Strategy for Economic Growth and Poverty Reduction 2004 – 2006” which was approved in 2004. That document was meant to shift the paradigm and quality of economic development. Next came the National Development Strategy for 2008 – 2011, which aimed to ensure macroeconomic stability and strengthen capacity of state administration. From the analytical point of view, both documents were relatively high-quality materials but their real impact on economic growth and development has remained questionable. The growth at the time when the documents were in force resulted rather from a positive situation in the Russian and European markets which at that time imported ever more Moldovan products and employed more Moldovan workers, than from well implemented policies. The former document certainly did not manage to change the development paradigm. The difficulty with the latter document was that it was implemented during the global crisis period which collided with a period of internal instability in Moldova.

1 Economic indicators may be found at the website of the Moldovan National Bureau of Statistics http://www.statistica.md. Comparison may be made with the website of the World Bank: http://data.worldbank.org/country/moldova.

2 According to the latest World Development Report 2011, around 10 per cent of Moldovans still live on less than 2 dollars per day and 20 per cent of population live in poverty. There is still a large number of villages in Moldova without running water, gas or completed transport or social infrastructure. Corruption flourishes in all spheres of life.

3 Since Moldova is unable to meet this need from its own resources, it must import goods and services from other countries, which is not good for its trade balance. At the same time it must also be noted that should social situation in Moldova not improve, there is a large chance that relatives of economic migrants will move to live with their breadwinners, bringing consumption in Moldova substantially lower. In other words, this understanding of development is erroneous and unsustainable in the long term.
Yet, the crisis had a very purifying effect in Moldova. It exposed very clearly the vulnerability of the current model and showed how insufficient or inadequately developed domestic sources were to achieve sustainable growth. That was partly the reason why Moldovan government created the new strategic document “Moldova 2020” in 2012, which was approved by the Parliament in its first reading and which differed conceptually from previous two documents. It includes a development projection for almost a full decade (analogous to the strategic document Europe 2020) and it did not set out many priority areas and de facto unattainable goals. It serves more or less as a draft with the goal of changing development paradigm through removal of investment barriers and barriers for most effective use of resources. The new strategy focuses on seven priority areas:

- adjusting the educational system to the needs of labour market;
- investment into development of road infrastructure;
- increasing competition in the financial sector;
- increasing the quality of business environment;
- reducing power consumption;
- ensuring sustainability of the pension system;
- increasing the quality and effectiveness of the judicial system and fighting corruption.

### Eastern Partnership and V4

Great importance of the Eastern Partnership (EP) to the V4 countries may best be documented by the fact that they were Visegrad think-tanks which started to direct attention to the eastern dimension of the EU neighbourhood policies even before joining the European Union. In 2003 four Visegrad think-tanks collaboratively published “Eastern Policy of the Enlarged European Union” which was the first to deal with the need for implementing the so-called new eastern dimension. That idea was adopted also by the representatives of the Ministry of Foreign Affairs of Poland who presented it as a non-paper later in the same year. Visegrad countries agreed to make this region a priority also in the Kroměříž Declaration on Visegrad Cooperation after joining the EU.

The Czech Republic has been a long-term supporter of the eastern dimension of the neighbourhood policy and the project of EP was also one of the priorities of its EU presidency. The Czech Republic has good institutional predispositions, having embassies in all of those countries, save Armenia. It has implemented its activities through a system of development cooperation with greater emphasis on Moldova and Georgia and transition projects in other countries. The Czech Republic’s presence in the region has traditionally had a strong human rights dimension.

Hungarian eastern policy is different in character and is defined to a large extent by Hungarian relations to Russia. Even though Hungarians have their representation in all countries of EP except for Armenia, they work primarily in Ukraine (with its Hungarian minority of around 150,000 people), in Moldova, and in Belarus. Another problem of Hungary is that few of its non-governmental organizations are interested in and willing to work in the given region.

Similarly as the Czech Republic, Poland has been very active and visible in the region of Eastern Partnership, focusing predominantly on support to statehood and sovereignty of post-Soviet countries, their democratic development, rule of law, or respect for human rights. Poland also has a well anchored institutional framework, being the only V4 country with embassies in all six EP countries. The Poles have been active through their specialized think-tanks and non-governmental organizations which are very visible in the region. Poland has implemented a number of cultural, research and educational activities inside the country as well as in the region.

Since 2003, Slovakia has been a relatively active supporter of democratization in Ukraine and Belarus, as well as of integration ambitions of Ukraine. Slovakia has welcomed Eastern Partnership as a new quality in relations and a kind of preparation for further EU expansion. It focuses its presence in the region mostly on transfer of transformation experience in all its complexity. Even though Slovak organizations are rather active in four countries of Eastern Partnership, the Slovak Republic has official representation only in Ukraine and Belarus.

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5. Primarily steps to improve investment environment, development of export industries, building of knowledge-based society, research and development, increasing effectiveness and competitiveness.
6. The countries of Eastern Partnership include: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine.
7. Centre for Eastern Studies (PL), Institute for International Relations (CZ), Slovak Foreign Policy Association (SR), and Institute for Strategic and Defence Studies (HU).
8. EP was launched during the Czech Republic’s presidency of the EU in May 2009.
9. It must be pointed out that the idea of Eastern Partnership was first presented as an initiative of Poland and Sweden in March 2008.
10. In 2013, the Slovak Ministry of Foreign Affairs plans to open its embassy in Moldova as well.
Cooperation with Moldova

As it is apparent from the above, each of V4 countries has engagement in the Eastern Partnership region with different motivations and in a different quality. Exaggerating a little bit, it is possible to say that it is precisely Moldova which may serve as the juncture for their activities, intentions, interests, opportunities for high quality visibility (even outside of the EP framework), and, above all, good results. Even in Moldova they operate with a various level of intensity but with very similar priorities.

The Czech Republic

Even if the Czech Republic has been active in Moldova since 2001, Moldova has been part of its official development cooperation system since 2004, when the government narrowed down and modified its territorial priorities in the development cooperation strategy for the period 2002 – 200711 “Principles of Foreign Development Cooperation after the Czech Republic’s Entry into the European Union”, which defined 8 priority countries. Subsequently in 2010, the list was narrowed down once more (Strategy for the years 2010 – 201712) and Moldova became a programme country. The Czech Republic is the only V4 country with its own defined donor objectives in Moldova with set key priorities for its engagement. In the first strategy for the years 2006 – 2010, the component of development cooperation focused primarily on Kishinev and surrounding rural areas in the following sectors:

- environment (protection of water and water streams, cooperation in hydrometeorology and climatology, or protection of biodiversity);
- human resources development and social and economic stabilization of Moldovan population (strengthening capacities of Moldovan state institutions and stabilization of potential migrants); and
- schools/education.

After the medium-term strategy for the years 2010 – 2017 was approved along with the new programming document for Moldova which reflected Moldova’s development strategy for 2008 – 2011, the development assistance did not become much different in terms of sectors and it has still been built upon previous programme cooperation. The priorities still included:

- support to education,
- provision of water and sanitation,
- state administration sector and support to civil society,
- sector of other social infrastructure and services,
- sector of trade and services, and
- agriculture, forestry and fishery.

Within those sector priorities, Czech organizations conducted over 45 development interventions amounting to over 14 million euros.13 The greatest number of projects was implemented in the field of support to state administration and civil society and provision of water and sanitation, followed by projects in the sectors of education and agriculture, other social infrastructure, the environment and trade and other services (2 projects within the Aid for Trade initiative). Greatest number of projects and in the largest amount (approximately 42%) were implemented by businesses (projects in the sector of provision of water and sanitation), around 25% of projects were implemented by non-governmental organizations (sectors of education, social infrastructure, and agriculture), and around 20% of projects were implemented in cooperation with international organizations (in the area of state administration and civil society – migration and refugees). Approximately 10% of projects were implemented by universities or university affiliated sites and 3% of projects by umbrella organization of entrepreneurs (two Aid for Trade projects mentioned above). Regionally (also thanks to easy accessibility and need of assistance in every corner of Moldova) the Czech assistance is distributed essentially evenly to all parts of Moldova under the control of the government.

In the case of the Czech Republic, development activities need to include also expenses made on trilateral projects, refugees, scholarships, and human rights projects, which are provided as part of the transformation assistance programme of the Czech Ministry of Foreign Affairs. Those projects are implemented by non-governmental organizations and their impact reaches to Lower Dniester region. Through this programme, projects were implemented in Moldova to increase the capacity of NGOs in the Lower Dniester

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13 The source of information was the website of the Czech Ministry of Foreign Affairs and the website of the Czech Development Agency. One of the indirect outcomes of this policy brief was the conclusion that the Czech Republic, or the Czech Ministry of Foreign Affairs, and the Czech Development Agency have provided the most accessible and most transparent overview of implemented activities and related funding provided of all V4 countries.
region, transfer of transformation experience from several areas, transfer of economic transformation experience, strengthening of small NGOs in the Lower Dniester region, support to civil society in various regions, support to youth activities or civic initiatives, and their cooperation with the media, support to regional development and children rights. All those projects were implemented by non-governmental organizations.

Czech development cooperation coordinates its activities with activities of the EU, as well as (on the basis of Memorandum of Cooperation) with those of the largest donors in Moldova - USAID and SIDA.

**Hungary**

Moldova is essentially the only country of Eastern Partnership in which Hungarian foreign policy achieved a major success and in which this success may be further multiplied. The first joint centre to issue visas for entry into the Schengen area was set up at the Hungarian embassy in Kishinev. Hungarian diplomats served actively the EU – special representative of the EU for Moldova, EUBAM\(^4\) head of mission and head of advisory body to president Voronin. Hungarian state bodies gave a number of training courses and provided assistance in the area of administration reform.\(^5\)

Hungarian engagement in Moldova as such needs to be seen through the context and with respect to the amount of the total Hungarian bilateral ODA, which accounts for only about 20% of the total ODA and is divided rather unsystematically into a large number of recipient countries.

According to data from the Hungarian embassy in Kishinev, 9 projects (amounting to around 52 million Forints or around EUR185,000) have been implemented in Moldova since 2009. One of the largest projects has aimed to support the creation of the Dniester Euroregion. The project focused mostly on supporting a presentation conference, the establishment of Euroregion as such and strengthening of capacities of civil society in the Dniester region. The Hungarians supported with their own funds also the second world congress of the Gagauz people and also provided surgical instruments to a local hospital in this autonomous part of Moldova. The Hungarian Ministry of Foreign Affairs provided consular training to Moldovan diplomats, a national centre of personal data protection was supported and a seminar on experience transfer on DCFTA\(^16\) negotiations was organized. A training was provided to psychologists active in intervention centres and support was given to social integration of civil society through its networking. Within the V4, Hungary contributed its proportional share to improving telecommunication network of the Moldovan Ministry of Foreign Affairs.

Due to the minimal capacities of Hungarian non-governmental organizations for activities in Moldova (only ICDT – International Centre for Democratic Transition and DemNet Hungary work in the country actively on a long-term basis), all projects were implemented through state institutions, mostly in Kishinev and Gagauzia.

**Poland**

Countries of the Eastern Partnership are priority countries for the Polish development cooperation.\(^17\) Activities, whether through the Ministry of Foreign Affairs as such, other state bodies, or through implementation partners of the Ministry of Foreign Affairs – NGOs, entrepreneurs, local governments or universities in these countries – aim to support change toward securing long-term and stable functioning of democratic regimes, respect for human rights and support to transformation, which will eventually bring these countries closer to the EU. In other words, transfer of modernization know-how is the key intervention (as much as 70% of activities).\(^18\) Moldova has been a priority country for the Polish development cooperation since 2004 but it has received greater attention only since 2006. The amount of funding is different from year to year but it needs to be mentioned that until 2011 the Polish assistance was provided through projects running no longer than one year and sector priorities were set according to programmes for individual years. In 2006 it was 0.8 million euros, and one year later it was 0.6 million euros. In 2008 it was 1.2 million, in 2009 it was 0.3 million and 200,000 euros more one year later. Projects focused primarily on developing rural areas and agriculture, they supported local government and civil society as well as small entrepreneurs and strengthened public administration primarily in the Central Moldova (surroundings of Kishinev, Orhei) or Gagauzia.

In 2011, Poland implemented projects amounting to 750,000 euros in Moldova. While most projects implemented by “external implementation partners” of the Ministry of Foreign Affairs – non-governmental organizations, local government, foundations, and other state administration bodies (60%) – were implemented in the area of rural development (water and sanitation, waste management) and agriculture, the remaining 40% of projects sought to strengthen capacities in the EU integration agenda. Nine more

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14 EU Border Assistance Mission to Moldova and Ukraine.
16 Deep and Comprehensive Free Trade Agreement.
17 Section on Poland was written using data provided by the Embassy of the Polish Republic in Kishinev, data taken from the website of the Polish MFA, and using data of the World Bank. (http://maps.worldbank.org/maps/2297).
projects were implemented directly by the Polish embassy and dealt mostly with finishing construction of infrastructure of social institutions, hospitals, kindergartens and state administration bodies. In that period, representatives of the Moldovan administration participated in five events, the so-called Eastern Partnership Academy of Public Administration and in two other meetings as part of the SENSE Programme (Strategic Economic Needs and Security Exercise).

The year 2012 was very specific for the Polish engagement in Moldova because it followed the new development programming document for the years 2012 – 2015, which includes the following horizontal priorities: to improve functioning of state institutions, to promote good governance, to protect democratic standards and human rights, and to broaden civil society. Priorities which are specific for Moldova, have been set as follows:

- improving public safety and border management,
- regional development,
- increasing the quality of public administration and local government, and
- supporting development of rural areas and agriculture.

In 2012, close to 1.2 million euros was allocated to development cooperation. A total of 21 projects were being implemented. Almost 50 per cent of them were implemented by the Polish embassy in Kishinev with very similar development interventions as in 2011. The remaining projects were implemented in about 50:50 ratio by state and non-governmental organizations and matched programme priorities in terms of sectors. They focused predominantly on the central part of Moldova. A major project implemented by Poland in Moldova in 2012 was establishment of an Information Centre for Local Government in Ialoveni (in cooperation with the Polish Solidarity Fund and USAID) designed to provide project planning advisory services, but also to provide supplemental funding to some activities of the local government.

**Slovakia**

Even though Moldova became a project country for the Slovak development assistance only in the second medium-term strategy for the years 2009 – 2013, as early as 2008 Slovakia provided financial support to the Council of Europe and EBOR programme for Moldova. It also supported two humanitarian cooperation projects benefiting Moldova.

Since 2009, Slovakia has been working with Moldova also officially. Annual programme documents set sector priorities for Moldova as follows:

- building of democratic institutions, legal state, and civil society,
- social development, economic development and infrastructure development, and
- support to integration ambitions.

Projects in Moldova were being supported with the so-called developmental, humanitarian and transformation-related interventions. Projects are financed through project calls for proposals and a micro-grant scheme. Since 2009, Slovak organizations implemented nine project through the SlovakAid programme in the total amount of 900,000 euros. Out of those, eight were implemented by non-governmental organizations and one was implemented by a state institution. In terms of sectors, they focused mostly on support to civil society/building of democratic institutions (six projects), one project dealt with infrastructure, one focused on the area of education and one was related to introduction of ecological management of waste from electric and electronic equipment. With one exception, all projects were implemented in Kishinev, even though impact of at least two projects implemented in the capital city extended also to regional centres.

Slovak development activities are supplemented with a micro-grants scheme (projects up to 5000 euros) which were implemented in Moldova by the Slovak Embassy in Bucharest (accredited also for Moldova). Since 2009, 42 projects were implemented in this manner, focusing rather on provision of supplemental financing for reconstruction, refurbishment of equipment in social/youth facilities, schools/kindergartens, hospitals and health care facilities, support to discussions of youth, and increasing the quality of other social infrastructure. Projects were implemented as needed in multiple regions of Moldova.

**Visegrad support through the Visegrad Fund**

In terms of joint planning and coordination of activities in Moldova, much was indicated also by the new tools of the International Visegrad Fund – so-called flagship projects and standard grants for the Eastern Partnership. In 2012, nine projects were approved within the flagship programme, which focused on Moldova or involved Moldova in some way. Mostly they promoted civil society and political transformation.

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20 Results of the call for standard grant proposals were not available at the time of this writing.
Moldova is not one of the biggest recipients of scholarship programmes. In the most recent call, Moldovan students were awarded 4 scholarships. Even if it is not a case of joint programming or prioritization, it is a rather good attempt to find common ground and opportunity for cooperation through specific interventions.

Conclusion

Moldova is an attractive destination to all donors. On one hand, there is still much to improve and develop in almost all areas of life. On the other hand, it is possible to implement activities/projects at relatively low cost, considering the size of the country and level of prices, with a visibility remaining still rather high. Moreover, the fact that there is a consensus throughout the entire political spectrum on the European future of Moldova—which serves as a major motivational factor for the Moldovans—makes projects and development interventions much likely to succeed.

There are a number of donors active in Moldova, which donors from V4 cannot match either in terms of amounts of funding or in terms of activities. The largest donors include financial institutions and international organizations (IFC, WB, UN, EBRD, EIB), the EU, the USA, Romania, Sweden, the Netherlands, and Austria. The core of their financing goes to reconstruction and construction of road infrastructure or directly into the state budget. Major sectors in which these donors operate are agriculture, reconstruction and construction of energy infrastructure, reform of judicial system, education, and health care. All of the above is based on pre-determined strategies and defined goals.

Programming is the weakest element of engagement of individual V4 countries. Even if all of them declare that Eastern Partnership countries remain their priority, only the Czech Republic has clearly defined its goals and objectives for long-term engagement in Moldova (and in the region, for that matter). In 2012, Poland prepared its programming document for the entire region and specified in it its priorities also for Moldova. However, the document has been written for a period of three years. Slovakia defines its engagement every year in its yearly national programmes and Hungary has not defined any donor objectives for its bilateral and regional engagement.

On the other hand, it is possible to observe an agreement on sector priorities among individual V4 countries, whether in their long-term, medium-term or yearly programming documents or, not least importantly, in activities themselves. All Visegrad countries implement (also development) projects designed to promote modernization, reforms and functioning of the state, while providing their precious experience from their own transitions. Unfortunately, none of these activities are coordinated. Considering the amount of funding spent on Moldova by individual V4 countries, the fragmentation, lack of coordination or complementarity, or even duplication of activities, result in ineffectiveness. Synergy effect could be achieved primarily through mutual sharing of information on objectives, through coordination of existing activities, through division of labour and responsibilities. However, that is not possible before all countries have clearly defined their objectives and engagement (naturally while taking into consideration activities and achievements of other donors in the country), or the desired impact of their interventions.

There are more than enough opportunities in Moldova for joint, or at least coordinated, interventions (e.g. there is a potential to become engaged in the joint programming of the EU in Moldova). V4 countries still have the unique transformation and reform know-how, which may be under some circumstances successfully implemented in such a specific environment as the post-Soviet space (of course, not using the “copy and paste” approach but rather the “lessons learned” approach). V4 countries are present in almost all regions of Moldova, the aid from the V4 is visible and appreciated, at least by the representatives of the Moldovan government. Moreover, there are still enough areas in Moldova left uncovered by donors (e.g. construction of industrial parks, development of communication and technological infrastructure, harmonization of legislation) in which V4 countries could be engaged, individually or together. However, they must have a clear idea of what they wish to achieve in the country individually. The Czech Republic is clear on this, Poland and the Slovak Republic have some ideas, and Hungary is yet to define its engagement in Moldova.

In terms of funding amounts, V4 countries do not and will not belong to powerful actors in the region. Their strengths lie in transition experience, partnerships built previously, and in the trustworthy image they undoubtedly enjoy in Moldova. If they wish to become more visible, stronger, and recognized regional actors (also outside of the EP territory), they must multiply the impact of their activities. A good first step towards this goal would be mutual sharing of information on activities already implemented and planned. This will prevent duplication and redundancy, and will help not just the V4 budgets but also Moldova.