MILLENNIUM CHALLENGE CORPORATION
REDUCING POVERTY THROUGH GROWTH

FRANCES C. MCNAUGHT
VICE PRESIDENT, CONGRESSIONAL AND PUBLIC AFFAIRS

**COURTESY NOTIFCATION**

We wish to provide you a courtesy notification that the Board of Directors of the Millennium Challenge Corporation (MCC) approved Threshold Program assistance for Kyrgyz Republic of up to US$15,994,000 in fiscal year 2007 MCC program funds. In addition, up to US$1,119,580 will be made available to USAID for administrative expenses associated with Kyrgyz Republic's program.

MCC's Threshold Program is designed to assist countries that are committed to undertaking the reforms necessary to improve their policy performance and potentially qualify for Millennium Challenge Account Compact assistance.

The attached summary outlines Kyrgyz Republic's program. Members of MCC's staff are available to meet with you to discuss the planned program. If you or your staff would like to arrange a meeting, please contact Ellona Fritschie or Rick Stilgenbauer at (202) 521-3850. The attached summary is being sent to the Congress on August 10, 2007.

Sincerely,

Frances C. McNaught

Frances C. McNaught
Vice President
Congressional and Public Affairs

Enclosure:
As stated

875 FIFTEENTH STREET NW | WASHINGTON, DC | 20005-2221 | P: (202) 521-3850 | F: (202) 521-3700 | WWW.MCC.GOV

## Threshold Program Summary

| | |
|---|---|
| **Country:** | Kyrgyz Republic |
| **Budget:** | $15,994,000 |
| **Fiscal Year Funding:** | 2007 |
| **Estimated Program Duration:** | 2 years |
| **Indicator Focus:** | Control of Corruption<br>Rule of Law |
| **Principal Objectives:** | Strengthen judicial, law enforcement, and criminal law systems |

**Background:**

The Millennium Challenge Corporation's (MCC) Threshold Program in the Kyrgyz Republic is designed to support the government's efforts to fight corruption and improve the rule of law through judicial, criminal justice, and law enforcement reforms. The roughly $16 million in assistance reflects the key role civil society plays in any government's reform efforts. For this reason, the Government of the Kyrgyz Republic has requested assistance to create a civilian oversight board for the police and implement a broad anti-corruption public education program. The program has three primary components:

**Program Components – Objectives and Activities:**

**Component 1. Judicial Reform.**

To increase the independence and effectiveness of—and decrease corruption in—the judicial system, MCC's Threshold Program focuses on judicial reform. The program is designed to strengthen the rule of law and decrease corruption by improving the judicial personnel system and internal judicial management, streamlining the legal framework for handling commercial cases, and increasing public access to and management of judicial information. Critical to these efforts is improving the personnel system, the judicial selection process and disciplinary system, judicial budgeting, the enforcement of judgments, and court automation.

**Activities:**

1. Provide technical assistance to help implement new laws on judicial selection and dismissal, including establishment of the new National Council of Justice Affairs, which will oversee these functions.

2. Provide technical assistance to help establish the new Judicial Council, which will oversee management of the judiciary, including judicial discipline and training.
3. Conduct a functional analysis of the judicial system and assist in implementing recommendations to optimize the court personnel system.
4. Assist the Judicial Council in budget planning and formulation, in particular with respect to judicial training, court administration, and case management
5. Help establish a system to implement adequate and transparent disciplinary procedures for judges through the Judicial Council.
6. Improve the system of judicial training with oversight from the Judicial Council.
7. Improve the system of citizen complaints about the judiciary through the Judicial Council, and help it regularly publish data on the status of disciplinary complaints.
8. Provide technical assistance to improve implementation of amended and improved commercial laws and increase the enforcement of judgments.
9. Expand the Court Information Management System (CIMS) to at least 16 additional courts to improve the transparency and effectiveness of the courts, including training.
10. Enhance system for publishing court decisions and providing access to open court proceedings.

**Component 2. Law Enforcement Reform**. To develop a more functional, effective, and trusted police force, the Threshold program will reduce public corruption within law enforcement by improving personnel selection, management and internal investigation capacities, as well as enhancing civilian monitoring of police activities. Citizens of the Kyrgyz Republic see reform in this area as a high priority, and MCC funding will assist in restructuring and reforming the Ministry of Interior to develop transparent hiring and vetting procedures, create an Internal Affairs Service to investigate police misconduct, and establish a Civilian Review Board as a check on the police.

**Activities:**

1. Improve recruitment, evaluation, and Ethics Code implementation systems in the Ministry of Internal Affairs by establishing a personnel management system, to include vetting of officers and merit-based selection and performance evaluations.
2. Establish an internal affairs unit within the Ministry of Interior to investigate and impose sanctions against police misconduct, including corruption.

3. Establish standard operating procedures within the Ministry of Interior, with public input, to promote consistent application of the law by officers.
4. Improve financial disclosure enforcement systems within the Ministry of Interior
5. Improve police complaint processes.
6. Establish a Civilian Review Board to oversee police conduct.
7. Strengthen investigative capacities and abilities of the police by providing training and equipment.

**Component 3. Criminal Justice Reform**. Finally, under the MCC program, the Government of Kyrgyzstan will seek to reduce public corruption in the criminal justice sector by strengthening the legal framework, providing training for prosecutors and judges, improving financial disclosure mechanisms, implementing an effective witness protection system and special anti-money laundering unit, and educating the public about anti-corruption measures. This component will accelerate the Kyrgyz Republic's ambitious criminal law reforms to make the criminal justice system more transparent and to provide a greater balance of powers between prosecutors and the judiciary.

**Activities:**

1. Revise the criminal procedure code to reflect the greater balance of powers between prosecutors and the judiciary.
2. Improve the system for government declaration of assets and monitoring of expenses.
3. Enable a vetted anti-money laundering enforcement unit within the prosecutor's office to investigate financial crimes.
4. Develop an effective witness security program.
5. Evaluate the role of elder courts in handling minor crimes.
6. Improve the curriculum and capabilities of the prosecutor training center with regard to new criminal legislation.
7. Enhance the prosecutor ethics code and its effective implementation, including developing enforcement provisions and providing training.
8. Develop a system, including curricula, to integrate anti-corruption messages into the educational system..
9. Develop, with the involvement of mass media, a public awareness campaign on the detection, investigation, and prosecution of corruption.

**Highlights of Expected Results of the Kyrgyz Republic Threshold Program:**

1. Improve the Rule of Law Score from 3.38 (2006) to 3.68 (Freedom House Countries at the Crossroads).
2. Improve the reliability of police services from 2.3 (2006) to 3.0 (Source: Global Competitiveness Report).
3. Decrease the pervasiveness of money laundering through banks as reflected in a score change from 2.8 (2005) to 3.5. (Source: Global Competitiveness Report).
4. Improve the Judicial Framework and Independence score from 5.5 (2006) to 5 (Freedom House Nations in Transit).
5. Improve performance on the World Bank Institute's Control of Corruption Indicator from -1.0 (2005) to -0.8.

**Implementing Partners:** The U.S. Agency for International Development (USAID) will oversee overall implementation of the Kyrgyz Republic Threshold Program on behalf of MCC. In coordination with USAID, the U.S. Department of Justice will oversee implementation of Components 2 and 3.