

## **Fact Sheet: Indonesia and the Millennium Challenge Corporation**

Through the work of the Millennium Challenge Corporation (MCC), the United States and Indonesia are forging a deep and abiding partnership to promote sustainable economic growth and reduce poverty. MCC and the Government of Indonesia have partnered since 2006 through a \$55 million Threshold Program focused on strengthening the judiciary, government procurement, and Indonesia's Anticorruption Commission as well as a nationwide immunization program for more than five million children. Given Indonesia's sound policy performance and the success of the Threshold Program, in December 2008 MCC's Board of Directors selected Indonesia as eligible for a Millennium Challenge Compact.

Recognizing that sustainable development is best achieved by fostering country ownership, good policies, and investment in people, the Millennium Challenge Corporation gives selected countries access to major grant financing of programs that reflect their own priorities for achieving economic growth and poverty reduction. These priorities are embodied in a Millennium Challenge Compact – a five-year investment program with clear objectives and measurable targets to assess progress. The Compact describes how the country will manage and implement its program, including how it will ensure financial accountability, transparency, and fair and open procurement. To date, MCC has signed 22 Compacts totaling nearly \$7.5 billion.

The President has requested an initial MCC economic development program that exceeds \$500 million over five years, but the final amount will depend on MCC's annual Congressional appropriation, the scope and potential poverty impact of Indonesia's project proposals, and competition for funding by other Compact-eligible countries. Working with civil society, the Government of Indonesia has hosted public consultations in eight provincial capitals and Jakarta, and solicited proposals from all interested stakeholders, including civil society organizations, the private sector, and local governments. The Government of Indonesia has also conducted an analysis that identified a number of constraints to economic growth in Indonesia, including infrastructure; good governance; access to markets and financial services for micro, small- and medium-scale enterprises; human resource development, and environmental sustainability.

From the proposals received to date, the Government of Indonesia and MCC are focusing on project development within three thematic areas: (1) green prosperity, (2) access to economic opportunities, and (3) governance. MCC will work in partnership with the Government of Indonesia to further develop project proposals, and provide assistance in the form of technical feasibility studies, economic cost-benefit assessments, analyses of institutional capacity and policy issues, and environmental and social assessments to assist with the development of the compact, which is expected to be signed in 2011.

Through this Compact, the United States and Indonesia will deepen their partnership and advance joint efforts to promote broad-based and sustainable economic growth.

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