

## **“Millennium Challenge Corporation Threshold Program: Indonesia Control of Corruption Component”**

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Dr. Sarah Tisch made the basic presentation which covered the activities of the Control of Corruption Component of the MCC Threshold Program over the past year. She was joined by her U.S. government officials responsible for the program. colleagues during the question period. As indicated by the participants listed above, the program is a joint effort, combining the expertise of representatives from the MCC, USAID, and Chemonics International. The immediate purpose of the program is to improve the scores assigned to Indonesia by the World Bank and Transparency International which reflect the progress Indonesia has made in controlling corruption. Thus far the program has succeeded in improving the World Bank index from minus (-) 0.90 in 2004 to a minus (-) 0.25 in 2008 and the Transparency International index from 2.2/10.00 in 2005 to 3,8/10.00 in 2008.

Dr. Tisch identified four tasks which are being addressed by the program for improvement: Judicial Reform of the Supreme Court; Financial Intelligence,

(particularly relating to the curbing of money laundering): an enhancement of the capacity of the Anti-Corruption Commission (KPK); and the development of an electronic procurement system for the government.

In the area of Judicial Reform the program developed the following initiatives: code of conduct training; compliance in reporting personal wealth; establishment of personnel data bases; and the linking of bonus pay with performance. The program also seeks to facilitate budget reform within the court through training in use of Ministry of Finance an court asset management. The end product will be the publication of the court's budget, financial information on its web page and a full baseline inventory of court assets. Enhancement of transparency will be facilitated through the publication of court decisions in a timely manner on the court's web pages, timely responses by the court to public complaints, and improved dialogue between the court .

The program combats money laundering through capacity building of the PPATK, the Financial Intelligence Unit. A particular target is the operations of money changers. Through training, financial entities have developed an improved capability to detect illegal transactions by "knowing the customer".

The government's electronic procurement system features computerized processes and a decentralization of the procurement organization, which is now supported by five procurement centers located throughout the archipelago.

Dr Tisch finished her presentation by emphasizing that the program was essentially limited to capacity building of the pertinent organizations and was not directly involved in the implementation of the government's activities and programs.

### **Discussion**

**Q: Is the government procurement process a top down or bottom up system?**

**A:** A combination of both. The overall management of the system is the responsibility of Jakarta, but procurement proposals will originate at the 5 regional satellite procurement offices.

**Q: Does the training of the court officials include techniques for turning down gifts?**

**A:** Yes, and the training includes not only the officials but members of their family

**Q: Are there similar programs for the customs agency?**

**A:** Yes, the KPK plays a large role in that area and the Finance Minister has been pro-active in replacing corrupt officials.

**Q: Are assets of spouses included in the wealth reports?**

**A:** Yes, the requirements of the report are quite comprehensive.

**Q: How are the wealth reports verified?**

**A:** That is an implementing function and as such is the responsibility of the government.

**Q: What will happen at the end of the program (April 2009)**

**A:** The MCC board will meet to determine the progress of Indonesia has made in the threshold process