



**MILLENNIUM
CHALLENGE
CORPORATION**

REDUCING POVERTY THROUGH GROWTH

FRANCES C. MCNAUGHT
VICE PRESIDENT, CONGRESSIONAL AND PUBLIC AFFAIRS

We wish to provide a courtesy notification that the Millennium Challenge Corporation's Board of Directors approved Threshold Program assistance for Moldova of up to \$26,429,000 in FY 2006 MCC program funds. Of this amount, up to \$24,700,000 will be available for the program and up to \$1,729,000 will be made available to USAID for administrative expenses associated with the Threshold Program.

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

The attached summary outlines Moldova'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 Mackenzie Coon at (202) 521-3719. The attached summary is being sent to the Congress on October 26, 2006.

Sincerely,

Frances C. McNaught
Vice President
Congressional and Public Affairs

Enclosure:
As stated



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Threshold Program Summary

<u>Country:</u>	Moldova
<u>Budget:</u>	\$24.7 million
<u>Fiscal Year Funding:</u>	2006
<u>Estimated Program Duration:</u>	2 years
<u>Indicator Focus:</u>	Ruling Justly: Control of Corruption

Background:

The Government of Moldova initiated a national anti-corruption strategy in December 2004. To implement this strategy, Moldova has focused its efforts on enactment of numerous laws, including amendments to the criminal code and new laws on political party financing, conflict of interest, public procurement, and a code of ethics for public servants. Moldova has requested MCC funding to address areas where corruption persists, including in the judiciary, the health care system, and the tax, customs and police agencies. Moldova's strategy recognizes that civil society and the media play a role in spotlighting corruption, and the government has requested assistance for these groups to ensure proper monitoring and evaluation of the government's performance. In January 2006, an anti-corruption alliance of nongovernmental organizations (NGOs) was formed reflecting civil society's attention and concern about the issue.

Threshold Program Overview:

With a two-year budget of \$24.7 million in MCC assistance, Moldova seeks to reduce corruption in the public sector through judicial reform, strengthening civil society and mass media monitoring efforts, reform of health care and tax, customs and police agencies, and reform of the Center for Combating Economic Crimes and Corruption (CCECC).

Improve the capacity of the judiciary to prevent and combat corruption

- Develop and implement a secure automated case management system;
- Develop enforceable codes of conduct, including conflict of interest provisions and disciplinary measures for judges, attorneys and court personnel; and
- Make all court records, including pleadings, evidence, motions, records of proceedings, and opinions, available to the public.

Strengthen the monitoring capacity of civil society and mass media

- Provide grants, training, and technical assistance to NGOs to monitor government anti-corruption reform efforts; and
- Create a public-private working group to issue recommendations to increase the role of mass media in monitoring anti-corruption reforms.

Prevent and curb corruption in the health care system

- Develop internationally acceptable standards for diagnostic and treatment protocols, and protocols for purchasing drugs and medical equipment; develop a code of conduct for medical personnel;
- Establish criteria for budget priorities and releasing budget information publicly to increase transparency of health care financing and develop audit training and procedures for health sector managers; and
- Establish citizen oversight boards. Establish a national center of health sector ombudsmen.

Prevent and control corruption in tax, customs, and police bodies

- Create a national information center to provide tax forms and advice to taxpayers;
- Create a fraud prevention division within the fiscal service to improve its cooperation on investigations and prosecutions with anti-corruption law enforcement institutions and improve training on professional and ethics standards;
- Improve recruitment, evaluation, and ethics code implementation systems in the Customs Service, and initiate improvement within the Internal Security Section to initiate and conduct internal corruption investigations;
- Introduce the new Computerized Transit System, and create an independent team to monitor and report on corruption at border crossings; and
- Launch an integrated informational system at the Interior Ministry's guard units located in all regions of the country and sectors of Chisinau to collect and transmit information about acts of corruption in police bodies.

Strengthen efforts of the Center for Combating Economic Crimes and Corruption (CCECC)

- Create a single department for investigations at CCECC to improve information sharing;
- Create an independent civilian board to monitor the activity of the CCECC and to advise the CCECC director;
- Build capacities of the witness protection unit in the Ministry of Internal Affairs; improve whistleblower protection statutes;
- Introduce a system for reporting acts of corruption among civil servants;
- Make CCECC budget information available to the public, and
- Strengthen CCECC's public education program by developing an anti-corruption information strategy and public relations campaign together with civil society and the mass media.

Highlights of Expected Results of the Moldova Threshold Program:

- Reduce bribes connected with getting favorable judicial decisions;
- Improve public reporting of corruption cases by Moldovan media;
- Reduce the extent to which the health care sector is affected by bribes and other corruption; and
- Reduce corruption in the tax administration, customs service, and police including payment of bribes by business owners.

Implementing Partners: The U.S. Agency for International Development will be the lead U.S. Government agency implementing the Moldova Threshold program. It will be assisted by other U.S. agencies, including the U.S. Department of Justice.