

BLACK BOOK

OF PUBLIC MONEY WASTE

IN REPUBLIC OF MOLDOVA

2020

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**FRIEDRICH NAUMANN
FOUNDATION** For Freedom.
Moldova



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FOREWORD

THE BLACK BOOK OF PUBLIC MONEY WASTE has reached its second edition. After the positive reactions in 2019, we decided to continue this project, implemented in partnership with the Association of Independent Press (API). Unfortunately, we continue to have cases when the money that Moldovan citizens and companies earn and pay in the form of taxes as well as the money that comes from European funds is treated in an inappropriate way. Sometimes it can be due to negligence, other times due to incompetence, and often they can even be possible cases of corruption.

To cover the situation in a balanced way, this book includes cases from different levels of public administration in Moldova, as well as from different regions of the country. In total, we present 8 independent investigative reports on topics of public importance concerning the construction of roads and sports complexes, the renovation of hospitals and kindergartens, street lighting and others. The new edition also contains the video versions of some of the stories.

This book is intended to provide everyone with truthful information about how public money is used. Every citizen deserves to be respected because he pays taxes and duties, and the representatives of public institutions are responsible for the transparent and efficient use of such resources.

Further, we focus on elucidating situations of corruption and defrauding of funds coming from the assistance of the European Union or other international donors. Although in the case of European funds the spending and control procedures are stricter, situations of abuse also found their place in this 2020 edition.

Alongside the organizations and investigative journalists involved, we will continue to collect the most resounding cases of unjustified spending of public money and present them to you regularly. However, such an effort also requires the active participation of the citizens.

Therefore, **THE BLACK BOOK** remains an invitation to all those interested to work together for a more transparent and accountable state to its citizens and their resources.

SERGIU BOGHEAN,

Project Coordinator in the Friedrich Naumann Foundation for Freedom,
Romania and Republic of Moldova Office

“GOOD ROADS” WASHED AWAY WITH THE FIRST RAIN

**VICTOR MOȘNEAG
ANATOLIE EȘANU,
ZIARUL DE GARDĂ, 12 November 2020**

There are certain features of the Good Roads Program launched with great pomp by Vladimir Plahotniuc’s Democratic Government in 2018 and later taken over by President Igor Dodon that politicians do not talk about on TV or when cutting ribbons. The program stipulates that each locality will receive about 1 million lei every year to rehabilitate roads in their villages. The local public authorities are the ones who, in theory, decide which roads to repair and how: They can choose either a short asphalt road or a longer gravel one.

Both options, however, involve less obvious structural elements that could affect the integrity of the roads over time and that in many cases could lead to a waste of public money. Without technical assessments, the Good Roads Program started with two major problems from the beginning: the roads did not have drainage channels and no curbs were provided. In the absence of these basic elements, essential for a GOOD ROAD, the first break up were roads made of gravel located on slopes, though those made of asphalt did not enjoy a much longer life either.



In February 2018, Vladimir Plahotniuc, then President of the Democratic Party of Moldova proclaimed, “This is a national program that we call ‘Good Roads for Moldova.’ It is the most ambitious and largest infrastructure project and infrastructure improvement in the country since independence.” After Plahotniuc was removed from power, the role of project coach was taken over by the country’s new president Igor Dodon who said in August 2020:

Good roads for everyone. I emphasize, for everyone. Previously, there were one or two good roads, but one village was receiving 3 million, another one zero or 10,000 lei, or 100,000 lei. We set as a target that each mayor’s office would receive a million or more lei for good roads for everyone. This program must continue for 4 to 5 years.

Both Plahotniuc and Dodon presented figures in kilometres for the “good roads” in the villages of Moldova, praising the project, but not speaking about its shortcomings or that for three years, no one had even been trying to stop wasting public money.

“GOOD” GRAVEL ROAD IN DOLNA VILLAGE GIVES WAY AFTER FIRST HEAVY RAIN

October 2020 Dolna Village, Strășeni District. Gravel road substantially repaired under the Good Roads for Moldova program in the autumn of 2019. A year later, the “good road” had become an almost impassable one, and people said it was even worse than it had been before.

Ruts have formed and the gravel has been washed away. “We were really happy. It was very beautiful. But when the rain came in the summer, it took it down the valley with it, as you can see,” said Tatiana Ganciu, a woman who lives on the street that was repaired a year ago. She is sure it was the fault of the authorities who did not involve an engineer in the process to tell everyone that without a drainage system in place, the road would not survive because it is located on a slope:

There is a big ravine in our village, and the water spills over it. And all the water that came here did what it did. Now all the pensioners live here, old people. Officials came from the mayor’s office to ask us to make some donations to help make a drainage ditch. Nobody wants to make it a government project because they calculated it would cost a lot of money here again, but you know that people live only on their pensions. They won’t donate for the road. We are already walking on this road like we do on a footpath that goes down the hill. It’s ugly. It’s very ugly.

ORDINARY CITIZENS IN THE AREA HAVE IDENTIFIED THE “GOOD ROADS” PROBLEM

Although not specialists in road construction, the locals are sure that a drainage channel would have saved their freshly built road. Because the program did not provide for one, people were urged by the local authorities to manage it on their own i.e. to make the drainage system on their own. Tatiana Ganciu again:

If they had told us right then, we would have all contributed, but an engineer was needed. What do people say? People are glad it became a little nicer, because we had been walking on the old road all our lives. It was nice and they were happy, but... when I was looking out and seeing how much water was running, I told my husband that the road will be gone by morning. A lot of money had been put into it.

“Maybe it’s our fault, too... It had to be done, but if no one wanted it... Everyone had to make one using their own money. They said everyone should make their own ditch. But it was dry then, it wasn’t raining and people didn’t really... get into it,” recounted Feodosia Baciuc, another resident on the street repaired under the Good Roads for Moldova program.

Mayor of Dolna Valentina Celacuş agreed to a telephone interview

with *Ziarul de Gardă (ZdG)* about the roads repaired in the village she manages. She told us the mayor's office did not have funds to change anything and that, "In localities like Dolna with steep slopes, white [gravel] roads are not for us. They are good, but on flat ground." Asked if the mayor's office had provided money for the construction of drainage channels in the budget for 2020, Mayor Celacuș answered:

We are not the mayor's office in Lozova or Vorniceni with a budget of 8, 9, or 12 million. We have a budget of 2 million lei, and only God knows how we make ends meet. We have no financial base to plan from. But an asphalt road is expensive; we can't afford to build one. Along with what they help us with, we also try to raise some funds from the population, and we are grateful for what the state has given us...

As part of the Good Roads Program, an asphalt road was built in Dolna from the village entrance to the church. Here, too, the lack of drains and curbs has led to the appearance of cracks. Although the asphalt still holds, the rain made a ditch of a few meters on the side of the road that compromises its integrity, a fact also observed by the locals. People say that the road was repaired properly but that the lack of a drainage system was problematic. Mayor Celacuș, however, says she does NOT know that the road might have problems: "I don't know anything about that. The road has no cracks. It holds. It's good. It runs from the village entrance up to the church."

"MAYBE I'M A WOMAN AND I DON'T UNDERSTAND, BUT WHERE IT IS BAD, I UNDERSTAND"

In the neighbouring village of Micleușeni, the problems are similar although the road was paved with asphalt this autumn. The first heavy rain covered the road in mud. Here, too, although people are not educated in road repair, they are sure a drainage channel would have changed its fate. According to a resident:

They made it as they did, but the road's shoulders were not made properly. Maybe I'm a woman and I don't understand, but where it is bad, I understand. The water comes from as far away as the forest through the ravine. And it is here where they didn't make it properly. They had to build a culvert. And the same there, down the hill. All the water that comes

through all those ravines, it ends up there, right in my gate.

After the rain, the villagers removed the mud from the road by tractor. There are, however, preliminary signs here as well that the road will not have a long life. Small potholes have already appeared in some of the asphalt. “If God brings more rains of the kind we have had ... it won’t last even a year. You can be mad at me ... I don’t know you, you don’t know me. I say the right thing... I’m a woman and I don’t understand, but if it’s not good, I understand. I understand quite well,” the resident added.

Mayor Rodica Butnaru refused to discuss the repair of the road but specified that the workers had complied with the repair requirements stipulated in the contract: “I’m honestly telling you. I don’t want to give out information. No, no. We are fed up with wagging tongues. I’m telling you the truth.” She claims her office has allocated money for the construction of a drainage system. Not knowing that our discussion was being recorded, she admitted she thought from the beginning that the newly paved road would not have a long life. “You see, in our village, it was simply obvious that that road was going to be washed away because it is down the hill.”

Constantin Cecoi, Mayor of Cărbuna Village in Ialoveni District had the following observations:

Where the road is not sloping, it can be done [a gravel road], that is, where the road is straight. However, where the road goes downhill, I wouldn’t advise them... that’s simply throwing the money to the wind, and not only once but every year afterwards, after each rain, as one must spend a lot of money to repair these roads. The gravel simply moves with the flow. It moves today, it moves tomorrow, you cannot beat it to make it stable.

He became mayor in November 2019 just as two streets in the village were being covered with gravel as part of the Good Roads Program. One year was enough for him to understand the problems with this program:

Here is what I think... Not every mayor is a road engineer and not every councillor understands what a gravel road entails... The water flow must be considered, the slope must be calculated. Not every mayor is good at this. The man [the mayor] is happy that he is doing a little more for the people, and it seems to him that more people will benefit from it, but then it turns out that the people don’t benefit and he ends up with a lot of problems for the future, too. It’s tiring to do that—to resurface it, to fix it, just to cut a ribbon. This is not proper.

The two gravel roads made in 2019 in Cărbuna have already needed work, and after the rains, potholes have formed that make it difficult to travel on them by car. People can no longer see the difference between the road before repairs and after repairs. The mayor thinks that when planning the repair of a road, rainwater drainage channels must also be provided so that the road is not destroyed after the first heavy rain. "I don't blame them, but I think that the State Road Administration should say: Folks, we won't invest in such a road because of the slope and the potential water levels. If a feasibility study were done it would indicate that this road won't be ready anytime soon, and we shouldn't give you money to waste on such roads," Mayor Cecoi added.

In addition to the street repairs provided by the Good Roads Program, the mayor's office has resurfaced several gravel roads using its own resources. Although the costs were much lower, the result was the same. Those experiences taught the mayor to adopt a completely different approach. Mayor Cecoi:

We, as a local public administration, made one kilometre of road for 200,000. And not just one kilometre. We made one kilometre here but also in other places. For 200,000. We bought stone from the quarry and we made it with the people's help. The other road made by the company cost one million and was also one kilometre.

ZdG: It was washed out just like this one...

I said I wouldn't advise another mayor to make sloping roads of white gravel. Nothing remained... It doesn't hold... All you can do is straighten it and pour concrete. And that's it. We're switching to 100% concrete. If we want to have roads and not waste money, not throw it to the wind as if throwing it into the fire, then we can do it only this way, only with concrete.

"THIS IS A 'GOOD' ROAD, MADE A YEAR OR SO AGO"

In Puhoi, another village in Ialoveni District, the "good" gravel roads have had the same fate. In the absence of a drainage system, the water has made its own drainage channels right in the middle of the road, washing the gravel into the people's gardens. Deputy Mayor Nina Iurcu went with us through the village to see what the gravel roads repaired as part of the

Good Roads for Moldova program looked like. “This is a ‘good’ road; it’s been here for a year or so. You can see. They should have at least made the white version according to all the technology. But, as you can see... it’s not exactly as it was foreseen,” she noted while we were walking on one of the recently repaired roads that gave way after the rains. A few days before, the mayor’s office had rented a grader to smooth it at a cost of 700 lei per hour. “It is clear that roads with this sort of slope must either be paved in concrete or asphalt, otherwise in a year or two, everything will be washed away by the water. That’s for sure,” she stated.

In Puhoi, another negative side of the Good Roads Program has become visible: political interference. Deputy Mayor Iurcu alleged that in 2018, decisions on local road repairs were not made in the mayor’s office but were instead influenced by local councillors from the Democratic Party that had initiated the program in the first place. Deputy Mayor Iurcu:

Initially, the council decided that this road on which are now walking should be repaired i.e. paved with asphalt. It is called *Tineretului* (Youth) Street and runs to the end of the village. You have seen how the work was carried out in the end. We believe that more cooperation should have taken place with the local public authority so that the money was not simply thrown to the wind. Unfortunately, however, the money was spent where someone who was politically involved wanted it to be spent. The regional leaders who shouted that they were from the Democratic Party, also shouted loudly that they were the ones making good roads, but we all know that the Good Roads Program was not that of a specific party; rather, it was a program for the entire country, for the localities, one kilometre of asphalt.

In all, 1.1 million lei was spent for the rehabilitation of *Tineretului* Street in 2018.

In 2020, an asphalt road was also built in Puhoi as part of the Good Roads Program. Like the others, this one did not have curbs or drainage channels either. After the rain revealed the shortcomings of the road, the local authorities understood that without their involvement, this road would also be washed away. Deputy Mayor Iurcu again:

The roadside cannot be just bare gravel. You realize the rain washes it away. Now we, the mayor’s office, are getting involved together with the people. We held a meeting together and we got involved. We have a

sum of money that we can allocate, and we also have a contract signed with a company that will deliver us concrete—brand 250—which is hard, and people will contribute their labour and part of the money for more gravel if needed... And we'll make it. We will put reinforced concrete on the roadside. And the road will then be sustainable. Otherwise, it is clear that it will keep on washing away and the water will penetrate under the asphalt.

"THIS ROAD HAS ALREADY BEEN REPAIRED ABOUT SIX TIMES"

In October 2018, a video published by a resident of Pârjota Village, Râșcani District went viral on social networks. He filmed how a freshly paved asphalt road under the Good Roads for Moldova program had collapsed and how the asphalt could be broken off by hand without much effort. "A road made this summer. Look at this. In Râșcani District alone, the government granted 47 million lei for road repairs... Enviably roads. Not even Germany has such roads. We are waiting for Chiril Gaburici to measure the asphalt. There you go," the resident said while easily removing the freshly poured asphalt.

The problem in Pârjota immediately came to the attention of then Minister of Economy and Infrastructure Chiril Gaburici. A technical assessment showed that the road had failed due to the circulation of heavy vehicles coming from a gravel quarry in the area. However, a definitive solution has not been found to this day. Since then, since 2018, the road has been periodically repaired, Victor Garbuz, Mayor of Pârjota confirmed: "This road has already been repaired about six times. This year for the third time. In spring once, then again, and now in the fall it has been repaired again. And it's cracked again... It will hold very little weight. If cars keep on driving on it intensively, it will have to be repaired again by the New Year's."

The mayor noted that the road is not managed by the mayor's office so it does not allocate money for its repair. The mayor claimed the company that executed the work followed all the road construction rules but that the road should have been totally rebuilt from the start in order to survive.

“BECAUSE IT WASN’T DONE PROPERLY FROM THE START, IT HASN’T LASTED EVEN UNTIL 2020”

No heavy vehicles drive on the main road in Botnărești Village, Anenii Noi District, but the asphalt poured from the Good Roads Program has given way here as well. Mayor Victor Gori confirmed that the road has already been repaired twice, the last time this fall:

It had deteriorated completely here. If we had left it like that, a pothole would have formed for sure. It is better to maintain it as it is than to leave it to its fate. In 2018, when it was made, the road cost 1.3 million. They asphalted around 700 meters, that is, it wasn’t even 1 kilometre in the end, as they were saying. In 2019, the mayor’s office repaired this part, we filled this, but anyway, because it wasn’t done properly from the start, it hasn’t lasted even until 2020, and it has been repaired again this year as well.

The road in Botnărești gave way even though it had drainage channels built by the mayor’s office before the repair work began. Mayor Gori:

The first problem with any road is drainage. As you point out, our drainage systems were made by amateurs, so to speak, without a formal plan, without calculations, but we’ve made them and they exist and in fact they secure this road. If the drainage system had not been made by the mayor’s office, I believe the road would have returned to its original state because it is actually the water that destroys roads in Moldova.

One of the most recent roads built under the Good Roads Program was paved in mid-October in the Dancu Village, Hincesti District. It also failed its first rain test. Dancu Councillor Ludmila Chitic showed us the freshly repaired road: “It wasn’t made well at all. I’m telling you, I don’t understand, I’m not a specialist, but look at the layers, there is no drainage. Go and film there how the water flowed, it took all the stone. It’s already mud. It rained last night and this entire portion is mud.

Recently returned from his work abroad, village resident Ștefan indignantly noted:

The road was laid two days ago and look... After the first rain, which was tonight, it is washing down the hill. I don’t want even to think what will be happen after the first frost. It is already in bad shape. A road that

is two days old... 48 hours. They just laid it. Good roads for everyone, huh? I don't know, maybe they make them better elsewhere, maybe in the north. In our area – no.

Vitalie Cecan, representative of Autocaravan Company SRL that built the road, admitted that in the absence of a drainage system, the road would not last long, but that the mayor had assured them that one would be built. "If the local authorities do not redirect the water from the hill, this road will not be successful. It will be permanently muddy. They have to catch this water and direct it through concrete drains, but unfortunately this is not in our project," Mr Cecan said. The specialist noted that the construction of rainwater drains was not provided for in the technical plans either. "It is not included in the project. It's not in the technical plan either. There is a large volume of water there. Directing that water had to be taken into account. If the water had been directed, the road wouldn't have been muddy and wouldn't be like what you saw today on the spot," he added.

According to Dancu Mayor Vladimir Pretuleac, "It didn't just start to collapse. Yesterday's rain washed it away. It has not been put into operation. People will remove it, they have gravel, they have equipment here. We won't sign until a quality road is made. It has no drainage system today, but we will make concrete sinks down the hill. That is our obligation. They don't make them, they don't build culverts either."

"GOOD ROAD FOR... THE MAYOR"

This year, another road was paved in Dancu, also as part of the Good Roads Program: the one that leads to the mayor's street. Although none of the local council's decisions provided for the asphalt to reach the mayor's gate—in fact it was to go in the opposite direction—the mayor decided to extend the road to his house by himself. He was also the one who drew up the road rehabilitation scheme, which he acknowledged. Dancu Mayor Pretuleac:

He [the contractor] says to me, 'What shall we do, because we can't do it here by the church. What shall we do with these 50 of meters?' I told him, Take it to the right, what's the problem?

ZdG: Do it by my place?

Not by mine, do it by your place. It's public road, it's not Pretuleac's road or the road of whatever your name is. It's like all the other roads, that one is public, too... Nonetheless, I also have a car, I pay all taxes, so you can't blame me much. And I can tell you something else: Even the country's president comes to see the mayor – Igor Nicolaevich [Igor Dodon] came. He came here when we commissioned the factory, we have a cheese making factory there...

ZdG: “Did you have him at your home? Not in the mayor's office?”

I invite everyone to my home for coffee. I have a gazebo, a terrace, and I invite people to have coffee, or some soup, whatever they prefer.

TWO-THIRDS OF GOOD ROADS ARE GRAVEL. NOT ONE HAS A PLAN, A DRAINAGE CHANNEL, OR A CURB

This year, as part of the Good Roads Program, the authorities announced the rehabilitation of 906.8 kilometres of roads. Of these, 298.7 kilometres are made of asphalt while most of them — 608.1 kilometres — are made of gravel, the proportion maintained in previous years when two-thirds of the work was gravel roads. In 2020, 1.12 billion lei have been allocated from the state budget to execute the road work.

When presenting statistical data, however, the authorities fail to say that in many localities, the program has not fundamentally changed people's lives for the better. Before stepping onto their 100 meters of asphalt, people have to slog through the mud that covers most of the roads in their villages. One such example is Cărpineanca Village in Sărata Galbenă Commune, Hîncești District, where 200 meters of road on the outskirts were paved. People there do not understand the purpose of that patch of asphalt. “It makes me laugh. How can it be enough? The children go out into mud. I don't understand the point either. It's the same in Valea Florii, and the neighbouring Village of Brătianovca,” said a Cărpineanca resident who believed that the money was spent uselessly and that life in the three villages has not changed at all after the implementation of the Good Roads Program.

Valea Florii and Brătianovca, where 140 and 172 meters of road, respectively, were paved are two other localities in the commune that contributed to the impressive figure of “over 1200 localities” that the

authorities say have come to enjoy good roads. According to Mihail Lozovoi, Mayor of Sărata Galbenă Commune: "Ok. Isn't it better than nothing? In the 30 years since we have been independent, not a square meter of asphalt has been laid in those localities. And now a little money has been allocated to them... and they've enjoyed having some asphalt roads in their locality."

He claims there was not enough money to repair more roads and that he could not put asphalt in just one village of the commune he manages and not in another or people would be upset.

"POLITICIANS SAW THEY COULD USE IT TO CAMPAIGN"

The Good Roads for Moldova program, since renamed Good Roads for Everyone, has been implemented nationwide by the State Road Administration (SRA). The institution manages the money and organizes tenders to execute the work. Local authorities are not involved in those processes; they instead decide what sections of road to rehabilitate and then have to manage the road. Although the Good Roads Program is associated with the name of Vlad Plahotniuc and the Democratic Party, Ion Drucec, Deputy Head of SRA, claims that the idea for the project came from SRA specialists and that the whole program was based on studies developed with external partner support as far back as 2015. "It is not correct... the idea that the program came from politicians and was rammed down the throats of specialists. It's not like that. The politicians saw they could use it for campaign purposes, and that's how it has emerged. But the idea came from our external partners."

The deputy head of SRA says that although roads rehabilitated under the project have already washed out, no money had allegedly been allocated from the state budget to repair them as most were under a one-year warranty so the contractors would have had to do the work using their own resources. "In all cases of defects appearing before signing the good execution warranty, all road repairs are examined again and are accepted by us, not only by the mayor and the technical manager," Drucec added.

He did, however, admit that after the one-year warranty expires that the local public authorities would have to find the financial resources

to maintain the roads and also stated his belief that this is only natural. Ion Drucec:

Any local road, any street, after the warranty period, can be maintained and repaired from the resources allocated to the mayor's offices. If potholes appear or a white road requires resurfacing... you know, according to the technology, those roads with cracked surfaces that must be repaired after each rain, but not less than once every four months. The mayor's office is obliged not to wait until 3 or 4 years have passed; if they have a white road [nb: gravel] and say, 'Look, they made it badly,' they are nonetheless obliged to spend the money necessary to maintain it in good condition and repair it when it needs it. You buy a car. Do you just pour gasoline into it or do you also make sure to do technical check-ups, to change the tires, the oil? Why are you talking about roads like that? Roads are organisms that need to be maintained.

“IN THAT CASE, WE WOULDN'T HAVE THESE THOUSANDS OF KILOMETRES OF REPAIRED ROADS.”

Deputy SRA Head Drucec also says that the roads in the Good Roads Programs were not provided with drainage channels and curbs because that would have been much more expensive and would have required a much longer working time. “We are moving to a phase of work with a different name. It's no longer called periodic repair work but rather capital repair work. It requires design work in the first year then execution and costs ten times more than the work executed now,” he said. He urged local public authorities to install curbs and build drainage systems with the money allocated annually for road maintenance. “In that case [capital repairs], we wouldn't have these thousands of kilometres of repaired roads that exist now. If a mayor's office requests that their work is executed according to a project they have developed, it is executed according to it. But if someone there expects capital work as in a textbook, with entrances to driveways, or bridges, or culverts, this is already another type of work that does not fall under Good Roads,” he added.

The SRA official also said that in virtually all cases, the decision to repair a road and how to repair it—with asphalt or gravel—belongs to local public authorities; SRA technical officers may not intervene

even if they know that that road will not have a long life. "For us, the decision of the local council is final in all cases, it's a law, it's the basis." The SRA cannot intervene even if the local authorities decide to repair the street where the mayor or the councillors live. "If all councillors live on one street and decide to vote for its repair, the process will take place. Nobody rejects it. The local council's decision is law for us," according to Drucec.

Ion Drucec specified that in the future, roads will be repaired based on projects and only after local public authorities have formal plans in place:

Another year or two and we will have no more roads in need of periodic repair, only capital interventions. Normally, starting this year already, all programs should provide 100,000 lei for the mayors to plan for all the contingencies they have to meet. So we will be planning for two years and working according to those plans in the third year. At the same time, during this period all general locality planning schemes should be approved and should make clear they are not related to a mayor or some councillors, but rather to the urgent needs of the locality and should show what should be repaired this year, next year, and so on.

You can find the video version of the investigation by scanning this sign:



THE HOSPITAL THEY NEGLECTED

FELICIA CREȚU,

CU SENS (MEANINGFUL) MEDIA PROJECT, 12 October 2020

With the Covid-19 outbreak in Moldova, hospitals have become too small. All this time though, there have been over 200 unused new beds about 40 km from Chișinău. They are located in Building Number 2 of the Vorniceni Hospital for tuberculosis patients. Although it was inaugurated as far back as November 2014 with the participation of the Minister of Health himself, no patients have crossed its threshold yet.

Over 80 million lei have already been spent on repairs and modernization. We do not yet know how many millions more will be needed before Building 2 can receive patients. What is certain is that no ministry official has been held accountable for mismanaging public money and that the company contracted to do most of the renovations has filed for bankruptcy.



The facility's deputy director Aliona Turovschii broke the paper seal on the door of Building Number 2 at Vorniceni Hospital for our film crew and took us on an exclusive tour of the empty wards. "We removed the mattresses to keep them out of the sun," Turovschii noted, pointing to two mattresses leaning against the hallway walls right at the entrance to the living room. There is a table with chairs in this two-bed ward, and it also has its own bathroom.

This building has over 100 such wards. All are equipped with ventilation systems that block the spread of infection—a rarity in Moldovan hospitals. About 240 patients with respiratory problems can be treated here simultaneously; however, the fans have never been turned on.

One can feel the neglect in this once renovated hospital without patients with its new floors and nicely painted walls. Cracks can be seen, however, and plaster is about to fall in some places. "The building has settled, so some small defects have appeared," the deputy director explained. Current repairs have benefited not only the patients' wards but also the doctors' offices and medical staff break rooms. TV sets and refrigerators have even been procured, and space has been reserved for setting up a hairdressing salon.

There has apparently been a lot of attention paid to details except for one in particular: What water will the patients drink?

INVESTMENTS OF MILLIONS IN VAIN

Vorniceni Hospital is the oldest TB treatment facility in Moldova. In fact, modernizing the two buildings designed for treating TB patients was first mentioned in 2005 when the number of TB cases had reached a new record registering a threefold increase compared with the 1990s. The facility's renovation therefore became a priority for the government then led by President Vladimir Voronin.

The first hospital building was put into operation in 2008, but the second one is still closed, although one can see it has been renovated. The work was handled by Monolit SA, a leading company in the past. In recent years, both current socialist MP Petru Burduja and the current Minister of Finance Sergiu Pușcuța, have visited.

In 2008, Monolit SA agreed to renovate Building 2 in the record time of 9 months for 67 million lei, a commitment that was far too ambitious as the company's former technical director Vasile Ungurean admits today: "I think it was unrealistic, but how am I supposed to know what they were thinking then?"

Nine months turned into... six years. Why? Silvia Volosatîi, the head of the department responsible for investment and public property administration at the Ministry of Health from 2012–2015 who was in charge of supervising the smooth running of the work explained:

A very big impediment for carrying out the project itself for the entire hospital and for the entire hospital complex was the phased funding. Investments were made in small quantities each year, so the work would stop, then the second stage of funding would start and so on from year to year.

BUSINESS WITH THE STATE BASED ON "TRUST"

Lack of money, however, was not the only problem. While the renovation work was coming down the home stretch, the only source of drinking water was an underground spring that had begun to dry up. "It started to provide only about 40 to 50 percent of the drinking water needed," Ms Volosatîi stated.

As the flow from the spring decreased, the main source of water remained a nearby artesian well. Because the water in the well was not fit for drinking, it was decided to install a filtration system. Ministry officials entrusted that installation, which was not initially envisaged in the contract, to Monolit as well thus assuming additional project costs without going through a public procurement process. Ms Volosatîi explained that there was no need to organize a public tender as the contract cost overrun would be only about 50,000 lei.

So the filtration system was installed although none of the parties involved had an additional agreement to the contract in place to legalize the additional costs. We wanted to find out why this path was chosen from the then director of Monolit Petru Burduja, currently a Socialists Party MP. Burduja was the company's general director until the end of 2014. "After 2014, as far as I can remember, some changes were to be made to the project to be approved by the Ministry. I no longer know how the project ended," the MP told us.

Monolit's former technical director Vasile Ungurean did, however, offer an explanation. He said they did not sign any papers because they relied "on trust," and Silvia Volosatîi was the one who gave them the green light to start the work. Specifically, the former Ministry of Health official allegedly gave him verbal assurances that financial resources would be found to pay for costs exceeding the amount in the contract.

Silvia Volosatîi, in her turn, passed responsibility to the general contractor. "He did it in advance and assumed it so as not to jeopardize the commissioning of the building because the Ministry did not have money so could not transfer the funds then. It had to be approved and requested from the Ministry of Finance, as a procedure," was her explanation.

Another opinion was presented by Vasile Draguțan, the technical manager appointed by the Ministry of Health to monitor the work. He admitted that legal procedures actually were not followed. "The work was done illegally. They didn't have to start or finish it. It needed a legal basis. A new tender had to be organized," Draguțan told us.

SHAM INAUGURATION IN AN ELECTION YEAR

All this was happening at the end of 2014 in the final days of the mandate of then Minister of Health Andrei Usatii who was well known due to integrity issues and to corruption cases in which he was concerned. On 26 November 2014, just four days before parliamentary elections, the minister formally inaugurated Building Number 2, although it was not yet operational. On the social networks in which he praised the inauguration, Usatii ended his posts with the exhortation, “Vote for PLDM!”

Shortly thereafter, an invoice for almost 800,000 lei more than the amount of the initial contract arrived at the Ministry of Health. Monolit’s plans to collect its money were, however, turned upside down. Silvia Volosatîi, the official with whom they had been coordinating their work, had left her position while she was being investigated by the anticorruption prosecutors for false statements in her asset declaration. Those who subsequently took over the ministry, including Deputy Minister of Health from 2015 to 2019 Aliona Serbulenco, said they had no reason to honour Monolit’s financial claims:

At the time I learnt I was being appointed by the minister to lead the group in charge of procurement, I found out that the work in fact had been done and I was to procure work that had already been executed. There was, however, no record of a financial obligation of the Ministry of Health to Monolit in the ministry’s accounting.

Arguing it had not received its money from the ministry, Monolit did not pay Aquasystems Company, the subcontractor that had actually installed the water filtration system and with which Monolit had signed a contract for 1.9 million lei. According to former Aquasystems director Constantin Lungu, “Monolit did not pay us half of the contract. I lost my house and my business. I don’t even want to hear about them. They were the kind of people who pursued their interests and made fun of me.”

Vasile Ungurean, the former technical director of Monolit, replied “There is nothing you can do about it. That’s what happened.

Not that I deceived them, but it didn't turn out well. It happened because I didn't have a funding source."

FIVE YEARS, SEVEN MINISTERS, NO SOLUTION

As a result, the plan to create a modern hospital in Vorniceni has become almost an absurdity. Virtually nothing has been done in the past five years, and Monolit SA entered into insolvency proceedings two years ago. Sergiu Guțu has been dealing with the company's liquidation and told us:

The Ministry of Health and the Institute have not shown much of an active position or interest in the insolvency process. They say, "We don't know what to do with this situation." If they don't know, how I am supposed to know? So no one has filed a lawsuit. They have accepted the situation as it is.

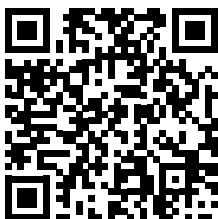
Seven ministers have served in the Ministry of Health from 2015 until now; none of them has managed to complete the hospital's commissioning. Ruxanda Glavan who succeeded Andrei Usatii from 2015 to 2017 claims the problem was beyond the ministry's competence, so the institution simply did not have the capacity to solve it. Ala Nemerenco who had the mandate for several months in 2019 thought that the construction company's insolvency did not allow the Ministry of Health to claim its investment.

Monolit's former director and now MP Petru Burduja has not followed the hospital's fate either. "You took me by surprise. I thought it was working," he answered when we asked if he was trying to find a solution in his capacity as an MP.

After years of indifference and millions thrown to the wind, the current Ministry of Health leadership has shown signs that it would like to complete the project. An expert will determine what work remains to be done so that Building Number 2 can receive patients. "A construction plan is being made, and a cost estimate is being determined," current Minister of Health Viorica Dumbrăveanu informed us. She went on to specify, however, that the process would take time and, "The work unfortunately cannot be executed immediately."

The same expert will also calculate how many millions more will come from the state's pocket for the additional work. Although we won't know the verdict until next year at best, President Igor Dodon is already committing himself to seven-digit promises. "I understood that about three million lei are needed. I believe we should find these means. Tomorrow, we will prepare a letter to the Prime Minister to find money from the reserve fund and move forward," Dodon declared to health workers and the management of Vorniceni Hospital on 23 July 2020 when he visited the facility.

You can find the video version of the investigation by scanning this sign:



CHIȘINĂU ARENA.

THE BILL

ANATOL EȘANU,
VICTOR MOȘNEAG
ZIARUL DE GARDĂ, 4 september 2020

The Chișinău Arena sports complex was to become operational in October 2019, exactly one year after work started, but as of September 2020 it was not, although construction was complete and the equipment installed. Initially, it was found that the multipurpose arena could not be connected to the gas, water and sewerage networks and later that it was not connected to the electricity network. In May 2019, the state attached an additional agreement to the public-private partnership contract and undertook to pay 1.5 million euros more for the Chișinău Arena to have access to the water and sewerage networks. Subsequently, other problems arose that had not been taken into account at the start of the project; now more investments are needed to solve them: No access roads to the arena have been built, and some of the land on which they are to be constructed is private property. The construction of roads to the complex and the expropriation of land in the immediate vicinity require government decisions and votes in Parliament that would increase state input into this “social” project by more than an additional 3 million euros. Hence, the initial amount of 43 million euros indicated in the public-private partnership contract to be reimbursed by the state is to increase by over 5 million euros in the end.



So far, the state has paid 11.5 million euros for the Chișinău Arena project: 10 million were paid during 2018 and 2019 when the complex was built, and 1.5 million were transferred to the private partner in July 2020 as part of the share in the Public-Private Partnership Contract (PPPC),¹ signed in August 2018 by the Republic of Moldova and the SAM Investment Company established in Chișinău by the Turkish company Summa that built the complex. By the end of 2020 the authorities must pay another 1.5 million euros, and in order not to lose the sports complex, the procedure will be repeated over the next eleven years at which point the state will finally redeem the investment made by the Turkish partner.

EXTRA MONEY AND NEW DEADLINE FOR COMMISSIONING

The Chișinău Arena was to be commissioned in October 2019 but that did not happen, so in February 2020 after President Igor Dodon visited the complex the new date of 1 May 2020 was announced. Officially, the pandemic ruined the authorities' plans, and the sports complex was not commissioned in May either.

An official reply received by Ziarul de Gardă (ZdG) from the Public Property Agency (PPA) stated that the commissioning was planned for October–November 2020. The same reply specified that the construction works undertaken by the private partner—SAM Investment Company—had been executed in accordance with 100% of the contract provisions and that a certificate of substantial completion of the works was received on 24 December 2019.

The PPA further communicated that under the PPPC of August 2018, the public partner—the state—was to ensure the connection of the multipurpose arena to municipal networks including access roads; however, “In the context of the pandemic and of the emergency, the public partner could not possibly execute the additional work of connecting the polyvalent arena to all the urban networks, including the construction of the access roads.”

PPA representatives referred to a decision of the Filip Government of 29 May 2019 that approved a draft additional agreement to the PPPC in August 2018 stipulating that the work to connect the arena to the municipal networks was to be taken over by the private partner against a payment of 1.5 million euros by the state in instalments. The PPA did not, however, say anything about a draft government decision that *ZdG* discovered that stipulated that in addition to the main contract, the state will undertake to pay another 2.8 million euros in instalments for the construction of access roads to the sports complex.

INITIAL ADDITIONAL AGREEMENT: 1.5 MILLION EUROS FOR MUNICIPAL NETWORKS

The need for this additional agreement arose after the authorities found out that in order to commission the multipurpose arena, “It had to be connected to all municipal networks necessary for normal operation,” and, “According to the contractual provisions, the private partner had the obligation to design, build and arrange only the urban networks within the 10 ha perimeter of the land plot designated for the construction of the multipurpose arena of national interest.” The government decision providing for the conclusion of this initial

additional agreement was approved at the Filip executive session of 29 May 2019 and increased the cost of the Chişinău Arena project from 43 to 44.52 million euros. That money was added to the annual payments specified in the main contract and was to be repaid by the state over the next 11 years.

SECOND ADDITIONAL AGREEMENT, NOT YET APPROVED: 2.8 MILLION EUROS FOR ACCESS ROADS

In its answer to ZdG, the PPA failed to note that in order to be commissioned, the arena needed access roads. For this purpose, a second additional agreement worth 2.8 million euros (55 million lei) is being prepared by the Ministry of Economy and Infrastructure (MEI) based on the proposals of the Public-Private Partnership Monitoring Commission. The PPPC of 24 August 2018 obliged the Turkish company to design, build and equip the multipurpose arena only within the limits of the 10 ha lot; other elements required for it to function—private and public transport access roads to and from to the site as well as pedestrian access—were the responsibility of the state. According to the draft government decision obtained by ZdG:

Such socio-cultural infrastructure sites require the inclusion and presence of access roads in at least two directions; in the case of the Chişinău Arena in the directions of Chişinău-Orhei and of Bucovina Street. The total amount of the investment including the costs incurred by the private partner and the reimbursement rate for a period of 11 years constitute 2,816,512.00 euros, excluding VAT, and will be included in the total cost of the contract.

Decision makers from the government and Chişinău City Hall were consulted on this draft decision on connecting the site to the network of national and local public roads in two stages. The document mentions that from Bucovina Street, access to the complex will include a station for public transport, pedestrian access and access for private, emergency and technical transport. ZdG requested additional information about the draft decision from MEI, including the date when it would be submitted to the government for approval. MEI answered other questions but declined to provide an answer about this additional agreement.

NEW PROBLEM: LAND FOR ACCESS ROAD IS PRIVATE PROPERTY

The 2.8 million euros needed for the construction of access roads to the Chișinău Arena are not the only additional expenses necessary for commissioning it. Construction of the access roads to the complex from Bucovina Street has not yet started because some of the land required is private. This issue was not taken into account in the initial phase of the project, so now new budget allocations are needed that must be approved by the government and Parliament.

The authorities only started looking for solutions in March 2019 when the complex had been under construction for half a year. The Ministry of Education, Culture and Research (MECR), then led by Monica Babuc, proposed setting up a, “...Preliminary Research Commission to declare the construction of the public utility and the arrangement of access to the multipurpose arena complex to be in the national interest”; the commission would include officials from a number of ministries and state institutions.

In April 2019, based on the commission’s proposal, the MECR prepared a draft government decision² in which 17 land plots adjacent to the arena and three buildings became objects for expropriation. According to the text of the draft decision, “The payment of compensation for the expropriation of the said property (land and buildings) shall be made by the government from state budget funds,” without mentioning the amounts of compensation. This draft decision was, however, never approved.

STATE MUST BUY TWENTY-THREE LAND PLOTS AND SEVERAL BUILDINGS NEAR THE CHIȘINĂU ARENA

In June 2019 after the Democrats left power, the new government decided to transfer administration of Arena Națională SRL (the public partner entity founded on 30 May 2018 by PPA to manage the sports complex) from MECR to the PPA which is under MEI. A few months later, the subject of expropriation was put back onto the government

agenda, this time by MEI. In the new draft³ Chişinău City Hall proposed that five land plots located on the other side of Bucovina Street should be added to the list of the property to be expropriated noting that those plots, “...are necessary for the design and construction of engineering networks for the polyvalent arena.” The author of the draft decision noted that, “The normative price of the plots proposed for expropriation calculated according to the Law on Normative Price and Sale and Purchase of Land constituted about 2 million lei.” The draft failed, however, to indicate the market price of the land that had a cumulative area of about two ha. A ZdG calculation indicates that the cadastral value alone of all 23 land plots exceeded 5.4 million lei while the cadastral value of the buildings on them was estimated at over 6.5 million lei; the market price of those assets to be purchased by the state was several times greater.

LANDOWNER: “WE’VE BEEN VIRTUALLY EXPROPRIATED WITHOUT A PRELIMINARY LEGAL PROCEDURE”

The draft decision that initiated land appraisal and expropriation was never submitted to the government for approval. After the Sandu Government fell, the subject disappeared from the public agenda. In response to a ZdG request, MEI stated, “The draft government decision prepared by MEI has been repeatedly endorsed by the central public authorities concerned and is currently being finalized according to the objections and proposals submitted. After the draft decision is finalized, it will be submitted for review and approval to the government, as established.”

ZdG has spoken with a few of the land owners in the arena’s vicinity. Some of them told us anonymously that during the Democrats’ rule, they were pressured to give up their property without claiming any compensation. Others, while claiming they had not been pressured in any way, said they cannot use their land as they wish to due to the refusal of the authorities to issue them construction permits because of their uncertain future, thus causing them to suffer losses.

Mihai Triboi, a lawyer for the company Trivent SRL that owns a 15 acre plot adjacent to the arena on which, according to the draft

law, the access road from Bucovina Street is to be built, claims that they bought the plot from an individual in the autumn of 2017 before the idea of building a multipurpose arena in that area had appeared in the public space. The Trivent representative claims they had purchased the plot at the market price at that time—about one million lei—which amount is indicated in the sale and purchase agreement. The company intended to build a plant for manufacturing parts for ventilation installations; however, with the launch of the Chișinău Arena project, they can no longer use the land as Mr Triboi explains:

There was a time when we didn't even have access to the land as it had been fenced off. This fact was ascertained by the bailiff. A fence and a guard had been put up. Even though it did not belong to them, they restricted our access to our land. We were virtually expropriated without a preliminary legal procedure. We appealed both to Arena Națională SRL and to the relevant public institutions to free our land from any interference because it was illegal. In addition to that, I recently applied for an urban planning certificate but was refused contrary to the law as there are clear provisions for when they can refuse you. They invented a reason that was not stipulated in the law and that we, of course, intend to challenge later. Their reasoning is that the land plot is not in the locality's general urban plan. This is an issue that is not provided for in the law.

“ON ONE HAND, WE ARE SORRY THAT THIS MONEY MAY COME FROM PUBLIC MONEY, BUT WHAT TO DO?”

Mihai Triboi of Trivent SRL whose land is to be expropriated claims that negotiations with the authorities have been fruitless every time:

During this period, we've been “lucky enough” to negotiate with three governments, and we've seen different approaches starting with the Filip Government that never contacted us so we were actually the ones to start negotiations. If we had not done so, this interference would have gone farther. In fact, it is still ongoing, but we were invited to some consultations where we were only told to wait. Later, another government came, and we, with new hope, made new appeals,

but unfortunately, nothing changed. I refer to the Sandu Government. We were invited to negotiations again and they explained that it was not their fault and that they were doing everything possible, but nothing was resolved. Subsequently, the Chicu Government invited us to negotiations too. Basically, we heard the same answer: Wait and everything will be resolved.

Because we could not use the land to build our own production facility, we have been compelled to rent the space we need throughout this period which has cost the company financial damages of over 15,000 euros. If the authorities fail to find a solution in the near future, Triboi says that the state will be sued: “The damage is considerable. On the one hand, we are sorry that this money may come from public money, but what to do? Our work is also important for the state, we also pay salaries to people, and we need this money. These are damages that we have suffered and that we must recover.”

CHIȘINĂU ARENA IS READY BUT CANNOT BE COMMISSIONED

Visually, the Chișinău Arena is ready. On 24 December 2019, a certificate was signed which stated that according to the PPPC, the work executed had been reviewed by the technical officer and confirmed as “substantially completed.” The document was signed by Alexandru Rîșcovoi, the certified technical officer, and by Atilla Sanci, the Director of Sam Investment Company.

Subsequently at the beginning of 2020, a reception commission was set up made up of over 20 people representing various state institutions. According to the law, the president of the commission is Alexandru Vornicu, Mayor of Stăuceni Commune which encompasses the land on which the building is located. However, the commission has not met in full for several months, including because of the Covid-19 pandemic. Mr Vornicu stated:

I think the last meeting of the commission for the purpose of commissioning the arena took place this spring in May. At that stage, the technical officers and the construction officers stated that the object was over 90% ready for commissioning. One problem, they

said, was the arrangement of access roads on the site's perimeter. We agreed they would complete those works and document the vision of the state regarding the expropriation of the businesses located in the perimeter.

NATIONAL ARENA ADMINISTRATOR: "IT IS CERTAIN THAT ARENA CANNOT FUNCTION WITHOUT ACCESS THERETO FROM TWO DIRECTIONS."

Eduard Calancea, Administrator of Arena Națională SRL, the entity founded by PPA to manage the sports complex, also says the building has been completed according to the provisions of the main contract but that it cannot be put into operation without the two access roads.

Discussions were started with the private partner to assume these investments as well because they are extremely necessary for the project. We know that some documents are being drafted now. Of course, the amount you mentioned (2.8 million euros, author's note) includes other elements of infrastructure, not only the roads but also other, smaller investment elements. As far as we know, the documents are at the completion stage, and we hope to get the green light in the near future to start the work of connecting the arena to the road network once the documents are signed. It is certain that the arena cannot function if we do not have access to it from two directions: Bucovina Street and National Road R6.

He further stated that the issue of private land in the immediate vicinity of the sports complex is to be resolved by state authorities through negotiations with the landowners.

"MANY ITEMS WERE OUTSOURCED, EVEN ACCOUNTING"

Eduard Calancea took over the management of Arena Națională SRL at the beginning of September 2019 replacing Radu Lupan, former adviser to the former Speaker of Parliament Andrian Candu, who had led the company with state capital since its foundation. Calancea says that although officially the sports complex was to be ready for commissioning in October 2019, the reality he found on the

spot looked different. He says the former administrator handed him only a small set of documents that did not include any business or commissioning plans. According to Calancea:

They handed me only the company's documents and that was it. When I asked about the team that was to take over the arena, where was this one or that one, unfortunately at the operational level, I found a complete void. There was no business plan in place. What we found was a feasibility study initiated before the start of the competition. It was a study that contained some good elements, but there were many gaps in operational management. Many elements were outsourced, even accounting.

He claims that the company now has an activity plan including a financial one, but he admits that even if commissioned, the sports complex will not be able to generate enough profit to cover the annual payments to the private partner.

“THE ARENA COULD GENERATE A PROFIT SUCH THAT WE COULD REPAY AROUND 300,000 EUROS ANNUALLY”

According to Mr. Calancea:

There is an activity plan in place. There is a budget in place which we have approved. There are some budget line items that we have drawn quite optimistically that we fervently hope will turn out be realistic. Current figures show that we are not able to cover the payments to the private partner, but in the near future I think we will be able to contribute and relieve this burden on the state budget with profits to be made. According to the calculations, we cannot say that the arena will be operating at a loss, and we will contribute as much as possible. It is very difficult for me to say anything now in the context of the pandemic, but according to our estimates, the arena could generate a profit such that we could reimburse around 300,000 euros annually.

Although in 2018 when the PPPC was signed, the Government of Moldova assumed payment of at least 43 million euros, the agreement with the company that built the complex does not contain clear provisions justifying the money invested, so there is a risk that no

one will ever know exactly how much the Chișinău Arena project actually cost. Mr Calancea added:

According to the contract provisions, the private partner did not have to submit strict costing- documents. We know that the main works were executed by a local company of the Summa group that operates in an absolutely normal legal framework based on contracts with subcontractors and so on. All imports were also made within the legal framework. The private partner submitted a financial proposal for 43 million in the competition that took place. It was accepted. The partner, at least according to the contract, did not have to disclose its profit or the cost elements.

Radu Lupan, the former administrator of Arena Națională SRL, avoided talking with ZdG. After we told him the topic of the discussion, Lupan asked us to call back but did not answer his phone that day or the following one.

HISTORY OF THE PROJECT ANNOUNCED BY PLAHOTNIUC AND PRESENTED BY HIS GODSON ANDRIAN CANDU

The idea for constructing a multifunctional arena to be called Chișinău Arena first appeared in the public space on 13 March 2018 during the weekly briefing of the Democratic Party of Moldova when the project was announced by its then leader Vladimir Plahotniuc and presented by his godson Andrian Candu, the head of the Moldovan legislature at that time. The ground breaking ceremony for the Chișinău Arena took place with great pomp on 14 October 2018, and the authorities and the Turkish construction company promised it would be completed in exactly one year and would be operational at that time. This “success story” took a different direction after the Democrats who had heavily promoted the project in Parliament and government left government.

In July 2019, then Prime Minister Maia Sandu asked the MECR to request that the Ministry of Finance and MEI make a financial and technical review of the Chișinău Arena project after specifying that the method for projecting cost estimates was not clear. Ms Sandu noted:

This project was conceived as a scheme that would eventually lead to the takeover of the property and land that was allocated for it by certain interest groups. One gets the impression that the amount of 43 million euros estimated for this project was pulled out of a hat. At least so far, no supportive documents have been found to clarify how this amount was determined. Things have changed over time, and now the cost of this project is 44.5 million euros. The risks, obviously, are that in this case, the real cost is less than what the state is spending on this project.

At the same time, the Prime Minister revealed that Vladimir Plahotniuc's in-house notary Olga Bondarciuc had allegedly received 400,000 lei in notary fees for authenticating the PPPC documents.

ANDRIAN CANDU: "I THINK THAT IF THE DEMOCRATIC PARTY HAD REMAINED..."

MP and current head of Pro Moldova Andrian Candu, one of the Chişinău Arena's promoters, continues to claim that the project is an "important one for society" and blames the delay in its commissioning on subsequent governments:

Based on the information I have and from what I know, the arena could have already been operational in October 2019, but the non-commissioning is due either to the deliberate or the careless attitude of the authorities. I think that if the Democratic Party had kept its composition like it was when it was in power and the changes of June had not happened, [the arena] would have been commissioned on the 14th [of October], on Chişinău's Patron Saint's Day, and it would be functioning now.

At the same time, Candu claims the procedures for connecting the complex to the access roads were initiated during the Democratic Government even though no money was provided in the 2019 state budget. In this regard, he again blamed subsequent governments for the failure to complete the project. The MP, however, avoided explaining why the initial project had had so many financial gaps that fixing them now would require additional millions from the state

budget. Regarding the imperative for the state to buy over 20 plots of land and three buildings in the immediate vicinity of Chișinău Arena that was not taken into account at the launch of the project, Andrian Candu claimed that was not within his competence.

CRIMINAL CASE ON NATIONAL ANTICORRUPTION CENTRE OFFICERS' AND ANTICORRUPTION PROSECUTORS' DESKS FOR ONE YEAR

During a press conference in September 2019, Eugeniu Moraru, then PAA director, and Ion Potlog who held the position of adviser in the cabinet of the Minister of Economy, spoke about several ambiguities related to the implementation of the contract between the state and the Turkish company. “We found that the processes related to project planning, defining objectives and budgeting were not all included in the project, so along the way we found that the cost of the project tended to change significantly,” Ion Potlog noted. He further announced that no concept of the capitalization of the arena or of the adjacent land had been identified, and that the sports complex could not generate money from which to pay the annual instalments to the private partner.

At the same time, the PPA and later the Minister of Economy and Infrastructure announced that they had submitted a number of documents to law enforcement officials asking them to launch a criminal investigation into the actions of the officials who had participated in the launch of the Chișinău Arena project. Shortly afterwards, the National Anticorruption Centre (NAC) ordered the initiation of criminal proceedings under two articles of the Criminal Code: abuse and exceeding one’s official duties. The assumption of the anticorruption officers and prosecutors is that starting in 2017, a group that included members of political parties, central and local public administration bodies, autonomous institutions as well as individuals, “...initiated a series of actions to deliberately create conditions for committing the crime of embezzlement of foreign assets as a result of the execution of the public-private partnership contract for the design and construction of the multipurpose arena of national interest, including for the future achievement of the

criminal purpose of embezzling construction land with an area of 59 ha in the building's proximity.”

ZdG has discovered that NAC prosecutors and officers are also trying to verify the legality of the construction price of 43 million euros indicated in the contract—which is greater than the cost of similar works in other European cities—as well as granting preferential tax conditions to the business company building Chișinău Arena by exempting the materials used in the construction from the value added tax without reducing payments. The case is still under criminal investigation.

You can find the full version of this investigation, as well as its video version, by scanning this symbol:



ENDNOTES

- 1 The public-private partnership contract, concluded by the Government of Moldova with “SAM Investment Company”, http://www.particip.gov.md/public/documente/137/ro_5666_Contract-in-forma-negociata.pdf
- 2 The draft law on expropriation as published on the website of the State Chancellery https://cancelaria.gov.md/sites/default/files/document/attachments/proiectul_171_0.pdf
- 3 Draft government decision, <https://www.zdg.md/wp-content/uploads/2020/09/z.Proiectul-HG-Bra%C-C%82nzan-amendamente.pdf>

EUROPEAN MONEY INTENDED FOR UNGHENI KINDERGARTEN

DISAPPEARED FROM NON-GOVERNMENT ORGANIZATION ACCOUNTS

JULIETA SAVIȚCHI,
ANTICORUPȚIE.MD, 27 October 2020

Licurici kindergarten in the town of Ungheni would today be one of the most modern, well-equipped preschool institutions in the country if the money offered by the European Union in 2014 had been used as intended. Because the money started to disappear by the thousands right at the beginning of project implementation, the European Union Delegation stopped funding it. After five years, the money has not been returned, and no one has been held accountable.



PROMISING BEGINNING

In 2011–2012, a few local experts developed a number of projects to submit to international donors that would have a positive impact on the environment and improve people’s livelihoods. One of the rules for obtaining funding was for a non-government organization (NGO) to manage the money allocated for the projects as a safeguard for the efficient use of the funds and to preclude any risks of misappropriation. Those rules worked to the advantage of the Asstreia Association for Applied Social Studies, an NGO that used such projects to attract European funds.

The EU accepted funding for three projects promoted by Asstreia: Cross border Inventory of Degraded Lands (CRING); CBC RUR Waste in Criuleni District; and the Renewable Energy and Energy Efficiency for Public Buildings (REEPB) project in Ungheni. The main objective of the first project was to create a favourable framework for improving tools to fight soil erosion and land degradation; of the second was household waste management in rural areas; and of the project in Ungheni was the repair and geothermal endowment of a kindergarten.

At the end of 2013, a married couple entered the office of Alexandru

Ambros, the Mayor of Ungheni. They were Iurie and Svetlana Chesari, the Executive Director and President respectively of the Asstreia Organization. “They said we had a good team and that there was funding available from the European Union. What was needed was to identify a kindergarten that required total renovation and could we help them identify such a kindergarten,” Mayor Ambros recalled.

In 2014, the Head of the EU Delegation (EUD) in Chişinău, Pirkka Tapiola, signed a contract with the Mayor of Ungheni for the implementation of the REEPB project to construct geothermal plants to supply thermal energy to Licurici kindergarten, the largest kindergarten in Ungheni.

According to the contract, which was also signed by Iurie Chesari as coordinator, the size of the EU grant was 859,693 euros, which accounted for 71.56% of total project costs. Capital repair works, modern furniture and the organization of a photovoltaic park in the school yard were to be provided in addition to the construction of the geothermal plants.

MONEY STARTED DISAPPEARING WITH THE FIRST TRANCHE

On 9 March 2015, the EU transferred the first tranche of 430,000 euros to Asstreia’s account to fund the REEPB project. The design work for the renovation of the kindergarten and the construction of the geothermal plants then began. Two deep, narrow shafts were drilled under the facility’s fence to take samples; those two small depressions, covered by vegetation, remain under that fence today and are the only indicators that a grandiose project that had no chance of realization had been initiated.

Suspicious that money had disappeared initially arose in March when the first tranche was delivered and were brought to the attention of Alexandr Darras, the EUD Project Manager in Chişinău, who had been appointed by Pirkka Tapiola to oversee the REEPB project. In May and June 2015, some employees noticed that in fact 160,000 euros were missing from the REEPB account.

MONEY EVAPORATED

The NGO Asstreia hired a number of employees, some of whom seemed to be unnecessary, with generous salaries paid from the European funds while at the same time, a number of contracts for services were concluded with companies associated with the Chesari spouses. According to an investigation by the Service for Combating and Preventing Money Laundering of the National Anticorruption Centre (NAC), the money was funnelled to four companies controlled by the Chesari family: the Solidarity and Progress Foundation, Est1TV, the Aiper Joint Stock Company and Meteo TV. Subsequently, the Anticorruption Prosecutor's Office discovered that some of the money was transferred from those companies' accounts to Rompetrol-Moldova accounts, and the money was then withdrawn in cash from the company's gas stations.

The Solidarity and Progress Foundation was founded in September 2013 to, "...promote innovations for the development of society in the Republic of Moldova." Initially, the foundation's president was Svetlana Chesari, but on 16 December 2013, Aurica Revenco, then anchor at Jurnal TV, was appointed president. She is the wife of Andrei Revenco, Svetlana Chesari's brother. On 19 February 2016, Sergiu Ceauş took over the position.

Est1TV SRL was registered on 1 September 2014. During its more than three years of operation, Vladimir Canschi and Andrian Untilă took turns managing the company. The legal address was also changed several times. Andrian Untilă is a close relative of the Revenco family.

The Aiper Joint Stock Company was founded on 4 April 2012 by the Criuleni District Council with a 40% share and Sielv-Solarus SA, with a 60% share. Sielv-Solarus was founded on 12 March 2012; the majority shareholder is Iurie Chesari. In his CV, Iurie Chesari confirms that he held management positions in those companies.

The first signals that 430,000 euros had disappeared came at the end of November 2016. In January 2017, Asstreia stopped paying all project expenses including for expert fees and technical design services.

The EU representatives in Chişinău requested explanations and suspended the project. After it was established that the money had indeed disappeared, the EUD in the Republic of Moldova, City Hall in Ungheni and Project Coordinator Igor Țurcan requested explanations from the Chesari family but say they never received any.

LAST CHANCE

On 27 March 2017, the then head of the EUD in Chişinău Pirkka Tapiola ordered the suspension of the project and any work that was being carried out. Two days later, Iurie Chesari wrote to Pirkka Tapiola that he was sorry and did not understand why the project had been suspended. Asstreia's Director stated he wanted to see the project through. Aneil Singh, staff member of the EUD in the Republic of Moldova, was the one to reply to Iurie Chesari and notified him that the shortage of money intended for the Ungheni project was being investigated by the European Anti-Fraud Office (OLAF). Chesari was also informed that he had three months to put the project funds in order and to provide explanations, after which the EUD would decide whether to resume funding. Asstreia was to present bank proof that the money was in the project account and had not been misappropriated.

The organization seems not to have taken advantage of this last chance offered by the Europeans. On 15 September 2017, the EUD in Chişinău informed the management of NGO Asstreiea that it was officially terminating the financing contract for the REEPB project. The letter signed by Aneil Singh referred to an OLAF report showing that fraud had been committed and the EUD reserved the right to take all legal measures to recover the money, including financial penalties for delays.

EUROPEAN INVESTIGATIONS

The EUD in Chişinău commissioned a financial audit of NGO Asstreia by a specialized British company whose auditors requested information and documents from Asstreia about how the 430,000 euros provided by the EU for the renovation of the kindergarten in Ungheni

had been spent. They were ignored. The experts came to Chişinău specifically to meet with the Chesaris and even managed to set up a meeting in May 2017 with Iurie Chesari, but he did not show up at the appointed place and time and did not answer the British auditors' calls. All these details were set out in the audit report the British firm submitted to the EUD in Moldova.

The report also shows that the auditors concluded that Asstreia and its leaders were guilty of misappropriating 430,000 euros and had to return the money. The Chesaris were informed of the contents of the British auditors' report in June 2019 by registered mail.

MOLDOVAN INVESTIGATIONS

On 20 April 2017, the Anticorruption Prosecutor's Office started a criminal case based on Article 191 of the Criminal Code which deals with appropriating another person's property. According to an informative note for internal use in the Anticorruption Prosecutor's Office, the case was based, "...on the illegal actions of the leaders of the civic association ASSTREIA Association for Applied Social Studies that during 2015 and 2016 misappropriated financial means in the amount of 230,000 euros from the Renewables and Energy Efficiency for Public Buildings Project (REEPB), financed by the European Union Delegation in Chisinau, which caused particularly large damages."

The document further stated that, "Chesari, Svetlana and Chesari, Iurie, acting as President and Executive Director of ASSTREIA respectively, and having the role of applicant/implementer of the REEPB Project under the grant agreement for the project financed as part of a European Union program, and having the contractual obligation to manage the funds according to the budget approved by the European Union Delegation in Chişinău on behalf of the Ungheni Mayor's Office, had contrary to those provisions and using their official positions appropriated financial means in the amount of 230,000 euros, by which they caused damages in particularly large proportions."

At the same time, the Anticorruption Prosecutor's Office started

a criminal case in which the Chesari spouses were suspected of misappropriating the European funds intended for setting up a landfill in Criuleni District.¹

The case was initially managed by Prosecutor Mihail Ivanov; he requested arrest warrants for Svetlana and Iurie Chesari. Svetlana Chesari spent several months in pre-trial detention and under house arrest, but Iurie Chesari managed to leave Moldova only to return to the country for good at the beginning of 2019. Meanwhile, the case was handed over to Prosecutor Alexandru Morcov. “I was made responsible for another area and the case was taken away from me. I don’t know what the status of the case is now,” Mihail Ivanov told us.

Alexandru Morcov refused to provide us any information. Sergiu Gavajuc, the current Acting Chief of the Anticorruption Prosecutor’s Office, shed some light by telling us in October 2020 that the case of misappropriation of European funds for the renovation of the Ungheni kindergarten was still in the criminal investigation phase. According to Gavajuc, criminal proceedings had also been started in this case against the Project Coordinator Igor Țurcan, and against another responsible person, Veaceslav Botnari. They are suspected of misappropriating 57,000 euros.

WHAT THE PERSONS CONCERNED SAY

Igor Țurcan was outraged at how the Anticorruption Prosecutor’s Office had managed the Ungheni fraud case. He claims that accusations were made only in the case of funds misappropriated from the Criuleni project, where he was also coordinator on behalf of the local administration. As for the project in Ungheni, almost nothing had been done Țurcan thought. He said the case against him was started in August 2020, “in order to silence me.” He explained:

I was the first to alert the European Union Delegation and OLAF about the misappropriation of the funds; I submitted documents and I filed complaints with the NAC. The former leadership of Criuleni District hired me as to recover the funds. I went to Romania to get some of the documents destroyed by the Chesari couple, and I was severely beaten by their accomplices there. In Ukraine, I tracked

down 57,000 euros, recovered this money and deposited it into an account opened in my name. I did not take a euro of that money. I just asked to be paid what the commission had promised for the work done, but the district leadership had changed, and Vice-President Oleg Ogor said he would not pay me anything and filed a complaint with the NAC against me.

Igor Țurcan also said he had information that the Chesari family allegedly had bribed decision makers in the NAC and the Anticorruption Prosecutor's Office to resolve their cases:

Does it not seem suspicious to you that three and a half years after the initiation of the case it is still in the criminal investigation phase while in my case, within two months I was designated as a suspect and then as an accused, and now they want to put me in prison for 13 years? It's obviously a settlement of accounts. Only the press can shed some light here.

Igor Țurcan is convinced the money was stolen by the Chesari couple and used for the construction of two luxury buildings.

Veaceslav Botnari is the only one who has been criminally fined in the case of misappropriating European funds in the Criuleni project. He told us he had no capacity in the REEPB project and that he was only an accountant in the CBC RUR Waste Project in Criuleni. "They fabricated another accusation for me just like the one in which I was sentenced, so that they could protect the Chesari family," he told us.

Since we failed to get Svetlana and Iurie Chesari's contact phone numbers, we tried to find them at their home to offer them the right to reply. Svetlana Chesari was aggressive with the team (recorded on video), swore and accused us of being paid by prosecutors, by Igor Țurcan and by the former leadership of Criuleni District to make our investigative report.

Iurie Chesari, although he was also outraged by our visit, did answer some questions. He claims the case was fabricated, that the EUD has no claims against him and his wife, and that no audit was carried out at Asstreia to confirm the alleged fraud. "The project was suspended due to the actions of some decision makers in Criuleni District. They were the ones to commit the fraud, and the European

projects were suspended because of them. After everything is clarified, we will continue the projects,” Iurie Chesari assured us.

UNGHENI KINDERGARTEN LEFT WITH ONLY COSMETIC REPAIRS

Licurici kindergarten is the largest in the town of Ungheni with a capacity of 370 places and 56 staff. Angela Sârghi, the Director of the kindergarten, told us that in recent years the local public administration has allocated many millions for repair work as well as for landscaping; however, there were not enough funds available for capital repairs.

The experts who had previously appraised the building argue that it requires urgent renovation, that there are large energy losses, and that the cost of heating it is three times higher than that for similar buildings. Mayor Ambros told us that the local budget was very tight and was further strained by incurring high heating costs, a problem that would have been solved if the European funds had been spent as intended. “It is unfortunate; it is a loss for the town’s residents but even more so for the children,” the Mayor of Ungheni pointed out.

ENDNOTES

- 1 About the fraud in the Criuleni project, please see the investigation “Millions of Lei Misappropriated in Criuleni from Cross-Border Project,” published in the first edition of the “Black Book of Public Money Waste,” Chişinău 2019

REZINA'S GIANT SPORTS COMPLEX STARTED THEN ABANDONED AFTER NEARLY 13 MILLION LEI INVESTED

TUDOR IAȘCENCO,
CUVINTUL.MD, 21 November 2020

A grand project of the Democratic Government launched in 2015 in the town of Rezina was to be a modern sports complex but was abandoned after nearly 13 million lei of public money had been invested. No work has been done there for three years. Eleonora Graur, the former president of Rezina District who was one of the initiators of the project, now says that what has been done is only the first stage and that the second stage will require an additional 54 million lei. In the meantime she has become a member of Parliament and now says work stopped due to a lack of “financial resources,” the “political instability in the country,” and because her successors in the district leadership were not actively seeking funding to complete construction. The current Rezina District Council leadership has not answered our questions about the sports complex.



ONE PROJECT IS REJECTED AND A NEW ONE GOES TO THE COMPANY OF THE PRESIDENT'S COUSIN

Rezina was left without a stadium in the 1990s. The town is located in the Nistru River plain, and following multiple floods and rising groundwater levels, the stadium that existed became unusable. Many plans to build a new one were discussed, but nothing was done. In 2009, a company proposed a new stadium project to cost 16 million lei to the district administration. “The price seemed inflated to me and I proposed a revision of the cost estimate. After a number of negotiations with the designers, including with the participation of the Ministry of Regional Development and Construction, the price of the stadium was reduced to 14 million lei,” Ion Ciorbă, the former head of the Construction, Roads and Communal Administration Department of Rezina District Council (RDC) recalled. The project, however, was never implemented.

The district’s Democratic Party (PDM)-Communist (PSRM) leadership that took over after the 2011 local elections remembered the stadium at the beginning of 2015 before new local elections. The administration of then district president Graur rejected the already modified and approved stadium design and commissioned another one from Armonic-Urban SRL, a company managed by Valeriu

Lupaşcu, the president's cousin. When Armonic Urban SRL began to work on the design, Graur announced the construction would cost 72 million lei. After Armonic Urban had designed stands with 2500 seats, RDC terminated the contract because the company had not completed even 30% percent of the design work by the deadline in 2015. This was the explanation given to the weekly newspaper *Cuvântul* by Vasile Gobjilă, the President of the District Football Association who also held the position of district president for several months in 2019. "No company was contracted to do the design work afterwards," Gobjilă noted.

When asked to comment on the cost of the project, the stadium's technical manager Alexandru Ucrainciuc said, "They talk about 72 million lei and more recently of over 100 million lei, but as far as I know, only the design of the first stage is in place, i.e., of the stands, some rooms, and the roof."

Marcel Rusu, the current Head of the Construction, Roads and Communal Administration Section of RDC, told us the design of the second part of the stadium does exist, including the the football field, the fence around it and the lighting, but that the plan was with the Centre Regional Development Agency. He did not remember the cost.

BEAUTIFUL BUT EMPTY PROMISES

At a big press event including guests from the government, the cornerstone was laid for the sports complex in June 2015. Deputy Minister for Regional Development and Construction Anatolie Zolotco declared the new sports complex in Rezina would be one of the most modern in the country with a stadium and stands, running tracks, a swimming pool, a hotel and a sports palace. Litarcom SRL, one of the district administration's favourite construction companies, was selected to build the stands—the first part of the complex—for 12.9 million lei. Litarcom Manager Liviu Jitari added that the stadium and the locker rooms would be completed by the end of the year and that the entire complex would be ready in three years, i.e. in 2018.

The announced cost of 72 million lei for the entire complex aroused confusion in Rezina. The total budget for the district in 2015 had been approved at 104.656 million lei, of which about 95 million lei came from the national budget with specific obligations; only about 10 million lei was the district's own revenue. As Rezina is a district centre with a population of about 12,000 people and quite modest sports traditions, journalists from *Cuvântul* asked then district president Graur who had chosen that specific project and not a more modest one and how that had happened. She answered that it was the desire of the RDC. We asked Graur this question again in October 2020 when she was a member of Parliament, and she said:

The idea arose from the fact that Rezina Town Hall had completely destroyed the stadium located in the Nistru River plain (the old stadium that needed renovation) to build artesian wells to provide the town with drinking water. Hence, the town was left without a sports stadium. We also aimed to make it not just a simple stadium but rather a sports complex that would meet all European requirements and standards.

Victor Lupaşcu, then a Rezina district councillor had a different interpretation:

In February 2015, when some items related to the allocation of financial resources for the sports complex were on the agenda of the district council meeting, I stated that it was reckless, that Rezina did not need a complex with a seating capacity for 2500 or the other items the district president was talking about. I said those planned expenditures were absolutely irrational and that the maintenance of such a complex would incur costs beyond the town's or district's means. However, the ruling majority was made up of PDM and PSRM councillors and without entering into discussions, they as usual didn't dare to go against the district president's will.

District Councillor Andrei Gârlea said the figure of 72 million lei—the projected cost of the complex—aroused discussion in the council, but the district president gave assurances that most of the cost would be covered from investments attracted from the state budget and various investment projects and not from the district budget; most councillors supported her.

NEW VISION: DEVELOPING REZINA BY ARRANGING TOURIST ATTRACTIONS RELATED TO THE SPORTS COMPLEX

Reacting to criticism in the media about the actual status of the stadium, in July 2018—exactly three years later when district residents should have been enjoying sports at their complex—a news item appeared on the RDC website accompanied by a photo of the district president and the head of the construction site with the stadium stands under construction in the background. No work had been done there since the autumn of 2017. Eleonora Graur was, however, preparing for the 2019 parliamentary elections and announced that the district administration had won a grant from the Centre Regional Development Agency and had thus obtained funding for the second stage of construction. The total cost of the complex had already reached nearly 118 million lei. The president explained:

When the project started in 2015, it relied a great deal on income tax from entrepreneurial activities coming to the district budget from Lafarge Ciment (Moldova) SA. As this tax was subsequently directed to the state budget, the district was left without important financial resources. The authorities are thus looking for money from different sources.

She added that the Moldovan Football Federation would also contribute to the second stage of construction.

Indeed, on 20 June 2018 the Filip Government passed Decision No. 585¹ that included the project “Sustainable and Competitive Development of Rezina Town by Arranging Tourist Attractions Related to Rezina Sports Complex” in the Single Programming Document for 2017–2020 and ordered funding for it through the National Regional Development Fund starting in 2018. Contrary to the government decision, however, on 9 August 2018 the National Council for Regional Development Coordination, which includes most ministers and other national and regional officials, unanimously rejected Graur’s request to include the project for funding in 2018.

DOES STADIUM CONSTRUCTION START WITH THE STANDS?

The construction of the first part of the complex was entrusted to Litarcom SRL, which is managed by Liviu Jitari as are Capillati SRL and Ave-Borș SRL. During Eleonora Graur's presidency, these companies obtained the most lucrative capital investment contracts for constructing and repairing social structures in Rezina District despite serious problems with their performance on other projects.

For example, Litarcom SRL undertook water supply and wastewater drainage network projects in the village of Sârcova that were to last 12 months but instead lasted 4 years. The construction of the wastewater treatment plant in Rezina was also entrusted to Litarcom SRL at the beginning of 2014 and was to be finished in the autumn of 2015 at the latest; it is still not operational although about 13 million lei have been spent from the National Ecological Fund and the local budget. Energy efficiency work contracted in 2012 in the kindergarten building in Ignăței Village funded from the Energy Efficiency Fund has also not yet been completed. In the tender for the selection of a company to repair RDC offices, the working group led by Eleonora Graur gave priority to the offer of Litarcom SRL, arguing it was the most advantageous financially. Later, however, two additional agreements were concluded with that company to increase the cost of the work by about 30%. Equally suspicious is the history of the construction of a fountain next to Rezina Town Hall for which RDC paid Capillati SRL an amount several times more than a reasonable cost, and the fountain broke down even before the warranty period ended. *Cuvântul* has repeatedly asked the administration of Litarcom SRL for answers regarding these projects, but all its requests have been ignored.

The construction of the sports complex did not start with the sports fields as would have been logical, but rather with the construction of the stands where earth moving work and about 70% of the construction work had been executed by the end of 2017, according to data provided by Vasile Gobjilă, Eleonora Graur's successor as district leader. The RDC has already paid 12.247 million

lei for that work which is almost the entire amount stipulated in the contract.

After the publication of its first investigation on this topic, the *Cuvântul* newsroom asked RDC, the National Anticorruption Centre (NAC), and the Prosecutor's Office to review the story focusing on how appropriate the sports complex was for the locality and how the public funds allocated for it had been spent. No reactions were forthcoming. The newsroom then asked two experienced construction engineers in Rezina to calculate the actual cost of the work performed by Litarcom SRL, using quantities of materials as benchmarks. The quarry from Lalova had delivered 324 cubic meters of cobblestones worth 167,040 lei to Litarcom for the construction of the stands, and Covcor Company from Rezina supplied Litarcom 787.5 cubic meters of concrete of various brands worth 915,000 lei. Taking into account the earth moving work and the volume of the stands, the specialists *Cuvântul* recruited concluded that the actual cost of the stands would amount to 4 million lei at the most. The specialists also noted that if three years had passed since work had ceased, it could be resumed only after a technical assessment of the condition of the stands.

FIFTY-FOUR MILLION LEI MORE TO COMPLETE IT, FORMER DISTRICT PRESIDENT SAYS

Asked to comment on the costs to the district budget for the complex and the calculations made by the independent experts, former district president Vasile Gobjilă, who is currently RDC secretary replied, "Better to have the staff of the construction section comment ... I personally regret that I could not influence the district leadership not to put this construction "machine" in motion. Marcel Rusu, Head of the Construction, Roads and Communal Administration Section of RDC, was vexed by our specialists' calculations and said he did not recognize them.

Asked to comment on the work in October 2020, i.e. two years after the construction should have been completed, former district president Eleonora Graur said the work had not been halted but was instead being carried out in several stages, starting in 2015:

During the first stage, execution work was contracted in the amount of 12,998,882 lei and was completed, according to the contract, by 31 December 2018. Financial sources in the amount of 54,108,810 lei are to be found for the second stage of the project.

She did not specify what work the second stage envisaged or how that specific amount had been calculated.

Graur Suggests Her Successors Were to Blame for Unfinished Construction

The current MP says that the work was not finished due to a lack of financial resources:

When we started the project, income tax revenue from entrepreneurial activities supplemented the available balance of the district council. Later, at the initiative of the Ministry of Finance, payments for this tax were transferred to the state budget and no longer to the district. This caused impediments and a delay in the work on the sports complex.

To the question: “What will happen to this partially completed construction but for which almost 13 million lei have already been spent?” Eleonora Graur answered:

The current priority is to identify financial resources to complete this sports complex. The work for the period when I was in charge of the project was executed according to plan. The political instability that followed and the lack of officials in the government who could have discussed it and identified money for the next construction stage is neither my fault nor that of Rezina District residents. It is also very important that when addressing such issues as the Rezina Sports Complex one does not wonder why it was started but rather why the construction has not been completed and how we can resolve this issue. If we throw stones at every building under construction that successive administrations cannot put into operation to benefit the people and the public budget, as is the case for the Chişinău Arena,² then we discourage the few dignitaries and officials left who still understand that their duty is not to entrench poverty but to generate useful projects that are expected by the community.

HOW OTHER COMMUNITIES BUILD STADIUMS

We asked about the costs incurred by the authorities of other communities for the construction of similar facilities. The stadium in Telenești District was rebuilt about 10 years ago. Boris Burcă, district president at that time, said the authorities had spent about 100,000 lei for football field redevelopment; for constructing stands; for a building for locker rooms, offices, and other amenities; and for the construction of the stadium fence.

After a capital reconstruction last year, the stadium in Glodeni Town was put into operation. In addition to a football field, it also has volleyball and tennis courts, and a running track. It has a seating capacity of 1450. The reconstruction cost 5.5 million lei.

A few activists in Țareuca Village, Rezina District have decided to look for the means to build a modern stadium with stands for fans, a car park, and other amenities in their locality. We saw the plan in the Țareuca Mayor's Office; according to preliminary calculations the cost will be about 1 million lei.

The Hometown Association of Pepeni Village, Sangerei District initiated a project to renovate their stadium. In the spring of 2019, the association submitted a project as part of a competition announced by the Migration and Local Development Program and obtained funding of 10,000 euros (about 200,000 lei) for renovating the stadium and establishing a park in an adjacent lot. The project is entitled "Stadium with Landscaped Park: an Attractive Place for Youth to Live Discouraging Emigration" and also hopes to raise 10,000 US dollars (about 170,000 lei) from donations, especially from the Moldovan diaspora.

The project involves a 360-seat stand and benches on the opposite side of the football field, paved sidewalks to the stands, a square at the entrance to the stadium, a paved parking lot, and rehabilitating the nearby fountain. The work was in full swing in August 2020 when we discussed it with association leaders.

HOW STATE INSTITUTIONS REACT

After the publication of the first investigation on this topic in November 2019,³ *Cuvântul* organized public consultations with district residents that culminated in a proposal to ask RDC to set up a commission to check the documents and costs incurred for the complex. Current district president Valeriu Ciorici's reaction to the request was, "According to the provisions of Law 436/2006 on Local Public Administration, the district president has no powers to set up an evaluation commission, this being the competence of district councillors."

In the summer of 2020, a number of Rezina District residents protested in front of the General Prosecutor's Office in Chişinău, demanding an investigation into what they called "acts of corruption and abuse" committed by the Rezina district administration under the leadership of former district president and current MP Eleonora Graur. In response, prosecutor Adrian Rusu wrote:

The acts of misappropriation of the financial means intended for the construction of a stadium in the town of Rezina and of the financial means for the construction of a fountain in front of the Rezina Town Hall are being investigated according to procedures stipulated in Article 274 of the Criminal Procedure Code as part of criminal cases no. 20202800223 and no. 20202800288, respectively. Neither the criminal investigative body of the Rezina Police Inspectorate nor the prosecutor's office has started any criminal proceedings or cases against the actions of the former president of Rezina District Eleonora Graur as no such reports have been filed.

In October 2020, we asked the Anticorruption Prosecutor's Office (APO) whether between 1 January 2015 and 1 September 2020 it had received any requests to investigate alleged illegal acts committed in relation to the construction of the sports complex in the town of Rezina, and if it had initiated any related actions. APO replied, "After processing the information in the APO's Web-Document System used for paper flow, searches have not generated any results to indicate any active criminal cases or proceedings against decision makers on the Rezina District Council."

APO also noted that a criminal investigation had been started against Litarcom SRL—the company that was involved in the first stage of the construction in April 2016—under Article 335¹ of the Criminal Code: abuse of official position by a person administering a commercial or non-state organization, the subject-matter of the investigation concerning alleged damage to the State Road Administration. The case was, however, dismissed in November 2019 on the grounds that it, “did not meet the elements of a crime.” APO also told us, “At the same time, in checking on criminal cases in progress and on criminal investigations led by the Anticorruption Prosecutor’s Office, we found no criminal cases whose subject matter of investigation would be the construction of the Rezina District Sports Complex.”

ENDNOTES

- 1 Decision of Pavel Filip Government, no.585 of 20 June 2018, https://www.legis.md/cautare/getResults?doc_id=108714&lang=ro
- 2 See the investigation “Chișinău Arena. The Bill.” page 3.
- 3 See the investigation “Monster Construction Site in Rezina Swallowing Millions of Public Money,” published on 25 Nov 2019, <https://anticoruptie.md/ro/investigatii/bani-publici/santierul-monstru-de-la-rezina-care-a-inghitit-72-milioane-de-lei>

STREET LIGHTING INSTALLED WITH GERMAN MONEY LOST DUE TO POOR ADMINISTRATION IN A SOROCA VILLAGE

**LILIA ZAHARIA,
CONSTANTIN CELAC**
MOLDOVACURATA.MD, 6 November 2020

An investment of nearly one million lei donated by German taxpayers for street lighting in a village in Soroca District is in jeopardy after the electrical poles were changed. After enjoying street lighting for six years, Tătărăuca Veche Village was once again plunged into darkness due to a local authority omission. The electricity company installed the new poles, but there was no funding available to adapt the light bulbs and reinstall them; they are now in storage. The mayor's office says it needs another 300,000 lei to make the lighting system functional again.



MARVEL LASTED SIX YEARS

“This is a divine miracle!” a woman in Tătărauca Veche Commune gasped at the launch of the street lighting system seven years ago when the lights were turned on for the first time. It was the winter of 2013 after the holidays. The “miracle” came to the village through a project supported by the German Agency for International Cooperation (GIZ). In all, 350 lighting fixtures were installed using LED technology and 13 metering devices in the commune’s six villages—Decebal, Niorcani, Slobozia Nouă, Tătărauca Nouă, Tătărauca Veche and Tolocănești—with a total population of 2200 people. The investment cost for the entire commune was over 3.4 million lei.

Unlike the other five villages in the commune that still have lighting today, electric happiness lasted only six years in Tătărauca Veche. Last year, the energy supplier Rețelele Electrice de Distribuție Nord SA changed the poles and removed the 57 energy-efficient lamps, then abandoned them in people’s backyards or right on the roadside compromising the investment of over 800,000 lei in Tătărauca Veche.

The lamps with their wires removed are now lying in a pile in the mayor’s office warehouse and at the home of the head of the local

municipal enterprise. In the warehouse, we also found a meter that had been uninstalled.

“We were among the first in the district and among the first in the country to install streetlights, and we were proud of this move to modernize, but now we have stepped back... The villages around us have light, but we don’t: If you happen to come home late in the evening, it’s a problem,” local resident Grigore Prisăcari noted with regret.

Tătărăuca Veche resident Silvia Vânăga lives near the village centre and complains she is afraid to go out after dark: “It is bad, very bad, I’m afraid even to go fetch a bucket of water from the well in the evening... all kinds of things happen nowadays. They said the project was to change the poles and they would put the lamps back. When we asked why there was no street lighting, they said that couldn’t install the bulbs on the new poles, that others were needed.” Asked if she would be willing to pay extra for the installation, she said she would contribute to have streetlights.

WHY HAVE THE LIGHTS GONE OUT IN TĂTĂRĂUCA VECHÉ?

Commune Mayor Ludmila Guțu admits the project was compromised by an error by local public authorities. In the spring of 2019 when she was acting as secretary of the Local Council, the mayor’s office received an informative note in which Rețelele Electrice de Distribuție Nord SA announced it had decided to change the poles. Ludmila Guțu says the mayor’s office should have signed an agreement with the energy supplier to require it to restore the lamps after changing the poles. This, however, did not happen as the then mayor had gone on a four-month vacation immediately after the Easter holidays, and when he returned, the election campaign had begun. Without an agreement with the mayor’s office, the energy supplier changed the poles and the lamps, cables and meters were abandoned.

On the other hand, former mayor Liviu Raischi said he had just heard for the first time about the informative note and that the problem in fact had to be resolved by the local municipal enterprise. He confirmed that last year he returned to work after a few months’ vacation and that on his return he found the lamps had already been

disconnected: “With or without that notice from Red Nord, the poles were theirs anyway and the municipal enterprise had to pay for re-installing the lamps. I wasn’t here at that time because I had gone on vacation. I had a four-month leave in the Netherlands, but my substitute was here (Ludmila Guțu – author’s note).”

In his turn, Gheorghe Cauș, Head of Municipal Enterprises of Tătărauca Veche, blamed the energy supplier for not wanting to “come to a decent agreement” and to restore the street lighting system after installing the poles. “We spent two or three days with them when the work on the outskirts of the village started. I was telling them, come on, please, let’s do it, reinstall them, we will help at least with something, but nothing happened,” he noted.

Vasilii Lungu, Head of the Donușeni District Office of Rețelele Electrice de Distribuție Nord SA, explained that he had sent the notification on the pole changes to the mayor’s office as he had done with the other localities but that the Tătărauca Veche local authority should have concluded that agreement on the reinstallation of the lamps.

Ludmila Guțu says that, based on the preliminary calculations made by the mayor’s office, it would take 300,000 lei for a specialized company to reinstall the lamps, cables and meters, money that cannot be allocated in next year’s budget as there is no source for it.

RUDI VILLAGE MAYOR: “SPENDING TWICE FOR THE SAME THING IS NOT GOOD HOUSEKEEPING”

Currently, the poles are being changed in Rudi village which is located 20 km away from Tătărauca Veche. There, however, after receiving the notice from the energy supplier, Mayor Iurie signed an agreement therewith for the reinstallation of the lamps, something that the Tătărauca Veche mayor’s office had not done. Mayor Iurie further explained:

The difference is in prevention. In December of last year, I designated some financial resources to expand street lighting. I believe this and I think I’m not wrong: Spending twice for the same thing is not quite good housekeeping. Red Nord announced in an official letter that they

want to change the poles. This is because many poles are old in our village, they are made of wood, and the conductors are open and lack insulation. Now they are changing both the conductors and the poles for the benefit of the citizens.

RESIDENT VOLUNTEERS TO REINSTALL THE LAMPS ON HIS OWN

Iurie Sârbu, a Tătărăuca Veche resident, recently moved there after deciding to renovate his parents' house located on the village outskirts. He does not really know what the village looked like when bathed in light but he says he would be able to install those lamps himself if he were allowed to:

I am not so much afraid, but we must have light. Strangers walk by at night and knock on your gate. I have good dogs, but they won't help. They've changed the pillars, they took out the lamps and they left them out. Let the mayor's office give me the bulbs and I'll put them back on the poles. If no one needs them, I'll connect the light at my own home on my meter. Who should pay for it? The mayor's office? Let them pay. The mayor's office must have money.

Another villager says, however, that the mayor's office is poor and it would be good for the money for reinstallation to come from the central public authorities: "I don't think the commune mayor's office has the financial resources needed to cope with all this. I see the solution through help or involvement of the budget from above."

Some villagers are willing to pay in instalments as part of their monthly bills to reinstall the lamps if that could be possible. According to Rodica Dub:

I think every citizen would agree to pay a certain percentage when we pay our electricity bills just to have the lighting restored. If we hadn't had it before, we wouldn't realize how good it is to have it. It's already dark at 5 PM when everyone is going home from work or to the kindergarten to pick up their children. When we had the lights, it was as if the village had come to life. The older ones could go to their neighbours without any problems. It was an indicator that the village was alive, but now it's dark.

Mayor Ludmila Guțu says she cannot collect money from the people because she has no legal foundation to ask for it. She claims, however, that if she does not find the 300,000+ lei needed in the near future, she will have to look for other donors to support this project.

You can find the full version of this investigation, as well as its video version, by scanning this symbol:



ELECTORAL PROMISES HONOURED CAUSE FINANCIAL LOSSES AT ORHEI TRANSPORT

TATIANA DJAMANOV,
RADIO ORHEI, RADIOORHEI.INFO, 4 November 2020

The municipal enterprise Orhei Transport that ensures the circulation of public transport in the City of Orhei has gradually become an instrument used by the city administration to carry out populist election promises. Even though it was short on revenue, the company started to transport people throughout the city free of charge as promised by Mayor Ilan Șor and is still doing so today. In addition, after Orhei City Hall announced the inauguration of a cheap intercity bus fare, Orhei Transport started transporting passengers on the Orhei-Chișinău route until it generated losses and the route was closed. After an audit carried out in 2019, the Financial Inspection Office of the Ministry of Finance found a series of irregularities in the financial management of the municipal enterprise, and National Bureau of Statistics data show that the enterprise ended 2019 with losses of about 2.3 million lei.



Orhei Transport was founded by the Orhei Local Council in 2013 with a capital share of 10,000 lei. For a while, the company was a prosperous enterprise and became a piggy bank from which the city administration would eventually withdraw millions of lei in interest-free loans. It has, however, turned into a black hole that is now swallowing millions from the local budget. This started in 2015 after a majority of councillors installed businessman Ilan Șor on the municipal council and he became Orhei City Mayor. He has since been sentenced by a court of first instance in the “Theft of the Billion” case and has fled the country.

CITY HALL FOUND CREDITOR – BORROWED MONEY FROM ORHEI TRANSPORT

In 2015 after Ilan Șor became Mayor of Orhei, the municipal council compelled Orhei Transport¹ to terminate a deposit contract it had with a bank and lend Orhei City Hall 1.4 million lei to cover land development expenses. The decision was classified as illegal by the Orhei State Chancellery Office which requested its repeal. Consequently, the city leadership informed the State Chancellery² that it had returned the borrowed money to Orhei Transport.

In mid-2017, Orhei Transport was again required to lend money,³ this time to the municipal enterprise Orhei Communal Housing Services to renovate the street on which city hall is located. There

are suspicions that the 1.5 million lei loan has not yet been repaid as representatives of Orhei Communal Housing Services refused not only to provide us with a copy of the document confirming the refund, but also to specify the date on which they had allegedly repaid it.

Repaying the 1.5 million lei should have taken place by the end of December 2017. Just three weeks before the deadline, Orhei Transport in conjunction with city hall received a financial injection of about half that amount to build a bus station. The civic association *Pentru Orhei* (For Orhei), affiliated with Ilan Șor presented itself as a sponsor. It was at that time led by Viorel Melnic, a person close to Șor who was also the former head of the Customs Service and until recently a member of Parliament. Melnic's name appears in the report of the British company Kroll hired by the government to document the transactions and connections in the "Theft of the Billion."

BUILDING FOR ANOTHER ORHEI BUS STATION PROMPTLY CONSTRUCTED

In November 2017, the newly appointed Chief Manager of Orhei Transport Andrei Bostan asked the municipal council to amend a decision of 2014⁴ in which the company had been assigned the management of public land with an area of 1.3544 hectares, "... for the construction and servicing of the main office and repair shop of transport units for a period of 10 years." Andrei Bostan proposed that a bus station would be built on the land in question. His wish was satisfied and the text of the document was completed with the phrase, "...for the construction of a bus station and related infrastructure."⁵

In one month, a building with an area of 112 square meters to serve as a bus station was not only built but was also handed over⁶ for administration to Orhei Transport for a period of 15 years. This occurred after Șor-affiliated *Pentru Orhei* as sponsor, Orhei City Hall as beneficiary, and Orhei Transport as land manager had concluded a cooperation agreement for a period of five years.⁷ According to

official data⁸, under the cooperation agreement intended to, “...ensure the construction of the building,” *Pentru Orhei* spent 800,000 lei on the construction of the station, and Orhei Transport spent 183,303 lei.

NEW BUILDING, READY FOR TRANSFER TO PRIVATE HANDS

Although promptly built, the bus station was not immediately used by Orhei Transport. At the end of 2018, the building had already been listed as an “unused asset” and was to be rented to Gările Auto Moderne SRL, a private business that had taken on the administration of the district’s bus stations as concessions. The draft decision on the lease, signed by all four former deputy mayors of Orhei, was to be additionally entered onto the agenda of an extraordinary session of the Orhei City Council, but that item was never reviewed. This happened just five days after the Public Property Agency announced⁹ the signing of a contract in which the country’s state-owned bus stations were assigned as concessions to Gările Auto Moderne Company for a period of 25 years. At the end of 2019, the Anticorruption Prosecutor’s Office initiated a criminal case for the granting of concessions for the stations to state enterprise Gările și Stațiile Auto.

The new bus station in Orhei, referred to as the northern station by the authorities, was used as designed for only a few months in 2019 and for more than two years afterwards, the new building on 61 Unirii Street was not used as the main office of the Orhei Transport administration either. Only in the middle of 2020 did the company’s management move its offices there leaving the offices it had rented in a hotel in the city centre.

LEASING BUSES: BEGINNING OF FLOW OF MILLIONS FROM BUDGET

In August 2018, the Orhei Municipal Council gave its prior consent¹⁰ to Orhei Transport to carry out a public tender for procuring, in

instalments or leasing, 43 new buses with an approximate value of 17,650,000 lei. After more than two months, the decision was amended and the provision for compulsory public procurement was removed.¹¹

Meanwhile, the capital share from the local budget for Orhei Transport was increased¹² by 9,822,400 lei intended for “the development of the enterprise and the road infrastructure.” On the same day, the financial leasing conditions submitted by Victoria Leasing SRL for the procurement of the new vehicles were approved.¹³ The funds for the 36-month leases were to come from the capital share account and from the municipal enterprise’s account.

Between October 2018 and January 2020, an additional 19,591,700 lei were directed from the local budget to increase the capital of Orhei Transport which is almost 2 million lei more than the 17,650,000 lei initially approved for the procurement of 43 buses. Meanwhile, under the contract with Victoria Leasing in effect until the end of 2021, 37 GAZelle buses had already been procured.”

PRICE OF FREE TRIPS IN THE CITY AND...

In the middle of 2019, Orhei Transport was audited by the Financial Inspection Office which revealed that during the first five months of the year, the company lost 2.9 million lei because at the request of the municipal authorities, passengers on urban routes rode for free. In October 2019, the company’s management informed the Financial Inspection Office that 824,000 lei had been refunded with, “the other amounts to be refunded later.” The provision of free services continues today, but both Orhei Transport and city hall refused to provide us with information about lost revenue and any compensation provided from the local budget.

Almost two years ago when the Orhei Municipal Council approved the tariff for travel by urban public transport, Andrei Bostan, the head of Orhei Transport, pleaded for free services during peak hours, even though he anticipated the company would lose about 600,000 lei each month. To compensate for lost revenues, Orhei City Hall was to identify sources from which to compensate for the losses based on Orhei Transport reports. The primary record of the number of free

trips taken was to be made by issuing tickets marked “free trip,” but those tickets have not been issued to passengers, and the company’s administration does not say why or what documents it submits to city hall to confirm lost revenue.

Free travel by public transport in the City of Orhei began in January 2019 just before the campaign for parliamentary elections in which Ilan Șor and his party participated. Hence, after more than 3.5 years since those local elections when he promised that as soon as he became mayor public transport would be free, Șor announced he had fulfilled his promise.¹⁴

... OF CHEAP TICKETS TO CHIȘINĂU

Another initiative loudly launched in the 2019 election year also ended with financial losses. At the beginning of February, city hall announced¹⁵ that it was opening its own intercity Orhei-Chișinău route, and trips from Orhei Northern Bus Station would be provided by Orhei Transport for “only 18 lei, compared with 23 lei charged by other companies.”

In June 2019, Orhei Municipal Council approved the 18 lei tariff that had been proposed by Orhei Transport Chief Manager Andrei Bostan himself. In the calculations presented, Bostan also included rental expenses of 500 lei per vehicle per day, although the company already had leased the 37 new GAZell’s that city hall advertised would be on the route for cheap trips to Chișinău.

Serghei Arzumanean, administrator of the Orhei-based company Coloana Auto-2811 that had been operating bus lines on the Orhei-Chișinău route for decades, said that due to unfair competition in 2019, his company had incurred losses and its payments to the budget had thus decreased because CA-2811 was compelled to reduce its ticket price to 18 lei as well:

When they opened the route to Chișinău with 18 lei tickets, they wanted to snatch that business from us. How do they make up for their losses? From the budget! You see, we pay millions to the budget every year, and they want to destroy our business with our own money! This is really a raider attack!

PROSECUTOR'S OFFICE FOUND NOTHING CRIMINAL, ONLY AN OFFENCE

Shortly after the reduced fare was authorized, the Orhei-Chișinău intercity route was closed. Unlike its launch, the disappearance of the service occurred quietly and practically simultaneously with the financial audit carried out at Orhei Transport.

The Financial Inspection Office found that between 5 February and 30 June 2019, Orhei Transport had incurred losses of 614,400 lei from transporting passengers on the Orhei-Chișinău route. Another serious irregularity they found was covering costs of fuel for private rental cars in the amount of 348,300 lei from the enterprise's budget.

The results of the financial audit were handed over to the Orhei District Prosecutor's Office. Prosecutor Vadim Machidon informed us that the notification referred to the commission of the crime of tax evasion by the representatives of Orhei Transport but that the criminal case initiated ended in a decision not to initiate a criminal investigation: "We examined the materials in the light of Article 244 of the Criminal Code on tax evasion. Hence, we found a lack of criminal elements but did find elements of a contravention, so we could not hold them accountable as the Financial Inspection Office had sanctioned the contravention."

SOLIDARITY IN HIDING INFORMATION

City hall and its two subordinate companies from which I requested information did not answer any of the questions I asked, and contrary to national legislation, they do not publish the municipal enterprise activity reports that should contain more relevant managerial and financial information either.

Most of the decisions on Orhei Transport in recent years have been approved by the Orhei Municipal Council in extraordinary sessions with the drafts entered into the agenda additionally at the proposal of then leader of the Șor Party faction Pavel Verejanu. After winning the election in October 2019, Pavel Verejanu became Mayor of Orhei.

City hall’s letter refusing to provide us with information was signed by Deputy Mayor Anastasia Țurcan, previously the institution’s chief accountant. I contacted Țurcan to tell her the refusal was unfounded, especially since I did not even ask for any copies but for other information. “The answer you received is the official answer from City Hall. I have nothing else to add,” was her reply.

Andrei Bostan has been the fourth manager of Orhei Transport since the 2015 elections. The change in local power found Victor Șeremet initially at the head of the enterprise, but he soon relinquished the leadership to become deputy. In 2018, he was illegally fired from his job but was then reinstated by the court; the company was required to pay him damages of over 64,000 lei.

Andrei Bostan was appointed Head of Orhei Transport in August 2017. Previously, he was Commercial Director of AutoPrezent SRL, a company named in the scandal over inflating prices for school buses procured by the Ministry of Education in 2011. Recently, The National Integrity Authority started an audit of Andrei Bostan taking action *ex officio* based on an investigative report on Bostan’s assets and interests.¹⁶

I asked the head of Orhei Transport to comment on the company’s large financial losses and on the Financial Inspection Office’s findings:

AB: I’m very busy now, I have a meeting.

TD: When precisely should I call you?

AB: I don’t know my schedule today: Call me later.

Later, Bostan did not answer his phone calls or the questions I sent to him by email.

Among the people who have run M.E. Orhei Transport in recent years, the best known to the public is Sergiu Albot. He was appointed director shortly after Ilan Șor became mayor. Albot had previously held the positions of Vice President of Unibank and Administrator of Banca Socială—two of the three banks that went bankrupt at the end of 2014 as a result of the bank fraud known as the “Theft of the Billion.”

The name of Sergiu Albot’s wife Maria appears alongside that of Ilan Șor in the 2014 bank fraud report by the British company Kroll.

In 2017, Ilan Șor was sentenced to prison for 7 years and 6 months by the court of first instance for fraud and money laundering in particularly large proportions but was released from custody and placed under judicial supervision pending a final court judgment.

In June 2019, Ilan Șor, who had just become a parliamentarian, secretly fled Moldova at the same time Vladimir Plahotniuc, the leader of the Democratic Party who has been forced to resign, did. The two are wanted nationally and internationally as suspects in organizing the “Theft of the Billion” bank fraud.

ENDNOTES

- 1 Decision of Orhei Municipal Council of 10 Dec 2015, https://orhei.md/media/files/files/13_18_cu_privire_la_contractarea_imprumutului_3171327.pdf
- 2 Decision of Orhei Municipal Council of 12 Feb 2016, https://orhei.md/media/files/files/1_14_2_cu_privire_la_examinarea_notificarii_9222856.pdf
- 3 Decision of Orhei Municipal Council of 11 Aug 2017, https://orhei.md/media/files/files/7_18_cu_privire_la_aprobarea_contract_rii_unui_aimprumut_249520.pdf
- 4 Decision of Orhei Municipal Council of 24 Oct 2014, https://orhei.md/media/files/files/7_29_1_cu_privire_la_darea_in_administrare_a_terenului_5637327.pdf
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- 11 Decision of Orhei Municipal Council of 26 Oct 2018, https://orhei.md/media/files/files/10_7_cu_privire_la_modificarea_deciziei_nr_7_6_din_03_08_2018_8318356.pdf
- 12 Decision of Orhei Municipal Council of 10 Oct 2018, https://orhei.md/media/files/files/9_1_cu_privire_la_majorarea_capitalului_social_al_i_m_orhei_transport_4332647.pdf
- 13 Decision of Orhei Municipal Council of 10 Oct 2018, https://orhei.md/media/files/files/9_2_cu_privire_la_aprobarea_conditiilor_de_leasing_inainte_de_victoria_leasing_srl_catre_i_m_orhei_transport_p_u_procurarea_autobuzelor_noi_1546797.pdf
- 14 Press release of Orhei City Hall of 2 Jan 019, <https://orhei.md/index.php?pag=news&id=736&rid=2703&l=ro>
- 15 Press release of Orhei City Hall of 8 Feb 2019, <https://orhei.md/index.php?pag=news&id=736&rid=2745&l=ro>
- 16 The investigative report "Chief in Orhei, Without Published Asset Declaration and Income From Own Car Rental," published on 6 Oct 2020 by Radioorhei.info, <https://radioorhei.info/sef-la-orhei-fara-declaratie-de-avere-publicata-si-cu-venituri-din-arenda-propriei-masini/?swcfpc=1>

REALTORS IN ROBES

NICOLAE CUȘCHEVICI

RISE.MD, 29 June 2020

Half of the nearly 60 judges who obtained discounted apartments in Chișinău 3 years ago have sold them. Many of them did so less than a year after they became owners. The dwelling that was to provide or improve judges' living conditions proved to be "too small" for the needs of some who needed, "another one, more spacious," while others found "hidden defects acknowledged by the developer" in them. Those who sold the apartments they purchased at half their market price include judges who own houses worth millions as well as two magistrates who have been sued for their involvement in "The Russian Laundromat."¹

Comuna	Judecătoria sect. Centru	A demisionat în aprilie 2014	Hristo Botev 6	75	10.08.2018	210	25.632 EUR
Comuna Râșcani	Judecătoria sect. Râșcani	Judecătoria Chișinău, sed. Centru	Ceucari 2/4	70.8	24.05.2017	30.08.2017	98
Comuna Dimotriu	Judecătoria sect. Botanica	Judecătoria Chișinău, sed. Centru	Romană 2/3 A	71.1	05.04.2017	03.08.2017	120
Comuna Daschevici	Judecătoria Călărași	Curtea de Apel Chișinău	Ceucari 2/4	66.7	27.01.2017	13.12.2017	139
Comuna Cojocari	Judecătoria sect. Bulucani	Curtea de Apel Chișinău	Ceucari 2/4	70.9	31.05.2017	27.02.2017	210
Comuna Bursitan	Curtea de Apel Chișinău	A demisionat în aprilie 2014	Ceucari 2/4	66.4	28.12.2017	31.07.2018	215
Comuna Bugeja	Judecătoria sect. Dicoeni	Judecătoria Chișinău, sed. Centru	Ceucari 2/4	77.3	25.05.2017	29.01.2018	249
	Judecătoria Comrat ¹	Curtea de Apel Chișinău	Ceucari 2/4	66.9	04.08.2017	03.04.2018	248
	A demisionat în decembrie 2018	Curtea de Apel Chișinău	Ceucari 2/4	79.9	11.01.2018	17.08.2017	248
	A demisionat în aprilie 2014	Judecătoria sect. Centru	Ceucari 2/4	66.3	17.08.2017	01.04.2018	248



In 2014, the construction of several apartment buildings with the stated purpose of providing housing for judicial system staff began on three land plots provided by Chișinău City Hall. Two construction sites, one on Romană Street and one on Ceucari Street, were established on the initiative of the Superior Council of Magistracy (SCM) while another on Hristo Botev Street was launched on the initiative of Râșcani District Court. The official criteria for selecting the judges who were to benefit from the housing included, “*They do not have housing in Chișinău,*” or “*They have insufficient housing,*” and also because they have children, “*...whose housing must be provided by their parents.*” The apartments were definitely a good deal as the average price of around 350 euros per square meter was virtually half the market price which is why we have classified them as “preferential apartments.”

The SCM and the Râșcani District Court contracted construction on the Chișinău City Hall plots to the Basconslux and Exfactor-Grup construction companies. In their turn, the companies offered 57% of the Romană Street, 40% of the Ceucari Street, and 23% of the Hristo Botev Street apartments to judicial system staff at the reduced prices of 360 euros per square meter and 300 euros per square meter (on the top floor of the building on Hristo Botev Street).

Since the apartment buildings were commissioned in 2017, 1 judge has donated his, 3 have assigned them, and at least 28 have sold them.

THE START OF THE 2020 SELLING SEASON

The most recent sale was by **Boris Talpă** of Criuleni District Court with offices in Dubăsari. The judge sold his preferential 70 square meter apartment in the building on Ceucari Street in mid-May. The unit cost him a little over 26,000 euros, but the sale price won't become public until next year when the magistrate files his 2020 asset declaration with the National Integrity Authority (NIA). *"I will file the declaration next year, so maybe you'll check next year and write down the price next year if you don't mind?"*

Two weeks after that transaction, he sold another property, a 50 square meter apartment in Chişinău that his family had privatized back in 1996. Judge Talpă explained:

I have two grown-up children. My son is 24 years old and my daughter is 14, [...] and they lived together in a rather small room and were fighting sometimes. If we had moved to the other place [the apartment on Ceucari Street], which also had two rooms, the situation wouldn't have been resolved. [...] And so, we had to sell both that apartment [on Ceucari Street] and the one where we used to live with my mother, and we are now looking for a larger space. We're thinking of buying a house. That's the idea, not to make money or anything else.

In the series of sales of preferential apartments, Talpă was preceded by **Gheorghe Mîţu**, now a judge at the Chişinău District Court Botanica Office. Mîţu sold his dwelling in the first week of March this year. He bought it while working at Râşcani District Court in Chişinău. The apartment is located in the building on Hristo Botev Street, has 80 square meters, and cost him 29,000 euros. In this case too, the sale price will appear only in his 2020 asset declaration. It should be noted that the preferential apartment is the only asset the judge has declared with NIA in the past six years. Judge Mîţu explained:

I bought myself another property with the money I got from the sale, that is, I invested in the construction of another asset, [în Chişinău

as well]. And this will be shown in my asset and interests declaration for 2020. [...] Both the sale price and the cost of the asset I bought.

Veronica Negru sold her apartment on Hristo Botev Street in the first week of February this year. The dwelling has 75 square meters and cost her a little over 26,000 euros. She will also declare the sale price to NIA in 2021. The judge was serving on Chişinău Court of Appeals when she qualified for a preferential apartment but got one through the Râşcani District Court of Chişinău and not through the SCM. The reason: “She worked at the Râşcani District Court for over 12 years and has two dependent children who are to be provided with housing.” At that time, Judge Negru owned an apartment of over 80 square meters and business premises of about 125 square meters in Chişinău that she had bought in 2011 and for which she will pay in instalments until 2021. In the meantime, she has been renting those units out and has collected around half a million lei in the past eight years. On 9 June 2020, I sent the judge a request through Octeabrina Popa, the spokesperson for the Chişinău Court of Appeals, asking about the conditions under which she sold her apartment on Hristo Botev Street and the price of the transaction, but I had not received an answer from her by press time.

The judge who really opened the season for preferential apartment sales in 2020 was, however, **Ghenadie Pavliuc**. He sold his in the first week of January. Unlike his colleagues, the current Deputy Chief Judge of the Chişinău District Court in Ciocana did manage to include the transaction in his asset declaration for 2019. Pavliuc received 35,000 euros for the 66 square meter apartment on Ceucari Street for which he had paid about 21,000 euros. *Judge Pavliuc explained:*

We sold it to buy another, a more spacious one. This was the reason, not for other reasons. [...] *I actually said from the very beginning that that apartment which I had was for the children. And we want to move them from that district (Râşcani, Poşta Veche sector) to one closer to us. [...] We are now identifying another apartment [...] and the exchange will take place soon.*

When selected by the SCM as a beneficiary for a preferential apartment, Pavliuc served at Buiucani District Court in Chişinău and already owned a 150 square meter house located in an elite area of the Ciocana District of Chişinău.

PRIOR CHAMPIONS

Dorel Musteață is without a doubt the absolute champion among the judges who have divested themselves of their preferential apartments. He sold his on the first day, a record among his colleagues. I made the calculation based on the date the delivery–receipt act (a document that grants actual ownership of the dwelling) was concluded and the date the sale agreement was signed. The judge sold his apartment of 77 square meters in the building on Romană Street in April 2017 and declared he had received about half a million lei for it, the equivalent of less than 25,000 euros at that time. That was exactly as much as he had paid for it. At least that is what Judge Musteață showed in his asset declaration. In 2014 when the SCM included him in the list of judges qualified for preferential apartments, Musteață worked in Anenii Noi and listed an apartment, a house, a construction land plot, 2 extra-urban lands plots, and 12 farmland plots on his asset declaration. In the meantime, he was transferred to the Chișinău District Court and put onto the SCM. Judge Musteață elaborated:

I personally, my family, did not have an apartment at that time. I worked in Anenii Noi but lived in Chișinău in the apartment that my wife had acquired [through a donation] long before our marriage. [...] If you look at my asset declaration, I also have land and a house which is in the countryside; I inherited it from my parents. But, at that time, I did not have an apartment that I had acquired during my marriage.

Unlike her colleague Musteață, **Ecaterina Palanciuc** needed two days to sell her apartment, thus coming in second. Located in the building on Ceucari Street with an area of 91 square meters, the judge officially received about 550,000 lei for it, the equivalent of 27,000 euros. The price declared matches the official appraisal by the Cadastal Agency and is almost half the market price and even less than the amount shown by Palanciuc herself in her 2017 asset declaration. After she was included by the SCM in the list of beneficiaries for preferential apartments, Ecaterina Palanciuc moved from the Centru District Court in Chișinău to the Chișinău Court of Appeals. In recent years, the judge's family has inherited or been given two apartments of over 70 square meters each and half of an apartment of 69 square meters. All

three dwellings are located in a single apartment building in the town of Ialoveni. On 12 June I sent my questions to Judge Palanciuc, again through the spokesperson of the Chişinău Court of Appeals, to clarify the conditions under which she had sold her preferential apartment and how she explained the difference between the purchase price and the sale one. I have not received an answer.

For selling her apartment in three days, **Lilia Lupaşco** gets third place on the podium. After appearing on the preferential list, she moved from Râşcani District Court to Chişinău District Court in Buiucani and was then appointed as acting Deputy Chief Judge in Râşcani in April this year. She opted for two studio apartments, “...to provide for her two dependent children” in the building on Hristo Botev Street. It is just that the judge’s descendants never used them. She ceded one in 2016 worth almost 16,000 euros while the construction of the building was still in full swing. In the case of the second, she officially became the owner on 14 July 2017 and then signed a sale agreement three days later. The amount of that transaction is a mystery. Judge Lupaşco did not declare to NIA that she had received anything for the second apartment in which she had invested about 16,000 euros, but in 2017 it suddenly disappeared from her asset declaration. Earlier, the judge had assured us she “...had declared absolutely everything [...] I don’t really think you checked the data.”

THE GHOST APARTMENTS

According to their asset declarations filed with NIA, judges Oxana Robu and Natalia Sandu (now Moldovanu) also have not sold their apartments in the building on Romană Street; however, the cadastral data show otherwise.

Chişinău District Court Centru Office Judge **Natalia Moldovanu** took over the keys to an apartment of almost 50 square metres in September 2017, and a year later gave them away. “It was too small for us. My family has grown and we physically couldn’t fit in there,” the judge explained. How much she received from that transaction is not clear. In her declaration for 2018, the year in which she signed the sale-purchase agreement, that apartment was still on the list of assets she

owned; its declared value was 17,424 euros. *“Everything is shown there,”* Natalia Moldovanu added. For the rest, the judge, who is now on a maternity leave, declared 4/10 of a house of 136 square meters, the share held by her husband. She listed the same property in 2014 when the SCM included her on the list of judges to get a preferential apartment.

Oxana Robu also obtained a preferential apartment in the apartment building on Romană Street, only a larger one of 70 square meters in which she invested about 25,000 euros. According to the cadastral extracts, the judge received her dwelling in the spring of 2017 and sold it in the autumn of the following year. *“Because of my family situation. A member of my family fell seriously ill in 2018 which required many medical visits and expensive treatments and also because of the need to pay for my child’s education for 2018–2019, I had to sell the apartment,”* Judge Robu explained. That transaction is, however, not found in the column *“Income from the sale of movable or immovable property”* in Oxana Robu’s 2018 asset declaration where it should be “normally and correctly” shown, as an NIA representative explained to us. Instead, the preferential apartment simply disappeared from the “Real Estate” category.

The judge assured us that she did in fact indicate the income obtained from the sale of the apartment but that she did so “in Chapter V” of her declaration. In that section, *“Financial assets inside and/or outside the country,”* we learn she has “...cash in national and/or foreign currency that exceeds the amount of 15 average salaries per economy” with all the attending details devised by NIA, as well as that she has a bank deposit of 40,000 euros. According to her asset declaration, the bank deposit was made in September 2018, exactly two weeks after she signed the agreement for the sale of the preferential apartment. Although I specifically asked her at what price she had sold the apartment on Romană Street and if the 40,000 euros came from the transaction for that asset, she avoided a direct answer.

THE LAUNDROMAT JUDGES

Sergiu Lebediuc was working at the Chişinău Military Court and living in a 64 square meter apartment registered to his parents when he was offered a preferential one. It had 71 square meters, was located

in the residential complex on Ceucari Street and cost the magistrate about 26,000 euros. Lebediuc owned it for only one month and eleven days. Contacted by phone, the judge told us that although he needed the apartment, “I don’t know if you know, but I lived not only in my parents’ apartment, but also with my parents,” he nevertheless ended up selling it due to a number of problems including financial, work-related and personal ones. Mr Lebediuc elaborated:

I didn’t have financial resources so I took credit to be able to buy it. [...] Then the problems started [...] and I ended up with my bare ass on the ice, as people say. Already not having a penny in my pocket, or a salary or the possibility of getting a job, how could I pay back the loan?! So I had to give it away to pay back the bank and resolve the issue.

We could not check how much the judge actually sold the apartment for because he was suspended from office in 2016 and has not filed asset declarations with NIA since then. Verbally, Lebediuc told us he priced it “very cheaply” so that he would not have to look for buyers for a long time: “I gave it away like that, almost for nothing. It came down to about 400 and something [thousand lei]. I also paid the interest and everything else [at the bank] and I was left with some kopecks—1000 euros or a little more.”

His suspension from office took place at the request of then acting General Prosecutor Eduard Harunjen in the autumn of 2016 when, along with more than 10 other judges and former judges, Lebediuc was apprehended and later accused of having knowingly issued a judgment, sentence, decision or ruling contrary to the law. His case is still in the court of first instance. According to an informative note from the Supreme Court of Justice, while working at the Comrat District Court in 2011, Lebediuc committed transgressions in issuing a ruling ordering two Russian companies to repay a debt of 300 million US dollars to a British company. The document signed by Lebediuc is part of the operation that later became known as “the Russian Laundromat.” Victor Mazniuc, Sergiu Lebediuc’s lawyer, explained, “I, as a defender, think there is nothing there [in the case], not a shred of evidence about the allegations brought. Neither legal, nor probative, nor common sense. That is our position. [...] It’s a politically motivated case and everyone is feeding on it.”

Serghei Popovici, Lebediuc’s former colleague at Comrat District Court, obtained a preferential apartment of 77 square meters in the building on Romană Street. According to the record, he kept it for eight months from the moment he officially took possession of it, and then he sold it. As the judge explained to us, however, in reality he had given up the apartment even before the construction of the building started because, *“I didn’t have money then.”* Accordingly, *“I made an agreement with a pal who had money and I sold it to him. [...] I basically sold the place, the construction, or how should I say. [...] he in fact financed the construction.”* Prior to that, Popovici had obtained housing of 53.7 square meters from the Comrat local authorities which he also sold after privatizing it. With the money obtained from the sale of the two properties, he invested in a 75 square meter apartment in the Buiucani District of Chişinău where he says he still lives. *“That was the idea. [...] Of those two apartments, I bought one. [...] I don’t like apartments in the city centre. I was born in Chişinău and I know what an apartment in the centre means. Especially on that route...,”* Popovici explained.

We could not check how much he had sold the apartment on Romană Street for because like Lebediuc, Popovici was suspended from office in 2016 and has not filed asset declarations since then. Popovici added:

I remember [I paid for the apartment on Romană Street] either 27,000 euros, or maybe a little more, but not more than 30,000 for sure. [...] I sold it for 9,000 [euros] more [than I bought it for]. It would have sold for more at that time, but I sold it anyway because I had no money.

The similarities with his former colleague from Comrat do not end there. Like Lebediuc, Popovici faces criminal charges for allegedly knowingly issuing a judgment, sentence, decision or ruling contrary to the law. What put him in the law enforcement spotlight were two rulings similar to the one issued by Lebediuc that required several Russian companies to repay loans totalling 1.2 billion US dollars to some British companies. Subsequently, the anticorruption prosecutors would find that Popovici had thus, *“...removed obstacles to the commission of the crime of money laundering from the Russian Federation to other states.”* His case is also in the court of first instance. “[Our] position is that [he] was absolutely illegally prosecuted, that is, he was illegally

charged. And now we are at the stage for the court to decide,” Gheorghe Ulianovschi, Serghei Popovici’s lawyer declared.

FROM PREFERENTIAL HOUSING TO MILLIONAIRE’S ROW

One of the essential purposes of the preferential apartments was to improve judges’ living conditions, and some did just that. An example is **Dorin Dulghieru**, now Deputy Chief Judge of Chişinău District Court who ended up living in a 168 square meter apartment. The judge’s move to his new abode was preceded by two apartment sales, including his preferential one, that amounted to approximately 1.2 million lei, a figure practically the same as the value of the 168 square meter purchase. Judge Dulgheru explained:

I sold the apartment from the [Superior] Council [of Magistracy], the apartment I had owned, and I bought one to improve my living conditions. I needed to have a larger area, [...] considering that I have two children who had to be separated. [...] I mean, I didn’t use the money for anything other than improving my living conditions. That is the essence of my actions.

Valeri Efros did something similar to Dulghieru. In 2014, when he was included in the list by the SCM, the judge worked at the Centre District Court in Chişinău and did not declare any property except for a farmland plot of seven acres his wife had inherited. Judge Efros, later promoted to the Chişinău Court of Appeals, bought a 90 square meter apartment in the building on Ceucari Street for which he paid almost 33,000 euros. He sold it in June 2017, less than two months after he officially became the owner. According to his asset declaration, he received almost three times more than he had paid for it (i.e., 230,000 lei or about 11,000 euros). “*I sold it for more. [...] I don’t remember what I showed [in the asset declaration], but I don’t think it was 200,000 lei. You must check again,*” the judge said. However, after reviewing his own NIA declaration for 2017, Efros suggested he had indicated not the actual amount of the transaction as required by law but, “*...the income that was in addition to the amount we had invested*”: in other words, the profit from the sale of the apartment. With the money from the sale of the apartment on Ceucari Street and a loan taken out by his wife, in 2017 the judge bought another dwelling. This one is located in a

building in the capital's Buiucani District opposite Dendrariu Park. It has 86 square meters and at 1.3 million lei (almost 63,000 euros) cost twice as much as his preferential one. *"That's why I sold [the preferential apartment], to buy an apartment in another area, where I now live,"* Judge Efros stated. According to his asset declaration, after he acquired the apartment across from Dendrariu Park Efros left the system in April 2018 when President Igor Dodon released him from office, *"...according to his request for resignation."*

GOING, GOING, GONE...

Virgiliu Buhnaci was a judge in Botanica District of Chişinău when the SCM included him on the list of housing beneficiaries. He was given an apartment of almost 60 square meters in the residential complex on Ceucari Street. When he concluded the investment contract in 2014, Buhnaci declared he owned a house of 73 square meters and an apartment of 80 square meters located in the centre of Chişinău and officially appraised at about 40,000 euros. Later, however, the judge gave up the apartment on Ceucari Street and concluded another contract with the construction company closing a deal for an apartment of 88 square meters in the building on Romană Street. He explained:

I had a two-room apartment at that time, but I have two children of different sexes and had to provide my family members with adequate living conditions, including separate rooms. Because the apartment provided in the building on Ceucari Street did not meet my requests for improved living conditions, being even smaller than the one I owned, I proceeded to exchange it.

The new apartment cost him less than 32,000 euros and he took full possession of it in October 2017; however, exactly one year later he sold it for over 900,000 lei (47,000 euros). According to the judge:

After the actual transfer of the apartment assigned to me [...], I found several previously undetected defects acknowledged by the contractor, the repair of which would have required considerable additional investment. This circumstance, as a result, led to my firm conviction to sell that property in order to invest the resources from the sale into another dwelling that would meet our requirements.

Elena Covalenco, then a judge at the Supreme Court of Justice,

was also on the list to obtain a home through the SCM, but the judge refused to buy it. *“I liked neither the place nor the apartment I selected by drawing lots,”* Covalenco had previously told us. Nevertheless, she ended up with an apartment in the building on Hristo Botev Street on the grounds that she had previously held the office of Chief Judge of Râșcani District Court in Chișinău and that *“no space had been assigned to her in the residential buildings contracted by the SCM.”* Hence at the beginning of 2018, Covalenco became the owner of an 80 square metre apartment that cost her less than 29,000 euros. In the autumn of the same year, she sold it for 50,000 euros and almost two months later left the system. Contacted by phone, Covalenco listened to our question about why she had sold the apartment then hung up; she has not answered our calls since.

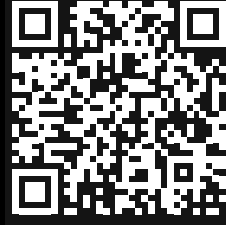
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ENDNOTES

- 1 See RISE Moldova investigation “The Russian Laundromat”: Moscow – Riga via Chișinău, published on 22 Aug 2014, <https://www.rise.md/articol/operatiunea-ruseasca-the-laundromat/>



***"Good Roads"
Washed Away with
the First Rain***



***The Hospital they
Neglected***



***Chişinău Arena.
The Bill***



***Street Lighting
Installed With German
Money Lost Due to
Poor Administration in
a Soroca Village***

BLACK BOOK

OF PUBLIC MONEY WASTE

IN REPUBLIC OF MOLDOVA

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