

Tatyana Margolin
Regional Director for the Open Society Eurasia Program
Open Society Foundations
Testimony before the U.S. Helsinki Commission on Moldova
March 10, 2020

Thank you, Chairman Hastings and members of this Commission, for your work to protect and promote human rights.

I deeply appreciate this opportunity to speak about the important work that the Open Society Foundations have done over the past thirty years to ensure that Moldova has one of the most vibrant civil societies in the post-Soviet space.

The Open Society Foundations are the world's largest private funder of independent groups working for justice, democratic governance, and human rights. We work to build vibrant and inclusive societies, grounded in respect for human rights and the rule of law, whose governments are accountable and open to the participation of all people.

Our foundation in Moldova, the Soros Foundation – Moldova, was established in 1992, shortly after the fall of the Soviet Union. It has since invested around \$130 million USD in Moldova. Allow me to highlight some of their most notable achievements:

- Our foundation led the way in modernizing the early childhood education system and piloting and advancing the concept of palliative care;
- With the foundation's support, Moldova created the Public Defender's Office—one of the first national legal aid systems in Eastern Europe to fight for reforms in the criminal justice system;

- In a media environment that is dominated by politicians or oligarchs, the foundation has continued to support independent investigative journalism;
- In 2010, when the global financial crisis hit Moldova, the foundation provided emergency funding to local leaders to supply immediate relief for Moldovans. This included everything from clothing and books to setting up extracurricular activities so that up to 4,000 children could continue attending school uninterrupted.

Moldova is routinely considered the poorest country in Eastern Europe with nearly 20% of rural Moldovans living in poverty. The country is commonly categorized as being a captured state run by kleptocrats. According to the 2014 census (the last one conducted by the government in Moldova), its recorded population declined by 11 percent in 10 years. The current population of under 3 million is predicted to continue falling. According to UN projections from 2018, Moldova has the third fastest shrinking population on the planet, and some of its demographers predict a nearly 20 percent further decline by 2035. A shrinking population can potentially affect all spheres of the economy: without teachers, students cannot be educated; without educated ministers, the government cannot enact programs to meet citizens' needs; without laborers and funding for projects, infrastructure cannot be built nor repaired. Distrust in Moldova's government runs deep, even outside the country's borders and into the diaspora.

This distrust is not surprising given that corruption permeates all aspects of a typical Moldovan's life. Last year, a **third** of Moldovans indicated that corruption is their most pressing concern. The country ranks 120th out of 180 countries on Transparency International's 2019 Corruption Perception Index, between Sierra Leone and Nigeria. As a result, public trust in the

government is abysmal, hovering at around 6%.¹ Half of the population believes that all public institutions are corrupt, with the political parties receiving the most negative ratings (at 53%), followed by the courts at 52% and the police at 51%.²

The scale of Moldova's corruption and the arrogance of its oligarchs received world notoriety after 2014. In 2014, \$1 billion was drained from three banks in Europe's poorest country into a web of secretive offshore companies. The money disappeared, leaving taxpayers with the debt; the banks collapsed, and local authorities are still scratching their heads, trying to recover the missing cash. Vladimir Plahotniuc is a Moldovan oligarch who was allegedly one of the key responsible actors in the scandal.

In January 2020, Mr. Plahotniuc was placed under U.S. sanctions, but we were deeply troubled when we read earlier this month Radio Free Europe/Radio Liberty's article alleging with credible evidence that Mr. Plahotniuc is currently in the United States. I would like to take this opportunity to urge members of this Commission to please use its resources to ensure that Mr. Plahotniuc is not sheltered by the United States. I urge you to request a classified briefing to better understand how and why the sanctions mechanism could have failed to keep him out of the United States. With every day that Mr. Plahotniuc continues to evade justice, the Moldovan public's distrust in institutions and their country continues to fall. Beyond Mr. Plahotniuc individually, many of the politicians caught up in corruption scandals were the same ones pushing pro-EU agendas, meaning that citizens' disappointments with corrupt officials have also tarnished relationships between Moldova and Western actors, particularly with the European

¹ Public Opinion Barometer

² Dropped one point in the Freedom House index: <https://freedomhouse.org/country/moldova/freedom-world/2020>)

Union. With the West's complicity in sheltering Plahotniuc, Western values lose credibility, allowing Russian government media to capitalize on this sentiment, especially in light of the upcoming 2020 Moldovan presidential elections.

Russia has been paying close attention to Moldova and its engagement with Moldova has been holistic. As we have seen, Russian state media, ties between oligarchs, and the tactics of "traditional values" have all been used by those in power to retain their positions and discredit their opposition.

Russia has made efforts to capture the state politically – the incumbent pro-Russian president Igor Dodon was videotaped saying that he has been getting between \$700,000 to \$1 million USD from Russia a month. Alongside this, the son of the former general prosecutor of Russia, Igor Chaika, has allegedly been investing in cryptocurrency mining in Transnistria, Moldova's Russian-backed breakaway region. As you know, corrupt oligarchs rely on cryptocurrency because it is difficult to trace. Mr. Chaika also bought a controlling stake in the Moldovan media company licensed to re-broadcast Russia's main government channel, Channel 1. Access to this TV channel, recently the most watched in the country, is a powerful pre-election tool, as most Moldovans still get their news from television.

Russia even has an answer to Moldova's shrinking population: resurgence of anti-LGBTQI narratives and promotion of so-called 'traditional' values. A year ago, Moldova, at the invitation of President Dodon, hosted the World Congress of Families, a designated hate group co-founded by Russians that promotes hardline nationalistic and racist narratives. Many of these attacks against the LGBTQI community tried to hold them responsible for the demographic crisis, which hides other factors that have worsened out migration, like corruption and failing government institutions. There have been some points of success, notably the 18th Pride March

held peacefully in Chisinau this past May – despite a separate demonstration taking place at the same time in support of conservative traditional values and was backed by Dodon.

With such low trust in Moldova's institutions, the country is ripe for outside influence and manipulation. And the upcoming presidential elections in fall 2020 will be taking place in this climate. Though the president does not hold many powers in the Moldovan political system (it's a parliamentary republic), it is nevertheless an important stepping stone for several political actors. For Mr. Dodon, the stakes are high. In the upcoming elections he will need to reaffirm his strong hold on society to preserve support both from his Socialist party, but also from his outside sponsors, like Russia. Winning the presidential election will allow Dodon to continue consolidating his power, including through anticipated parliamentary elections, which are the real target of presidential candidates as the elections would allow Dodon to change the make-up of Moldova's parliament, tilting concentrations of power towards his party.

Dodon is using the Russian playbook in discrediting the opposition. As recently as last week he made a statement alleging foreign interference destabilizing Moldova. It is crucial when Moldova's elections do take place this fall that the OSCE's election observers are present. A runoff would make Dodon vulnerable, so he will use all mechanisms at his disposal to avoid it, and it is therefore crucial to preserve the integrity of the electoral process in the first round. We anticipate pro-Russian forces investing heavily in the Transnistrian vote, as well as possible suppression of the diaspora vote. Elections are a key moment for Moldova, and so monitoring both before and after will help reduce the potential infringements and smear campaigns to discredit politicians. Free and fair elections bolster public trust in the government, discourage unfair tactics, and reduce the risk of power ending up consolidated with only a few actors.

Our foundation in Chisinau has come up with multi-layered interventions to address these challenges. Last year alone, we invested \$3.1 million in various initiatives related to democratic practice and human rights, economic governance and advancement, public health, education, and justice reform. We have supported work targeted at the core of the issue: corruption and kleptocracy have siphoned off enormous sums of money from Moldova, leaving the population largely poor and limited in opportunities. This leads to migration, and ensures that most never return, creating the demographic crisis that we see facing Moldova today. Through our Moldovan foundation, we support civil society in their fight against corruption, which will create opportunities that will actually make Moldova an attractive country to live in.

To address the endemic corruption, we have been investing heavily in supporting investigative journalism. Moldovan journalists have played a crucial role in reporting on corrupt public officials, the integrity of candidates running for public office, and the abuse of public funds. Their brave and accurate reporting has made sure that these issues stay on top of the public's agenda. When citizens can connect the lack of government services to corruption, then they can mobilize more effectively to hold politicians to account. Ensuring that elections are free and fair will also go a long ways towards battling corruption in Moldova.

The justice system is one of the most crucial to reform, yet also one of the most difficult, where the stakes are particularly high. We have been closely tracking governmental justice reform efforts so far, making them transparent to the public, and bringing together key local experts whose input into these reforms will ensure that they're sustainable.

In spite of all tribulations that have shaped Moldova into a pseudo-democratic authoritarian state, with captured institutions and a dwindling population, against all odds, a number of successes have also been achieved, preventing Moldova from sliding into a more

authoritarian path. This was possible thanks to the dedicated efforts of men and women that have diligently strived to keep faith in the fact that Moldova still has a chance. These people are the idealist visionaries that have not given up. Our future efforts in Moldova will focus on helping these actors of change to continue their work of defending and advancing democracy.

I'll be glad to answer any further questions you may have about the Open Society Foundations' work in Moldova.

Thank you again for this opportunity to testify before the commission.