



**MILLENNIUM  
CHALLENGE  
CORPORATION**

REDUCING POVERTY THROUGH GROWTH

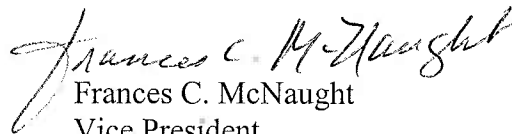
FRANCES C. McNAUGHT  
VICE PRESIDENT, CONGRESSIONAL AND PUBLIC AFFAIRS

We wish to provide a courtesy notification that the Millennium Challenge Corporation's Board of Directors approved Threshold Program assistance for Indonesia of up to \$58,850,000 in FY 2006 MCC program funds. Of this amount, up to \$55,000,000 will be available for the program and up to \$3,850,000 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 Indonesia'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

<b><u>Country:</u></b>	Indonesia
<b><u>Budget:</u></b>	\$55 million
<b><u>Fiscal Year Funding:</u></b>	2006
<b><u>Estimated Program Duration:</u></b>	2 years
<b><u>Indicator Focus:</u></b>	Investing in People: Immunization Rates Ruling Justly: Control of Corruption

### **Principal Objectives:**

The main objectives of the Indonesia Threshold Program are to increase immunization rates by implementing a national immunization strategy and building the capacity of health care providers and to support the Government of Indonesia's efforts to fight corruption through institutional reforms and capacity building.

### **Background:**

The Government of Indonesia has proposed a program to immunize at least 80 percent of children under the age of one for diphtheria, tetanus, and pertussis and 90 percent of them for measles. The program will expand the work of health care providers in hard-to-reach areas of the island nation where immunization rates are low.

Indonesia has also asked MCC assistance to implement an anti-corruption program to reduce opportunities for public corruption. These efforts will include implementation of administrative reforms and greater judicial transparency, increased enforcement capabilities to fight money laundering, prosecution of cases of public corruption, and reduction of opportunities for corruption through the modernization of public procurement systems.

### **Threshold Program Overview:**

With a two-year grant of \$55 million from MCC, Indonesia will carry out two initiatives: a national strategy to increase immunization rates and an effort to fight corruption through institutional reforms.

#### **Increase Immunization Rates - Build Capacity and Public Awareness**

- Provide technical and management training for health-care providers on epidemiology, immunization and surveillance, mid-level management, financial sustainability, integrated health planning, and budgeting.
- Improve monitoring of vaccines to measure vaccination coverage, ensure the availability of quality vaccine supplies, and monitor program results.
- Improve and expand polio surveillance systems for other vaccine-preventable diseases.

- Support activities to engage and motivate community leaders, nongovernmental organizations, and faith-based organizations to promote and advocate for strengthened routine immunization services.

## **Reduce Public Corruption**

### Reform the Judiciary

- Train judges on the newly adopted Judicial Code of Conduct.
- Train senior-level court personnel on wealth reporting and monitoring requirements.
- Develop job descriptions and performance standards for court personnel.
- Publish all Supreme Court decisions online and enhance the Supreme Court website.
- Implement public complaint procedures and distribute corresponding public awareness materials.
- Develop guidelines to publicly release disciplinary information concerning court personnel and the judiciary.
- Increase public access to court information.

### Improve the Capability of the Financial Transaction Reports and Analysis Center

- Enhance the “Know Your Customer” education and public awareness campaign by introducing it to non-bank financial institutions to detect and report suspicious transactions that may indicate money laundering activity.
- Increase the capacity of the Financial Transaction Reports and Analysis Center to receive and analyze online financial reports.
- Establish an online communications system between the Financial Transaction Reports and Analysis Center and law enforcement agencies to enhance their ability to share information.

### Improve the Capability of the Corruption Eradication Commission

- Provide equipment and training to improve the Corruption Eradication Commission’s technical capabilities to investigate and prosecute corruption cases.
- Expand collection of data for Transparency International’s Corruption Perception Index.

### Implement Electronic Government Procurement

- Establish five regional procurement centers linked electronically.
- Support the collection of baseline data from the five regional centers to reduce single-source procurements and to help identify suspicious and inappropriate procurement activity.

## **Highlights of Expected Results of the Indonesia Threshold Program:**

### **Immunization**

- For children under one year of age, increase diphtheria, tetanus, and pertussis immunization rates to 80 percent and measles immunization rates to 90 percent in all 222 districts and 90 percent of villages.

### **Anti-Corruption**

- Improve performance on Transparency International’s Corruption Perception Index and World Bank Institute’s Control of Corruption Indicator.
- Reduce money laundering through banks and undocumented extra payments or bribes connected with getting favorable judicial results.

- Reduce the pervasiveness of money laundering through banks and non-bank channels.
- Increase the number of high-level government officials prosecuted for corruption.
- Reduce undocumented extra payments, bribes or other favoritism connected with the awarding of public contracts.

**Implementing Partner:**

The U.S. Agency for International Development will lead the implementation of the program on behalf of MCC.