



## ANNUAL REPORT

2012

## I. Civil Service and Good Governance

### **Development Pact: an accountability tool in the hands of the local communities.**

In the Kyrgyzstan attempts of democratization have translated into populist promises rather than the improved delivery of public goods and services. Political and administrative corruption continues to exclude citizens, particularly vulnerable groups<sup>1</sup>, from public decisions that affect their lives.

In 2012 TI Kyrgyzstan launched a new project “Development pact: accountability tool in the hands of local communities” by UNDEF supporting. DP is a public agreement containing specific time-bound development provisions between local authorities and local communities for participation in public decisions to provide innovative service delivery in land, pastures, water, employment, education, health, credit, etc. and improved infrastructure including power and roads. The action seeks to demonstrate how the mutually beneficial convergence of efforts of existing actors brought together in a ‘Development Pact’ can lead to improved access to public goods and services. This will result in improving quality and standards of living and equitable fair distribution of resources to increase income generating opportunities. In terms of public goods and services, the overall objective has been articulated in an open manner to allow the process-oriented action to respond to the variety of issues that may be prioritized by local communities. The dialogue around the formulation of pacts allow communities to shape political promises, require representatives to ensure equal participation in developing policy options and provide for regular interfaces with the political and administrative leadership during government tenure. Pacts allow multiple stakeholders to be involved and constructive partnerships to emerge.

The project demonstrates that the gap between the demand of local communities for public goods and services and their actual delivery can be diminished through DPs. Mismanagement, misappropriation or the discrimination of vulnerable groups will be addressed through an approach that strengthens the direct accountability relation between local authorities and communities and disadvantaged groups that currently face limited access and poor quality of public goods and services.

Unlike approaches that rely on public monitoring of government performance to create change, the project uses publicly concluded and operationally detailed agreements (Pacts) to shift the



onus of pro-actively engaging and convincing communities of improved performance on local authorities. Specific and time-bound indicators are set for the prioritized public goods and services identified by local communities, the road-map and milestones by which these will be achieved and the possibility of communities to oversee, participate and hold to account their local representatives and

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<sup>1</sup> Vulnerable groups are those with no access to or in danger to loose access to basic needs i.e. land, water, shelter, sanitation, clothing, healthcare and education.

authorities on the achievement of these priorities. Indicators for the specific objective will include aggregated local level indicators established through the monitoring frameworks agreed as part of the DPs.

These objectives address the opportunities for democratic rights of local communities and vulnerable groups to translate into equal opportunities to oversee and participate in public decisions that affect their lives. The Pact allows local communities a greater voice in setting priorities with both immediate and longer term benefits. In addition DPs provide a learning space for local communities to practice their socio-economic and political rights. They create opportunities for the inclusive, institutionalized and informed participation of communities in local development planning, budgets and implementation. They limit opportunities for corruption and the diversion of development resources.

On the 1st step TI Kyrgyzstan has selected 24 locations in 4 regions of Kyrgyzstan: Osh, Jalababad, Naryn and Issyk-Kul provinces and carried out trainings for local communities and local authorities in each location.

On the trainings were considered following issues:

- on participation of civil society and local communities, forms of participation and benefits of participation.
- national legislation in detail regulated local authorities, Constitution and law on Access to information.
- practice of interaction of local communities with local authorities (why local communities must be active in local self governance, increasing of trust to local authorities, etc)
- what is Development Pact, experience and best practice.



Second stage of the training was dedicated to discussing of their village problems. In accordance with TI Kyrgyzstan elaborated methodology it was ranged the problems for development of Development Pacts in villages and DPs implementation.

**At the present time 4 Development Pacts were realized:**

### **1. Renovation of a bridge.**



Kuu Maidan village of Nookat district is located close to mountainous area and suffering from mad flows each year. In the spring of 2012 the bridge connecting a half of village with main road and used by pupils and inhabitants every day was damaged by a big mud flow.

Renovation of the bridge was selected by the people of the village during trainings conducted by TIKyrgyzstan as a main problem and first Development Pact between local community and local authority of this village was concluded on it.

As a third party in this DP representative of the Ministry of Emergency Situations participated. The input of the Ministry was hydraulic works baskets provided and technical assistance.

### **2. School canteen's heating system**



Several years ago the building of the Shankol village school was supplemented with a new building of canteen. But there were no heating system and children did not visit it in the winter. People of the village selected as a first priority to set up the heating system for the school canteen and concluded DP with local authority on this problem.

### **3. Electricity line for new housings**

In the Arbyn village new housings were building but there were no electricity. People suffered during 2 years, local authorities said always “there is no money in budget”. After training, negotiations, information in mass media, Development Pact was concluded between local communities, local authorities and Electric Distribution Company. This Company gave techniques, local authorities gave pole and electric conductor, people conducted all building work and now this area has electricity. People felt that they can active participate in decision making processes and influence on local authorities to be more transparent and accountable for people and deliver more quality state service.



#### **4. Reconstruction of club in Naryn region.**

People in several villages suffered from absence of building where they could watch movies, have communication and go in for sport. Development pact was concluded between local authorities, local communities and construction firms where local communities demanded from local authorities to use local budget in transparent manner and found some money. Also local communities took active part in repairing by own hands and construction firms made some contribution. People first time use democratic spaces for taking part in the decision-making in their life.

In 2013 it is planning to realize 20 Development Pacts.

## II. CORRUPTION ASSESSMENT IN THE JUDICIARY OF THE KYRGYZ REPUBLIC

The judiciary plays a central and leading role in the establishment of a democratic constitutional state. Since independence there is a need for Kyrgyzstan to reform the judicial system. However, despite judicial reform, ongoing for two decades, unfortunately, it was not possible to form an independent and effective third power. Reform in fact, changed only the structure of the judicial system, which remained unchanged in content. State created and abolished judicial boards/panels and the Presidiums, deprived and returned the powers to existing court instances. Despite some attempts to reform the judicial system, such as the Constitutional provisions on the separation of powers, the signing of important international conventions on human rights and against corruption, establishment of judicial self-government bodies, the situation in the sphere of justice remains unchanged at large. Politicization of the judiciary, rampant corruption in the court system, the excessive duration of many trials, and dissemination of informal methods of control over the judiciary - all this has led to a loss of public confidence in the fairness of justice.

One of the causes of revolutions, held recently in the country, was named the venality of judges. Thus, in 2010, 10 judges of the Supreme Court, a number of local judges were dismissed by Presidential Decrees, since the authorities considered that judges themselves in the main are guilty in the crisis of the judiciary and to discredit it in the eyes of the people. The new Reform of the Judiciary was announced by the new power, but it, in turn, has led to the distorted reselection of judges, and certain inconsistencies in the constitutional legislation of the Kyrgyz Republic.

This situation in the judicial system stipulated TI Kyrgyzstan to conduct a study to assess the corruption risks and vulnerabilities in judicial proceedings system of the Kyrgyz Republic with technical assistance from the USAID/IDLO Strengthening the Judiciary Programme in order to backing of Judicial Reform in the Kyrgyz Republic.

The main objectives of the study

- Assess the extent of corruption in the judiciary;
- Identify and analyze the causes and systemic factors that engender corruption in the judiciary;
- Development of recommendations for the prevention of corruption in the courts and reduce the level; and development of proposals on the main provisions of the draft Guidelines on Judicial Ethics and Professional Responsibility.

The study was conducted using a combination of methodologies of Mapping Corruption and Corruption Risk Assessment in the judicial system, and included the following steps:

1. Assessing the extent of corruption and risks identification;
2. Assessment of risks level and corruption causes analysis;
3. Identification and prioritization of risk reduction measures, including recommendations Judicial Ethics and Professional Responsibility.

The study covered all provinces of the Kyrgyz Republic, Bishkek and Osh cities (Osh was considered within the Osh province). In each subject of the study necessarily considered the court of second instance (Province Court) and at least two courts of first instance (city, district or inter-district courts).

## **Findings of the study**

### **The scale of corruption**

Estimation of the corruption market volume was conducted on the basis of the data on the average size of bribes and the frequency characteristics of corrupt practices obtained during quantitative interviews.

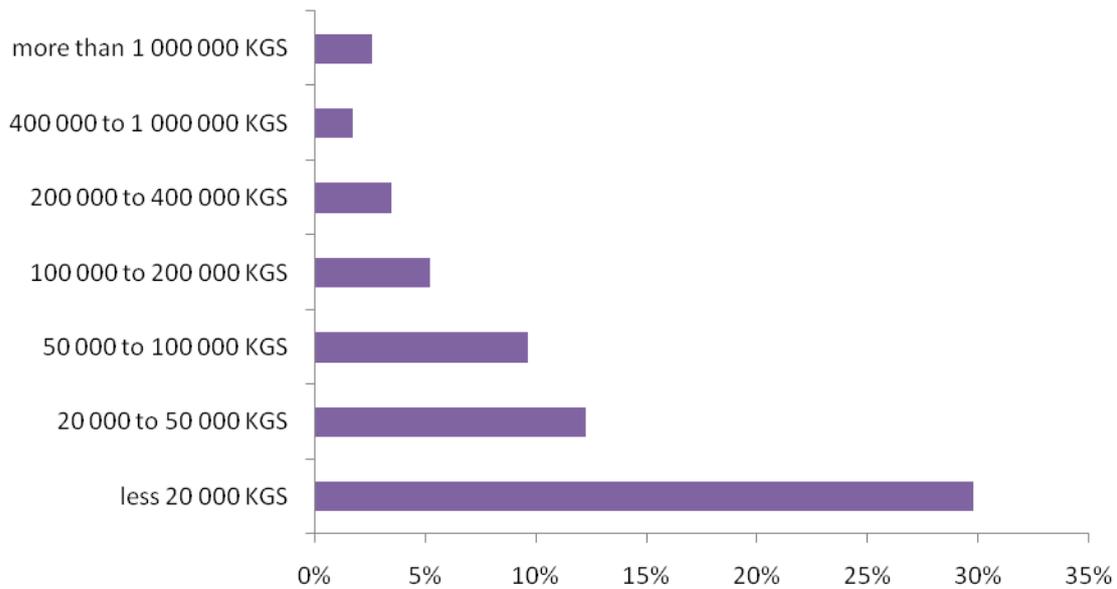
The study obtained the following frequency characteristics of corrupt practices in the judicial system:

- "The prevalence of corruption" - 71.1% of the total number of respondents stated that they personally or their family members got into a situation where the consideration of their cases in the court required an informal solution to the problem (the sum of answers "personally encountered bribery "and" extorted, but did not give a bribe "), and,
- "Ready to corruption" - more than 63.2% of them stated that they themselves or their family members had to pay bribes in order to influence on judicial decisions.

In general, the size of bribes according to the answers of the respondents ranged from 2 000 to 15 000 000 Soms (current exchange rate is 47,7 KGS/USD). However, about half of them (30% of respondents) had paid bribes up to 20 000 KGS. The smallest size of bribes was marked by civil and administrative cases and the largest criminal and economic.

As for the distribution by region, the largest amounts of bribes were reported in Bishkek city, Osh and Jalalabad Provinces. The lowest were bribes in Batken, Naryn and Talas Provinces Provinces, where the maximum size of a bribe by the respondents, did not exceed 20 000 KGS.

### **Diagram 1. Size of bribes**



Given the limited number of respondents in the administrative, economic cases and cases on administrative offenses corruption market volume was tallied for criminal and civil cases.

**Table 2. Scope of corruption**

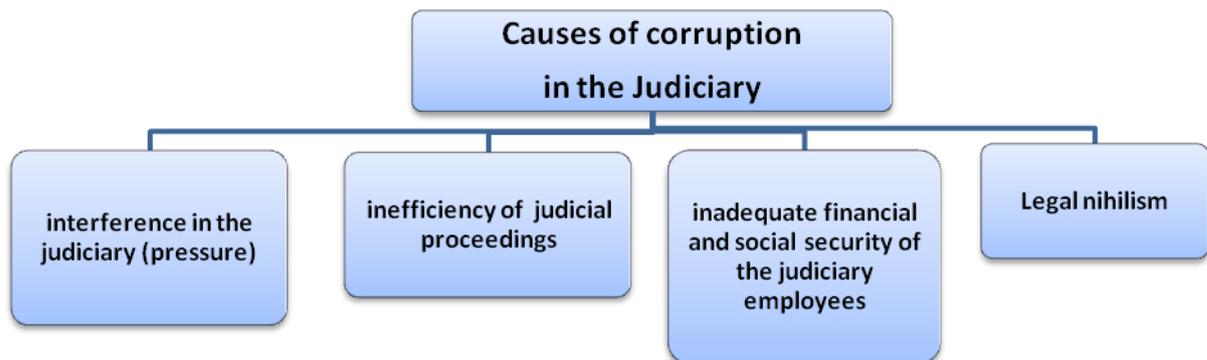
	$N$	$r$	$c$	$b_{av}$	$V_n(KGS)$	$V_n(USD)$
<i>Criminal cases</i>	21919	0,821	0,732	126615	1669053600	35511800
<i>Civil cases</i>	61156	0,596	0,489	53952	961918300	20466300
<b>Total</b>	<b>83075</b>				<b>2630971800</b>	<b>55978100</b>

**Thus the total volume of the corruption market only in criminal and civil cases totaled 2,630,971,800 Soms (55,978,123 U.S. Dollars), or about 1% of GDP of the Kyrgyz Republic for 2011.**

### **The causes and conditions leading to corruption in the courts**

During the qualitative interviews, the experts pointed to a number of major causes of corruption in the courts. These causes were the following:

- 1) Political interference in the judiciary, bribery of judges and / or influence on the judiciary;
- 2) Inefficiency of the judicial proceedings;
- 3) Inadequate financial and social security of the judiciary employees;
- 4) and the Legal nihilism.



### 1. Interference in the judiciary (pressure)

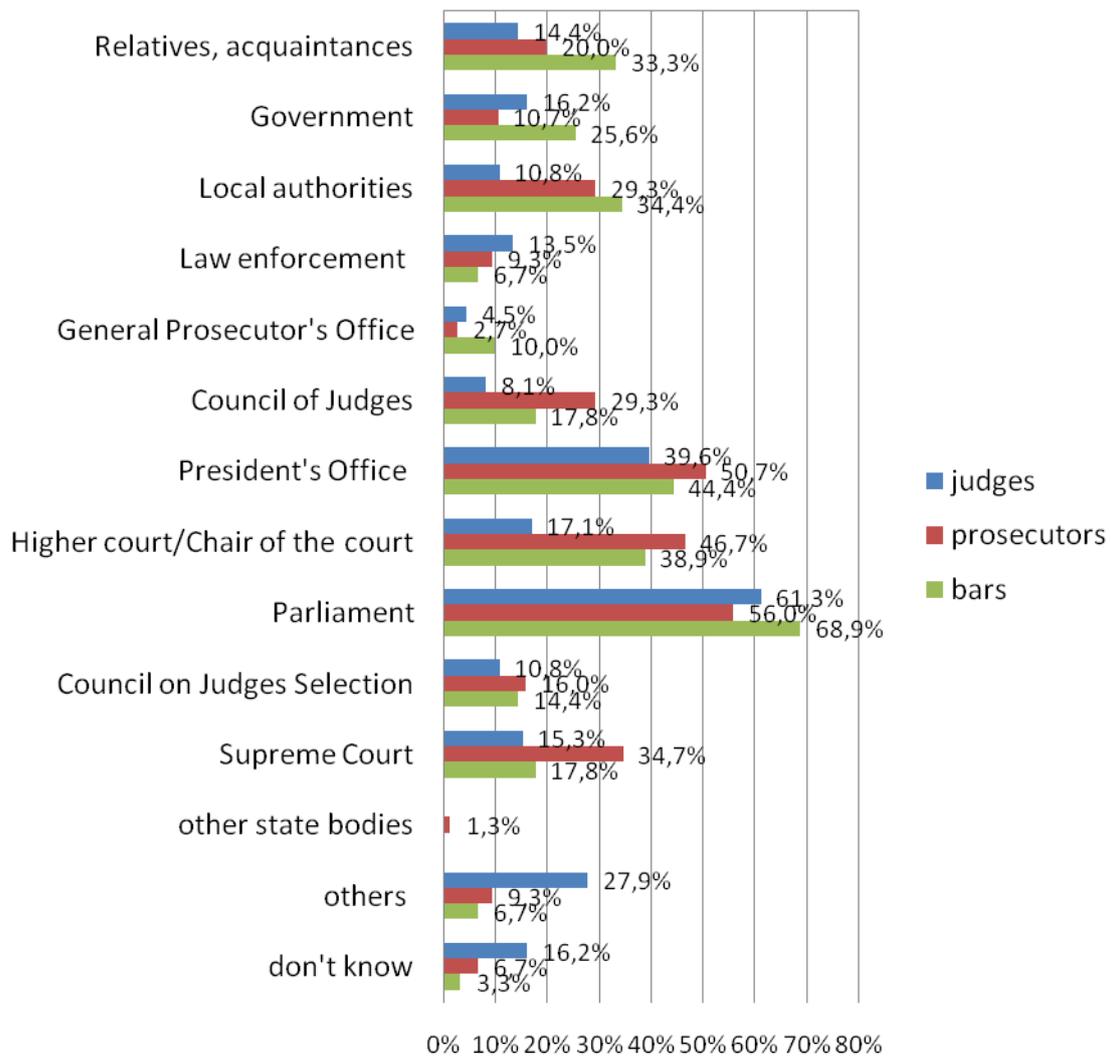
As a result of the study it can be concluded that the judicial system in Kyrgyzstan now has a high degree of dependence as from the bureaucracy, and from civil society, although it is constitutionally independent branch of power.

As noted in the interviews conducted with the judges, the pressure is on different forms:

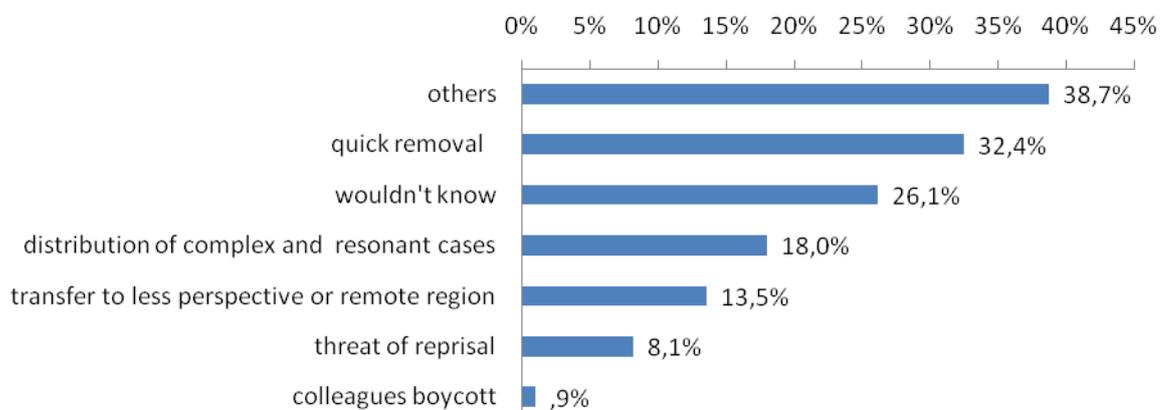
- Direct phone calls with the requirements to make a definite decision on a case;
- Leave the case without consideration;
- Expedite the proceedings;
- Or, conversely, to delay it to the specified period;
- Direct guidance from the Chair of the Court or by the judges of higher courts;
- Personal requests;
- Threats and intimidations;
- Meetings of citizens, etc.

Further, the study attempted to find out from the respondents, which of the proposed group has a direct or indirect pressure on the judicial system. The highest degree of dependence judiciary felt from Parliament - 61.3%, and the President's Office - 39.6% of all respondent judges. Lack of judges tenure guarantees, made them dependent from the members of the Judicial Council, the President's Office and Members of Parliament. This is confirmed by a large percentage of respondent judges - 32.4%, who indicated that the early dismissal may be a direct consequence of the excessive independence of a judge.

**Diagram 2 Influence on judges by groups**



**Diagram 3. What consequences may happen to an independent judge?**



## 2. The inefficiency of judicial proceedings

The main reasons for the ineffectiveness of the proceedings experts as:

- inadequate material and technical support of the courts;
- lack of real responsibility of judges for failing Code of Honor;
- judicial bureaucracy;
- poor quality of the investigation;
- no adversary judicial process;
- length of judicial proceedings;
- contradictions and gaps in the legislation;
- insufficient qualification level of the judges;
- violation of execution proceedings order;

### **3. Inadequate financial and social security of the judiciary employees**

Respondents and experts noted that one of the state duties is to ensure sufficient resources to enable the judiciary to perform its functions properly. An adequate salary of judges involves its adequacy to the status judges and high workload. It is required, that judges' salaries do not make them have economic needs that are bound to push the judge to the possibility of resorting to corruption.

As noted by the judges interviewed, social vulnerability of judges - is the main cause of corruption in the courts. Thus, 41.4% of judges, 44% of prosecutors and 25.6% of bars believe that the existing level of wages and social security did not guarantee the independence of judges.

### **4. Legal Nihilism**

In addition to the above causes for the spread of corruption in the courts, according to respondents, a great influence has legal nihilism. Experts believe that as long as there is a demand, tackle with arbitrary court trials will be impossible. Legal nihilism and the majority of the citizens' absence of law-abiding is the result of low level of legal awareness of the society. People think that they can buy any judgment as a lawful and illegitimate as well, seeing it as a formed kind of tradition. To the question: "What is the main cause for the spread of corruption in the courts?" majority of those polled (39.5%) indicated that it has become a tradition, and people think that there is no any legal way to solve the problem. According to the respondents' opinion, neither bribe payer nor bribe-taker does not think that they are committing an immoral act. Moreover, nowadays it has become a standard of conduct in the society and bribers know in advance that "the initiative with an envelope" will solve the problem more quickly.

A lack of development of civil society is also one of the major causes of corruption. Deformed stratification of society, high level of poverty, the lack of a strong middle class, the low level of legal culture, the conciliatory attitude of the people in the suppression of their rights and freedoms, the deformation of moral values - all contribute to the corruption wide spread. Due to the peculiarities of local mentality, kinship and family interests put above public, officials interests. Nepotism, tribalism, regionalism, favoritism, clannishness, absence of ideology - the

main factors contributing to corruption in the country, which are the most frequently reported by respondents.

### **III. BUDGET TRANSPARENCY**

#### **Assessment of transparency and accountability of the “Issyk-Kul Development Fund”**

The problem of budget transparency is the most important not only for Kyrgyzstan. The biggest mining company in Kyrgyzstan which provides about 10% of GDP - Canadian Kumtor Gold Company annually transfer 1% of the Gross Proceeds to “Development Fund of the Issyk-Kul Oblast”. This company appealed to the National Chapter of the TI Kyrgyzstan and discussed possibilities to improve the transparency and accountability of the Fund in the light of TI global experience.

At the preliminary stage, TI Kyrgyzstan studied the applicable regulations related to the Fund, and noted the presence in them prone to corruption factors. To develop effective measures to change the situation / improvement of Kumtor Project interaction with the public, as the first / starting step were suggested to assess the current situation by conducting public opinion survey on the work of the Kumtor Project (aspects of Corporate Social Responsibility) and the Fund. It is planned to develop an action plan to improve the interaction of the Kumtor Project with the population, including efforts to improve awareness and strengthen the sense of ownership of the population based on the results of the study.

The main objective of the study was to assess the current situation on attitude of the Issyk-Kul Oblast population to the Kumtor Project activities and the Development Fund of the Issyk-Kul Oblast, including:

Assessment of public awareness in the Issyk-Kul region of the Kumtor Project activities in the field of Corporate Social Responsibility,

Assessment of awareness / satisfaction of the Issyk-Kul region population with the activities / results of the Fund, including the integrity and accountability of funds management,

Assessment of awareness of the Issyk-Kul region population on the availability, effectiveness and transparency of decision-making procedures of the Fund,

Assessment of the degree of involvement of the Issyk-Kul region population in decision making (sense of ownership) of the Fund and the amendments need,

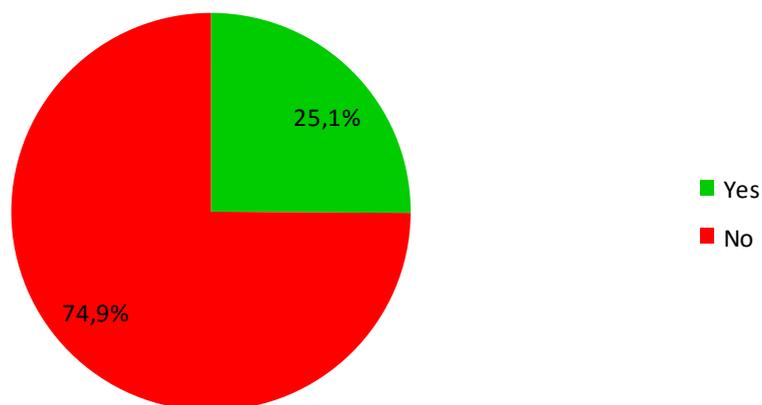
The extent of media coverage of the activities of the Fund and the Kumtor Project

The results of the study presented for representatives of the public authorities of the Kyrgyz Republic and the Kumtor Project for use to improve relevant institutions and initiate required changes.

#### **Findings**

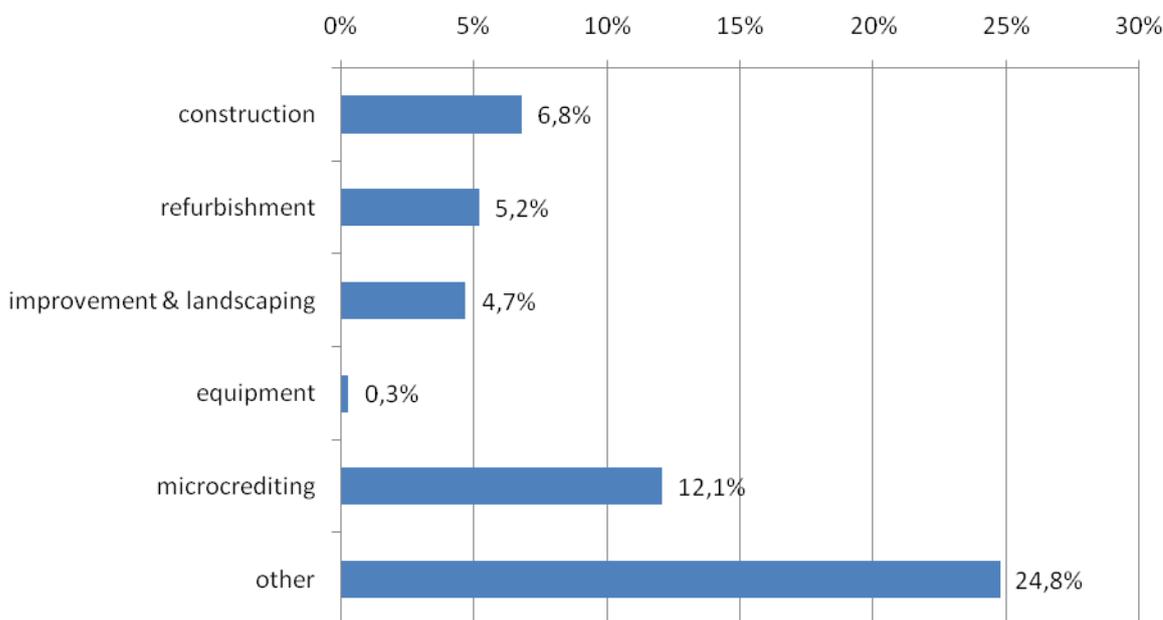
Despite the fact that the Development Fund of the Issyk-Kul Oblast was established over 15 years ago, 74.9% of the Issyk-Kul population does not know about Fund existence.

Diagram 5. Do you know about the Development Fund of the Issyk-Kul Oblast?



On a question on activities of the Fund had been received following answers: 12,1 % - in microcrediting sphere, 6,8 % - in construction sphere, 5,2 % - refurbishment works, 4,7 % - works on an improvement and landscaping and 0,3 % - about purchase of equipment. Other 24,8% heard only general information on any allocated means, or on purchase of books, or the allocation of financial assistance.

Diagram 6. About what activity do you know?



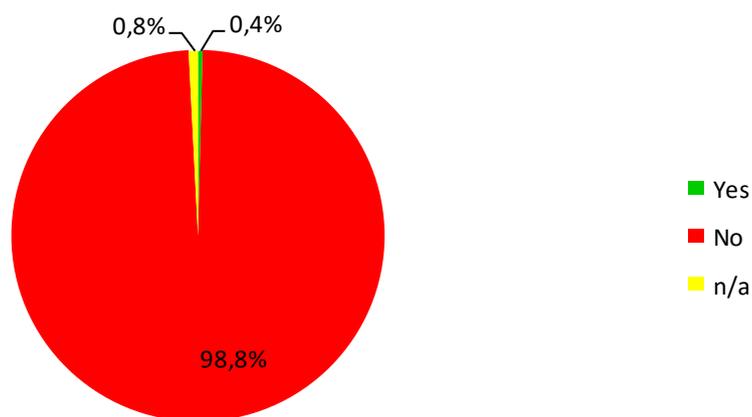
#### *The management of the Development Fund of the Issyk-Kul Oblast*

In accordance with the Regulations management of the Development Fund of the Issyk-Kul Oblast (the Fund) is carried out by the Supervisory Board (SB) of the Development Fund of the Issyk-Kul Oblast. The composition of the Supervisory Board is subject to approval by Order of the Prime Minister of the Kyrgyz Republic on the basis of proposals of the State Administration of the Issyk-Kul region (in other words by *the Disposer* of means of Fund). The mandatory members of Supervisory Board shall be included from the Ministry of Finance of the Kyrgyz

Republic, representatives from the local legislatures of the Issyk-Kul Oblast districts, Karakol and Balykchy cities, and at least three representatives of public organizations, associations and civil society.

At the same time, 98.4% of respondents have no idea whom and how to select to the Supervisory Board. Only 0.4% of respondents (related to the local government) knew about the members of the Supervisory Board and could roughly describe (interpret) how they are selected.

*Diagram 9. Do you know selection procedures for members of Supervisory Board of the Fund and who are them?*



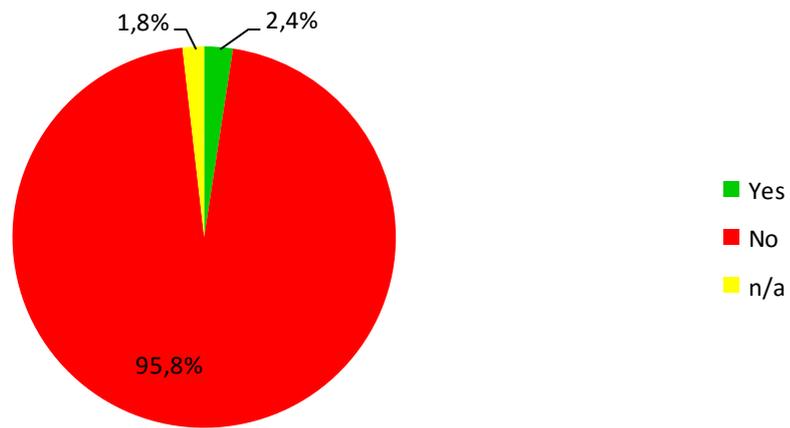
Publication of information on the use of the Fund means is formally carried out by the Direction in official Oblast newspapers "Vesti Issyk-Kulya" and "Issyk-Kul kabarlary" with print run of 1300-1500 copies, however the given editions are not present on open market - they are distributed on a compulsory subscription to public institutions (local administrations and the chapters of government organizations, schools, hospitals, etc.).

Although the Fund's Regulation requires also to replace on the website of the Disposer (or Oblast State Administration) the information published in newspapers, however, information about the Fund on the website of the Oblast State Administration is absent and Direction of the Fund has no own web-site.

There is also a distorted understanding of the essence of the matter, thus some members of the local government bodies tend to assume correspondence concerning facilities financed by the Fund, as reports of the Fund.

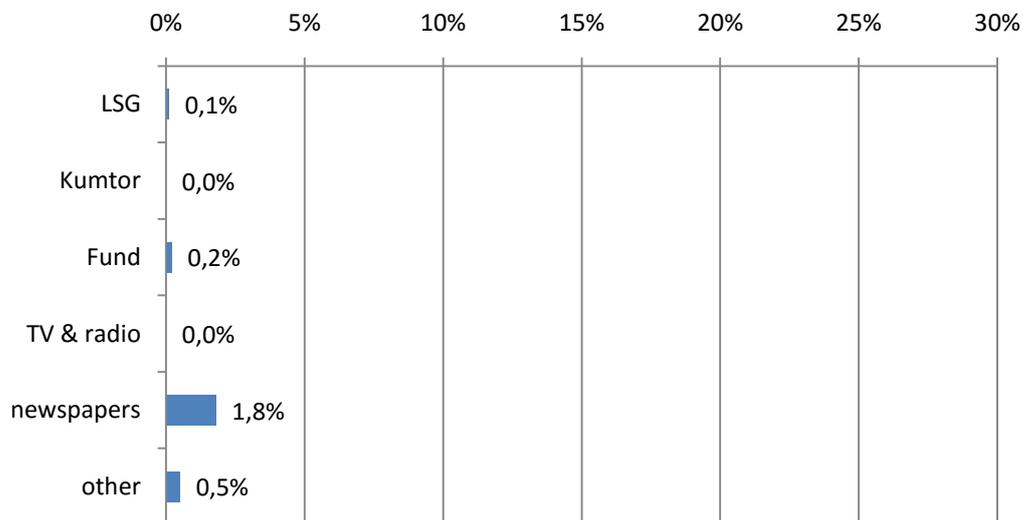
According to the survey 94.6% of respondents had never heard and seen of the reports of the Fund, only 2.4% of respondents have ever faced with reports.

*Diagram 10. Do you know about results of the Fund activities?*



At the same time, such information has been obtained mainly from newspapers (1.8%)

Diagram 11. From whom or from which media did you know?



### *The procedure for the selection of projects*

Procedures for selection and approval of projects, and their criteria are not reflected anywhere, not approved by anyone and are not well-known also.

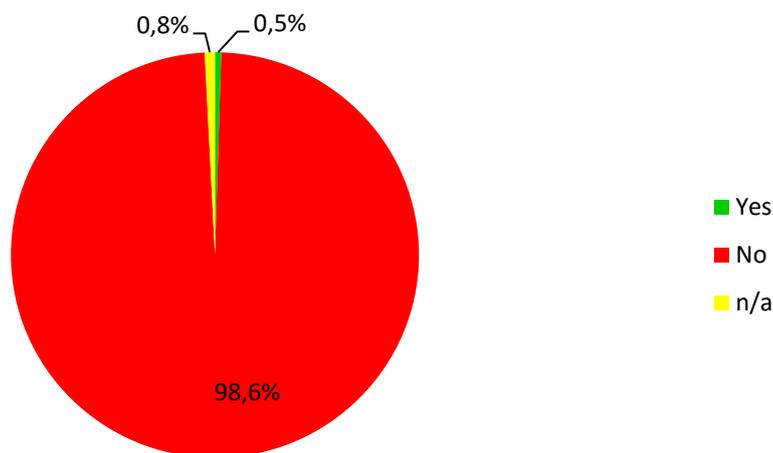
At the beginning of each year, Disposer of the Fund, based on the study and analysis of socio-economic status of districts and cities of the Oblast, prepare and submit for approval to the Supervisory Board a list of objects and projects financed by the Fund on the basis of the Project allocations forecast submitted by JSC "Kumtor Gold Company".

But, each district / city and the Oblast as a whole have medium-term development plans, which are not considered in the preparation of such a list. Respondents explain it is therefore that the Kumtor Project provides forecasts for one year, and development plans are drawn up for a longer period.

Representatives of local government were told that the needs assessment is carried out by asking opinions of people at the gatherings, and by collecting bids from local municipal and state institutions such as schools, kindergartens, hospitals, etc. However, there were also cases when local officials did not have a clear idea and refer facilities that are being constructed by the Fund, to the facilities financed from the local budget.

So, 98.8% of respondents said they did not participate in gatherings, meetings and pools on the needs assessment. Thus the considerable part of interviewees is enough skeptics about such actions, in connection with absence of clear and precise procedures and rules.

*Diagram 12. To choose needs of your district (to define problems to solve) were asked your opinion or your acquaintances?*



Clarification given by one of the heads of LSG - is the residual effect of the recent situation when each head of local administration had the specialized team of people of different age and gender, who attended all the meetings and assemblies, and did not allow people to express their opinion, which caused in a distorted view of such events in the population, leads to distrust and has nothing in common with the tools of public involvement to socially important issues.

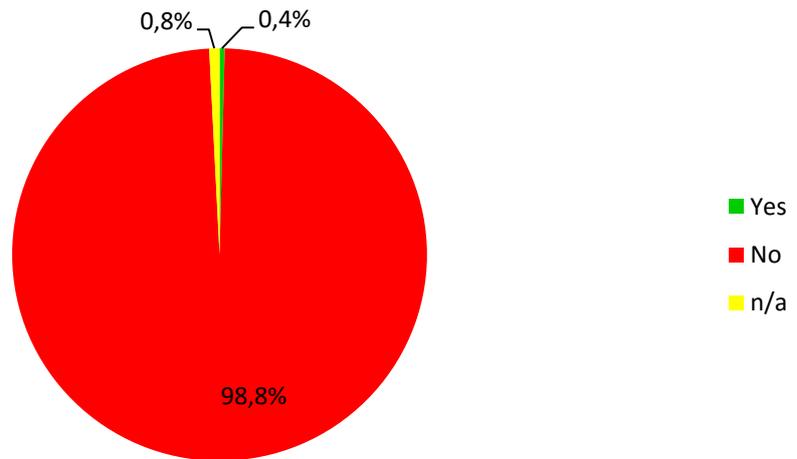
After consideration by the local government level, package of proposals submitted to the regional local government, which in turn complicates the materials submitted and conducts discussions with District Public Supervisory Board, then approves a request from the district. Then, these materials are transferred to the Direction of Fund, where they also subject to review to ensure compliance with requirements to the package of documents. Thus, a list of projects is created for consideration by the Supervisory Board of the Fund.

At the beginning of each year, not later than 25<sup>th</sup> of January, the Supervisory Board holds hearings of the Disposer of the Fund report on results of operations for the outgoing year, and no later than February 5, approves the list of projects and facilities for the current year.

There are no clear and transparent criteria for project selection on the above described levels, the selection is made by a principle “can / can’t wait” and “needed / not needed”, and also necessity to complete the begun.

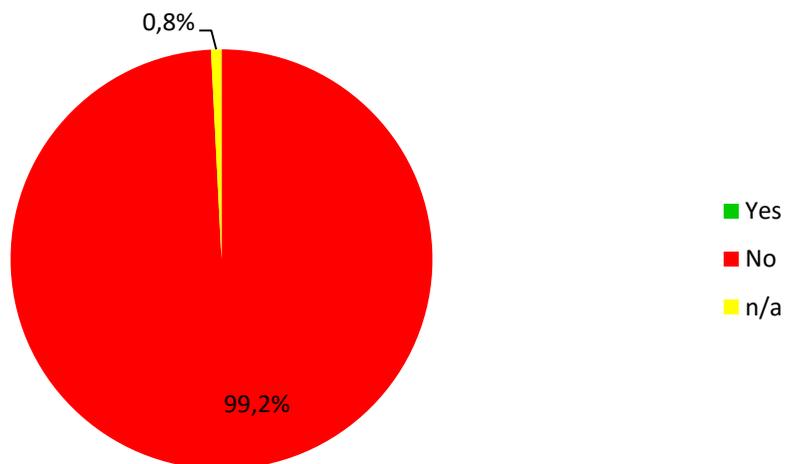
The following diagram illustrates the level of awareness of the population about Fund procedures on selection of projects for implementation. Only 0.4% of respondents indicated that they know about such a selection, but at the same time, refinement of question has shown that such knowledge is limited only to the assumption, that it is necessary to fill the application.

Diagram 13. Do you know how the Fund chooses to which projects invest (defines the problem to be solved)?



There is no any positive response (!) for the question on provision of information by the Fund about procedures for project selection:

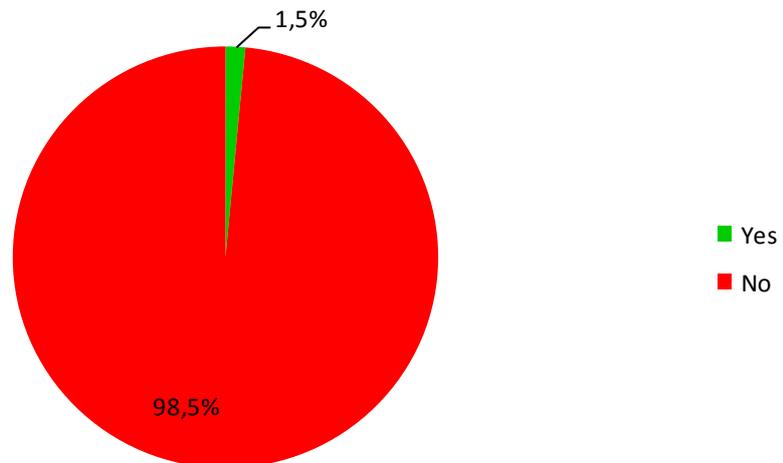
Diagram 14. The Fund provides information on procedures of project selection?



As noted above, the Regulation does not provide any opportunity for the appeal of decisions of the Supervisory Board and the Disposer of Fund. And, though, access to SB sessions are free, NGO representatives participated in such sessions, said that their proposals have not been taken into account and participation was very formal.

So, on a question about the appeal system of the Fund, only 1,5 % of respondents have answered, that know about it. However some of them have specified that it is local government bodies, others - the governor, and one respondent has answered – Department of Capital Construction.

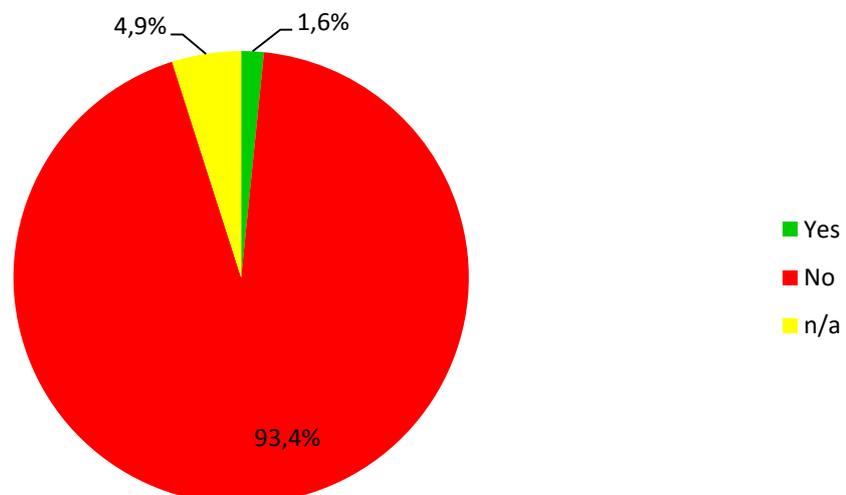
Diagram 15. Do you know where to address complaints and suggestions for improving the operation of the Fund?



The closed nature of the Fund - uncertain procedures, lack of information about the activities - has led to the fact that that 93.4% of respondents do not trust to the Fund.

Distrust of the Fund's work can also be traced from representatives of the local government who are concerned about the situation, when the projects implemented in their municipality unreasonably delayed, loses quality, and they have no influence on this process, and the people blame them for everything. Another problem sounded by local authorities was that with existing unemployment level, attraction of ordinary workers from other regions by construction companies is not understandable. Local authorities are discontented with the fact that companies selected are from other regions, leaving companies from Issyk-Kul Oblast without work, and depriving the local budget from additional income.

Diagram 16. Do you trust the Fund?



The considerable part of respondents during interview expressed opinion on an irrational expenditure of means of the Fund. For example, people in the settlements with deficit of pure water supply rather negative concerning financing of works on improvement and landscaping, repair of clubs, building of sports halls etc. On the other hand, necessity of change of the approach to planning of activities and application of modern technologies and materials was marked. So, it was offered to use the sandwich-structured composite that is much more favorable in terms of cost and duration for construction of public objects, and the establishment of such enterprise in Oblast with the Fund participation may bring incomes also. Besides the criticism has been stated on financing of various celebrating and other needs of local authorities.

## **Conclusion**

### *General conclusions*

Awareness of public participation / public policy, both in power and in the population - a very low. Community needs assessment and interaction with the public skills requires immediate and significant improvement.

Understanding the importance of the issues of transparency and accountability of the representatives of the local authorities and public administration, as well as the Fund - rather mediocre.

Performance evaluation of the Fund does not exist; changes in quality of life after projects implementation are also not evaluated.

Local authority's representatives' interaction with the Fund is limited in the tendency to draw the maximum available means from the Fund by any pretence for any possible target.

### *Conclusions on the tasks*

Awareness of the activities of the Kumtor Project in the field of development can be assessed as very low, taking into consideration, that by the level of such awareness of 51%, almost 25% has only general information on the allocation of any funds for the region, charity and financial aid. And also considering that 22% of respondents received information from acquaintances and relatives, and only 2.9% had received information from representatives of Kumtor, it must be noted on the weak performance of the Project in the field of PR.

Awareness on the Fund activities is unsatisfactorily low. Procedures of management of the Fund means are not worked out, the Fund managing bodies accountability system is not stipulated. Awareness and satisfaction of the population on performance of the Fund is extremely low.

Awareness of the population on decision-making procedures is absent, such procedures are not regulated. Management of Fund means is entirely dependent on the Disposer, is not transparent and not accountable.

Community involvement in the decision making process is never applied in practice; there are no procedures for such participation.

The extent and quality of the media coverage of activities of the Fund is very limited and unsatisfactory.

## **IV.ANTI-CORRUPTION AWARENESS RAISING**

### **Methodology on Conducting Anti-Corruption Expertise of Legislative and Regulatory Acts, Manual**

Corruption is developing due to imperfection of the legislation base which consequence is that fact, that applied rules of law any more are not factors of stabilization and the society organization, namely, their deformed application promotes occurrence and corruption distribution. The legal settlements included in legal texts have a generally applicable binding character, meaning that their imperativeness and "legality". Hence, if the legal texts contain loopholes or the elements, allowing its inadequate application and the corresponding parties deal sometimes according to their personal perception and subjective interests.

First of all, it is important for all citizens who in the daily life, professional work, business and etc. are compelled to address in the state bodies or local governments. In all these situations they face the unfair officials openly or by indirection extorting bribes, creating unreasonable barriers in business on the "lawful" bases, so, bravely and impudently. In laws and legal acts are a lot of loopholes, allowing officials not to be afraid. These corruption loopholes create a favorable nutrient medium for high level of corruption in the country. In this connection a problem of clarification of the legislation from those positions of regulatory legal acts which facilitate a life of officials and give to corruption transactions visibility of legality which generate temptations to officials of possibility of illegal enrichment and extortion, is one of the major and priority problems. Any regulatory legal act can be source of corruption because of haste in preparation, and sometimes on intention of developers happens uncertain, superfluous and inconsistent.

In this connection TI Kyrgyzstan developed Methodology of carrying out of anticorruption examination on the basis of European Union standard and Russian methodology.

### ***Education***

Anti-corruption education is organized for special target groups: rural populations, legal students, public officials and others.

In 2012 TI Kyrgyzstan carried out special course of Anticorruption Policy in Diplomatic Academy for officials and in State Penitentiary Service training center for employees by OSCE supporting.

Also it was carried out several trainings and lectures at the State Universities for students of Departments of Law and Journalism.

### **Conferences**

General Prosecutor Office, UNDP and TI Kyrgyzstan carried out anticorruption round table dedicated to International Anticorruption Day. In the round table was discussed following spheres: Judiciary, Education and Health. In the round table took part officials, civil society and mass media. It was developed action plan for the next 2 years for implementation of State Strategy on anticorruption Policy.

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### PF Transparency International Kyrgyzstan

#### OPINION of independent auditor Audit-Price LLC

Auditing firm Audit-Price (license № 0015 GK from July 14, 2004, issued by the State Commission for Financial Reporting Standards and Audit under the Government of the Kyrgyz Republic) under contract № 14 dated November 02, 2012 conducted an audit, for compliance with the Project Agreement of Project № UDF-KYR-10-384 «Development Pacts: An accountability tool in the hands of local communities in Kyrgyzstan» first tranche \$84.990, under the contract between Transparency International Kyrgyzstan and UNDEF for the period from December 01, 2011 to November 01, 2012.

The management of the Project is responsible for expenditure of the Project funds. This responsibility includes creation, implementation and maintenance of the system of internal control over the expenditure of funds received.

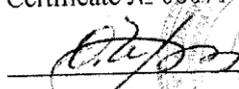
Our responsibility is to express an opinion on compliance of the management activities with the provisions of the Project Agreement, based on our audit. We conducted our audit in accordance with International Auditing Standards. These standards require us to comply with ethical requirements and plan and perform the audit to provide reasonable assurance that the expenditure of funds received was made in accordance with the provisions of the Project Agreement.

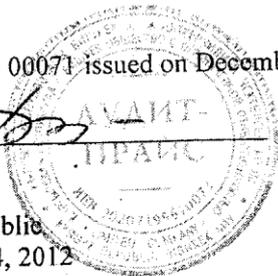
In our opinion, the requirements, stipulated by the Project Agreement, are met.

Received funds were used only for project purposes and were not used for other purposes. Expenditures incurred are supported by relevant documents and properly recorded.

#### Appendix 1

O. Chupreta,  
Director  
Certificate № 00071 issued on December 16, 2004

  
Bishkek  
Kyrgyz Republic  
November 14, 2012



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#### OPINION of independent auditor Audit-Price LLC

Auditing firm Audit-Price (license № 0015 GK from July 14, 2004, issued by the State Commission for Financial Reporting Standards and Audit under the Government of the Kyrgyz Republic) under contract № 019 dated July 09, 2013 conducted an audit, for compliance with the Project Agreement of Project № UDF-KYR-10-384 «Development Pacts: An accountability tool in the hands of local communities in Kyrgyzstan» second tranche \$ 74899.79 under the contract between Transparency International Kyrgyzstan and UNDEF for the period from November 01, 2012 to July 01, 2013.

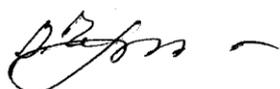
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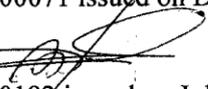
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In our opinion, the requirements, stipulated by the Project Agreement, are met.

Received funds were used only for project purposes and were not used for other purposes. Expenditures incurred are supported by relevant documents and properly recorded.

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O. Chupreta,   
Director  
Certificate № 00071 issued on December 16, 2004

M. Rozybaev   
Certificate № 0192 issued on July 05, 2013



Bishkek  
Kyrgyz Republic  
July 15, 2013