

Public speech:

The first case of CoVID-19 Coronavirus has been officially recorded on Moldova on March 7. The patient travelled by plane from Italy, and the symptoms were already observed while on board, when the patient lost consciousness. The crew informed the Moldovan authorities ahead of time that a suspected case is on board, but all 144 passengers were allowed to each go to their homes, without any tests being administered. Only the following day did the police try to find 10 of those who have already travelled to Ukraine or to the Transnistrian region (which is under military occupation of Russian Federation). The passenger was taken to the hospital, on a regular ambulance, and, considering that the hospital that was allegedly purposefully set up for CoVID-19 did not have ICU equipment, the patient was taken to a general hospital. Throughout, the Moldovan Government presented erroneous and even false information about the case. The Prime Minister blamed the patient for everything that happened, without forgetting to ostentatiously and continuously reference the fact that the patient is a woman.

Based on this episode that lasted 24 hours only, one can only conceive the level of incompetence of the current Government of the Republic of Moldova. Who are the people who lead Moldova today? Nominally it is the Socialists' Party (PSRM), supported by the Democratic Party (PDM). In its essence, Igor Dodon has personally taken the responsibility of governing the country, PSRM is subordinated to him, and the PDM Members of Parliament support the Government for the sake of avoiding the elections, as they are aware that most of them will not make it to the Parliament again. Impunity is another reason for PDM. The Members of Parliament who make up the parliamentary majority are, miraculously, spared from issues with justice bodies for the allegations of corruption and abuse they have been involved in during the Plahotniuc regime. The latter is a fugitive and seems to continue to hide in the US. All this while he is still to play some games behind the scenes, splitting a few PDM MPs who have been loyal to him, with a yet unclear goal; what is clear though is that he wants to become an important actor again.

As regards foreign affairs – the government of Igor Dodon is exclusively serving Kremlin's interests. It strongly promotes concepts that come from Moscow, such as: "Europe will not survive without Russia", "the Republic of Moldova (but also other Eastern European countries) must have permanent neutrality status under the guarantees of Russia, EU and US" – that is to give up sovereignty in foreign policy. Any major political decision on home affairs is also coordinated with Moscow. The Kremlin-affiliated actors' control over media is growing exponentially. The anti-EU and especially anti-US propaganda is intensifying.

Reforms are not happening. The published, then withdrawn, concept of justice reform was virtually an open attempt to politically re-subordinate the judiciary to those in power. The new Attorney General gave us some hope upon appointment. But he first gave up on the fight against corruption among the politicians in power, then he enlisted to serve the president's political interests. The deputy governor of Moldova's Central Bank was arrested for allegations of involvement in bank fraud; he is also the husband of a PDM MP, who appears to have wanted to leave the current governing coalition. He was released on parole the next day, after the deputy publicly declared that she was staying with the PDM faction. There is still talk about a potential re-formatting of the government, by combining the pro-European opposition and the PDM. But the capacity to negotiate and formulate a compromise between these political forces is low. Even the

opposition has internal disagreements. That is why we encourage a much more active role of the US in mediating the situation, based on Georgia's successful model.

Another and even more important role is for the US promoting justice and the rule of law. President Igor Dodon is an official who has worked for the public sector all his life who spends ten times more than what he and his family officially earn. It would be naive to expect him to build a justice and anti-corruption system that will knock on his door soon. That is why the current Government will not reform the justice system; rather it will try to subordinate it under the cover of alleged reforms. And the system is malleable, judges, prosecutors, as well as other officials are easily drawn into supporting illegalities. Because they know nothing will happen to them. The US could make a huge contribution to changing this state of affairs by personally sanctioning corrupt officials. First of all, it is about applying tougher sanctions against Mr. Plahotniuc. But, perhaps more importantly, is for some officials of a slightly lower level to be publicly sanctioned. The latter do not have billions of dollars to hide away from sanctions, and so they will see that one can no longer hide from justice in their villa in Spain or Romania; this should result in a trend of refusing to conduct all illegal requests. We believe the best candidates to be put under the Global Magnitsky Act, apart from Plahotniuc, are the former governor of BNM, Dorin Dragutanu and Ilan Shor, who executed the theft of one billion dollars from the national banking system. All the preparatory work in this regard has been done, and materials are ready for review.

In conclusion: we have a corrupt and incompetent government, a divided opposition, one third of voters who cannot vote while abroad. At the same time, the overwhelming majority of citizens sincerely want to go towards the EU and the West. Unfortunately, within the country the camps are still divided 50/50 – between those pro-West and those affected by the Kremlin propaganda. We see a potential positive role of the US through the intense cooperation with the EU, the political mediation between the pro-European forces, the support of the free press and civil society, and the promotion of anti-corruption through personal sanctions applied to highly corrupt individuals.

BRIEF NOTE

on Moldovan governance

March 9<sup>th</sup>, 2020

The recent history of the Republic of Moldova is a 30 years story of inefficient and corrupt governments. Facing a dramatic decrease of population and malfunctioning economy after a communist government that lasted nine years, the citizens had great expectation from the so-called pro-European political coalition during 2010-2014. However, it proved to be naïve, as they used the power to conduct the biggest financial frauds in the history of the Eastern Europe. The Russian laundromat (*a money laundering scheme of at least 22 billion USD*), the embezzlement of 1 billion US dollars from the reserves of the National Bank of Moldova, alongside large scale smuggling operations of drugs, cigarettes, alcohol, anabolic steroids and other goods turned Moldova into a hub of international crime. The supervisory and law enforcement institutions failed to prevent and investigate the banking frauds. No asset recovery activities were conducted within the last 5 years.

In the aftermath of the banking fraud, an oligarchic regime was established by Vladimir Plahotniuc – the main beneficiary of the banking fraud and other financial crimes. He subordinated the judiciary, legislative and executive power through bribery and blackmail. Plahotniuc threatened or imprisoned his former political allies, annihilated the pro-Western political parties and exercised absolute control over law-enforcement and judiciary, in order to transform Moldova into a source of illegal income by means of money-laundering operations, economic frauds and smuggling. His strategy was to control all political segments as an insurance policy for future parliamentary elections. For this purpose, Plahotniuc built the biggest mass-media holding and used it, together with administrative resources, to discredit the political opponents and to strengthen the obedient political parties. The most remarkable political project created by Plahotniuc is the Socialists' Party led by Igor Dodon, also openly supported by Vladimir Putin. In 2016 with Plahotniuc's help, Dodon became the President of the Republic of Moldova.

The parliamentary elections held in February 2019 proved to be the most corrupt in the history of Moldova. Despite electoral corruption and disinformation, the results were even for all participants – Plahotniuc's Democratic Party (30 out of 101 MPs), Socialists Party of Igor Dodon (36 MPs), and genuine opposition – the pro-European political alliance "ACUM" (26 MPs). During three months after the elections, Plahotniuc and Dodon negotiated a new political majority in the Parliament, while the civil society representatives and independent media played a crucial role in consolidating the society against the creation of this kleptocratic coalition. The call of international partners combined with citizens' pressure on both ACUM and the Socialists Party, alongside with Moscow instructions for Dodon to form a coalition with pro-European parties, ended up with an anti-oligarchic parliamentary majority established in June 2019, while Plahotniuc left the country to escape justice.

The coalition between socialists and ACUM gave the citizens a hope for reforms and justice. Despite population's high expectations, in the following five months the Socialists strongly opposed the justice reforms and secretly negotiated a new alliance with Democrats. At present the pro-Russian Socialists, being supported by the majority of Democratic Party's MPs, have the control

over the Parliament, the Government and the Presidency alongside important law-enforcement institutions.

In the context of continuing demographic decline and economic stagnation, the future of the Republic of Moldova depends on the political agenda – the Presidential elections in the fall of 2020 and the next Parliamentary elections, scheduled for 2023. On one hand, there is a high probability of snap parliamentary election due to the lack of international recognition of socialists' government and absence of macro-financial support, which is extremely necessary to cover the budgetary deficit. On the other hand, the recent loss of local elections in Chisinau municipality and the growing conflicts within ACUM coalition weakened the positions and mobilization capacity of pro-European political parties.

In addition to that, the public polls conducted over the last 2 years show a relatively constant share of 25-30% undecided voters. That means that neither of the existing political parties were capable to gain the support of this segment of electorate, and there is space for a new political force, which would ultimately create a coalition with ACUM in order to challenge the dominance of Socialists and Democrats. At the same time, the high segmentation of the pro-western political forces is still a problem, as, some of them risk not making it to a new Parliament while gaining votes from the same pro-western oriented pool of voters. We can't really expect free and fair elections, taking into account the large suppression of the voters who live and work abroad (at least 1/3 of all voters), the open and very active meddling of Kremlin in elections by using media, illegal financing, consultants, church and all other available methods, extensive use of administrative state resources and the new re-concentration of press around President Igor Dodon. Based on the above, the pro-Russian parties can win elections even with a 20-25% popular vote. That is also true for the presidential elections scheduled for November this year.

That's why in the context of future elections, it is highly important to provide support to the independent mass-media and civil society organizations; they proved to be very efficient in providing objective assessment of the situation and developing critical thinking of grassroots. The diplomatic missions in Moldova can play an important role in distinguishing between the genuine organizations and those supported by the government.

The Republic of Moldova continues to heavily depend on external financial support in order to fulfill its home and foreign commitments. This represents a powerful instrument for the foreign stakeholders to influence the democratic development of the country. The programs of macro-financial assistance should be based on the following criteria:

- To be coordinated between US and EU as much as possible;
- To be in line with the previously announced conditionalities;
- To meet citizens' expectations, mainly concerning the investigation of the frauds in the banking sector, energy market, other high-profile crimes, as well as holding accountable the beneficiaries, perpetrators and the executives of the law-enforcement bodies who failed to prevent the frauds;
- To conduct a genuine justice reform via (i) compulsory consultation of independent civil society in the drafting of the concept of justice reform and the legislative acts; (ii) ensuring transparency in elaboration of justice reform concept and related bills, and ensuring media's

access to information; (iii) mandatory endorsement by the Venice Commission of all related strategies and bills, prior to their adoption by the Parliament, as well as full compliance with the Commission's recommendations;

- To preserve a multi-party system, free and fair elections, transparent financing of political parties and access of the diaspora to the voting process;
- To ensure a sustainable development of independent media by promoting and applying the legislation on countering cartel agreements on the advertising market;
- Moldovan Parliament and Government to waive any restrictive measures and abusive modification of legislation regarding the access of NGOs to international funding and/or their participation in the public debate on any public or political issues;
- To reduce the Russian influence and to strengthen the energy security of the country by building interconnectors with Romanian energy market and consolidating the independence of the regulatory institutions.

The genuine opposition is not able to compete on the same level with Socialists and Democrats, who have far more financial and media resources. Given that, any support from foreign stakeholders in the short term can contribute to a more balanced political competition and should be directed towards:

- Strengthening the independence of media by providing financial assistance, media literacy, civic journalism, technical support and encouraging the investigative and watchdog projects;
- Strengthening the role of civil society organizations by providing financial assistance to genuine NGOs which proved their efficiency in conducting advocacy campaigns, investigative activities, promoting good governance;
- Improving the image of EU and US among the citizens by providing financial assistance for local development projects, thus increasing the living standards and encouraging local influencers and administrations.

**The US could also make a huge contribution to changing this state of affairs by personally sanctioning corrupt officials. First of all, it is about applying tougher sanctions against Mr. Plahotniuc. But, perhaps more importantly, is for some officials of a slightly lower level to be publicly sanctioned. The latter do not have billions of dollars to hide away from sanctions, and so they will see that one can no longer hide from justice in their villa in Spain or Romania; this should result in a trend of refusing to conduct all illegal requests. We believe the best candidates to be put under the Global Magnitsky Act, apart from Plahotniuc, are the former governor of BNM, Dorin Dragutanu and Ilan Shor, who executed the theft of one billion dollars from the national banking system. All the preparatory work in this regard has been done, and materials are ready for review.**