

## The Challenge

Indonesia, the country with the largest Muslim majority in the world, can continue to be a model for the compatibility between a democratic political system and moderate Islamic thought and practice. Under President Susilo Bambang Yudhoyono's strong leadership, the Government of Indonesia is actively pursuing the fight against corruption, has become an even stronger partner of the United States in the global war on terrorism, and is working hard to provide a better future for its people. Indonesia is also on the front lines of the worldwide fight against avian influenza and HIV/AIDS and the re-emergence of the wild polio virus. The devastating impact of the tsunami disaster on Aceh province and the subsequent Aceh peace accord between the Government of Indonesia and the Free Aceh Movement, offer both monumental challenges and historic opportunities.

## Objectives, Sectors and Workforce

Mission Director: William Frej

MCA Status: Threshold Eligible

PEPFAR Focus Country: No

Provided or Received Services From Other Missions: Provided

### Program Budget (Appropriations by Objective)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07	2005 SO Performance Score	Direct SO Admin. Cost Ratio
497-007 Democracy Reform	22,105	0	0	0	N/A	N/A	N/A
497-008 Health, Population and Nutrition	24,800	0	0	0	N/A	N/A	N/A
497-009 Crisis Mitigation	7,000	0	0	0	N/A	N/A	N/A
497-010 Strengthening Local Government	14,215	0	0	0	N/A	N/A	N/A
497-011 Promoting Economic Growth	12,395	0	0	0	N/A	N/A	N/A
497-012 Natural Resource Management	13,701	0	0	0	N/A	N/A	N/A
497-013 Energy Sector Reform	1,000	0	0	0	N/A	N/A	N/A
497-018 Basic Education	21,000	26,500	31,916	30,000	42.9%	1.80	Exceeded
497-019 Basic Human Services	0	38,335	33,371	32,719	N/A	1.00	Met
497-020 Democratic and Decentralized Governance	0	41,500	36,350	40,000	N/A	1.87	Exceeded
497-021 Economic Growth	0	18,189	21,950	25,000	N/A	1.71	Exceeded
497-022 Healthy Ecosystems	0	10,113	6,942	6,512	N/A	1.00	Met
PL 480 Title II not Allocated to a Strategic Objective	4,115	12,928		24,000	483.2%		
<b>Country Total</b>	<b>120,331</b>	<b>147,565</b>	<b>130,529</b>	<b>158,231</b>	<b>31.5%</b>		

### Program Budget (Appropriations by Account)

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Child Survival and Health Programs Fund	33,000	37,100	28,017	27,507	-16.6%
Development Assistance	33,291	27,848	33,212	26,724	-19.7%
Development Credit Authority	220	1,209	0	0	N/A
Economic Support Fund	49,705	68,480	69,300	80,000	60.9%
PL 480 Title II	4,115	12,928	0	24,000	483.2%
<b>Total</b>	<b>120,331</b>	<b>147,565</b>	<b>130,529</b>	<b>158,231</b>	<b>31.5%</b>

### Program Budget by Sector and Account

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Basic Education	13,000	14,827	20,916	15,000	15.4%
ESF	10,000	10,000	11,000	15,000	50.0%
Agriculture and Environment	11,901	10,113	6,942	6,512	-45.3%
ESF	0	0	2,481	4,712	N/A
Higher Education & Training	0	1,673	0	0	N/A
Economic Growth	6,390	0	5,354	5,212	-18.4%
DCA	0	1,209	0	0	N/A
ESF	12,500	16,980	19,469	20,288	62.3%
Human Rights	0	398	1,400	386	N/A
Democracy and Governance	950	0	0	0	N/A
ESF	13,705	31,277	30,450	19,614	43.1%
Conflict Management / Humanitarian Assistance	1,050	1,235	0	0	N/A
ESF	13,500	9,825	4,500	20,000	48.1%
Family Planning / Reproductive Health	7,700	7,500	2,970	1,500	-80.5%
HIV / AIDS	9,000	9,400	7,920	8,316	-7.6%
Child Survival and Maternal Health	11,400	13,800	14,157	14,691	28.9%
DCA	220	0	0	0	N/A
Vulnerable Children	1,000	900	0	0	N/A
Other Infectious Diseases	3,900	5,500	2,970	3,000	-23.1%
PL 480 Title II not Allocated to a Sector	4,115	12,928		24,000	483.2%
<b>Total</b>	<b>120,331</b>	<b>147,565</b>	<b>130,529</b>	<b>158,231</b>	<b>31.5%</b>

**Workforce**

	FY 2004	FY 2005	FY 2006	FY 2007	Percent Change FY 04-07
US Direct Hires	20	28	28	28	40.0%
US Non Direct Hires	11	15	27	25	127.3%
Foreign Nationals	115	114	127	126	9.6%
<b>Total</b>	<b>146</b>	<b>157</b>	<b>182</b>	<b>179</b>	<b>22.6%</b>

**Operating Expense**

	FY 2004 (\$000)	FY 2005 (\$000)	FY 2006 (\$000)	FY 2007 (\$000)	Percent Change FY 04-07
Salaries and benefits	2,304	2,063	1,994	1,987	-13.8%
Travel	535	742	530	568	6.2%
Transportation of things	68	334	94	292	329.4%
Rent	874	1,037	959	882	0.9%
Security	170	185	132	147	-13.5%
Equipment	232	1,093	302	144	-37.9%
ICASS - Operating Expense only	560	675	721	768	37.1%
Other Operating Expense	1,064	1,611	828	765	-28.1%
<b>Total OE Budget</b>	<b>5,807</b>	<b>7,740</b>	<b>5,560</b>	<b>5,553</b>	<b>-4.4%</b>
US direct hire salary and benefits	2,953	2,902	3,142	3,481	17.9%
Program Funded Administrative Expenses				8,626	
<b>Country Total Administrative Budget</b>				17,660	
<b>Percent of Bureau OE Total</b>				#REF!	

**Mission Summary**

	FY 2004	FY 2005	FY 2006	FY 2007
Program per US Direct Hire (\$000)	6,017	5,270	4,662	5,651
Program per All US (\$000)	3,882	3,432	2,373	2,985
Program per Position (\$000)	824	940	717	884
Operating Expense as % of Program Funding				3.5%
Program Funded Admin Expense as % of Total Admin				48.8%
Total Admin Expense as % of Program Funding				11.2%

**Other Major Donors:**

Bilateral: The United States is the number one donor in Indonesia for grant assistance and the number two donor if one considers the totality of foreign assistance. The other major bilateral donors in Indonesia include Japan, Australia, the Netherlands, the United Kingdom, Germany, Canada, Sweden, Norway, Denmark, Finland, Belgium, and Ireland.

Multilateral: The major multilateral donors in Indonesia include the World Bank, the Asian Development Bank, and the European Commission.

## Indonesia PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Child Survival and Health Programs Fund	33,000	37,100	28,017	27,507
Development Assistance	33,291	27,848	33,212	26,724
Development Credit Authority	220	1,209	0	0
Economic Support Fund	49,705	68,480	69,300	80,000
PL 480 Title II	4,115	12,928	0	24,000
<b>Total Program Funds</b>	<b>120,331</b>	<b>147,565</b>	<b>130,529</b>	<b>158,231</b>

STRATEGIC OBJECTIVE SUMMARY				
497-007 Democracy Reform				
DA	1,800	0	0	0
ESF	20,305	0	0	0
497-008 Health, Population and Nutrition				
CSH	24,800	0	0	0
497-009 Crisis Mitigation				
CSH	2,200	0	0	0
DA	1,800	0	0	0
ESF	3,000	0	0	0
497-010 Strengthening Local Government				
DA	5,615	0	0	0
ESF	8,600	0	0	0
497-011 Promoting Economic Growth				
DA	5,595	0	0	0
ESF	6,800	0	0	0
497-012 Natural Resource Management				
CSH	6,000	0	0	0
DA	7,481	0	0	0
DCA	220	0	0	0
497-013 Energy Sector Reform				
ESF	1,000	0	0	0
497-018 Basic Education				
DA	11,000	16,500	20,916	15,000
ESF	10,000	10,000	11,000	15,000
497-019 Basic Human Services				
CSH	0	37,100	28,017	27,507
DA	0	1,235	5,354	5,212
497-020 Democratic and Decentralized Governance				
ESF	0	41,500	36,350	40,000
497-021 Economic Growth				
DCA	0	1,209	0	0
ESF	0	16,980	21,950	25,000
497-022 Healthy Ecosystems				
DA	0	10,113	6,942	6,512

Mission Director,  
William Frej

## Data Sheet

<b>USAID Mission:</b>	Indonesia
<b>Program Title:</b>	Basic Education
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	497-018
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$20,916,000 DA; \$11,000,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$15,000,000 DA; \$15,000,000 ESF
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** President Bush announced a significant U.S. Government commitment to improving Indonesian basic education in FY 2004. The USAID education program has three major goals: help local governments and communities more effectively manage education services; enhance the quality of teaching and learning in the classroom to improve student performance in public and private schools; and provide youth with relevant work and life skills to compete for better jobs.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Achieve Equitable Access to Quality Basic Education (\$20,916,000 DA; \$7,000,000 ESF). To strengthen the management and governance of education, USAID is working directly with local governments, communities, and schools struggling to assume new responsibilities for education service delivery in a decentralized Indonesia. Through technical assistance and training, USAID is providing skills for accountable and transparent planning, budgeting, and management of education services; increasing parental participation; and fostering quality-oriented school and community relations.

To improve the quality of teaching and learning, USAID is providing in-service teacher training in partnership with local teacher training universities, upgraded teaching and learning materials emphasizing active learning methodologies, and professional development opportunities. Training and materials are being provided to teachers of grades one to nine (Indonesia's definition of basic education) in order for them to master key subjects such as math, science, and basic literacy. Activities are resulting in improved teaching of the competency-based national curriculum as well as better student and school performance. To improve early childhood education, USAID is funding the development and production of an Indonesian version of Sesame Street. USAID will fund a new program to improve education quality for visually-disabled children and promote inclusion in schools. In addition, USAID will initiate a new program to establish a partnership between the University of Kentucky and three Indonesian universities.

To assist junior high youth who are out of school or at risk of dropping out, USAID is strengthening formal and non-formal education opportunities to enable youth to gain more relevant life and work skills, including instruction in computers, English, and civics. As a result, these vulnerable youth will be able to better compete for jobs in the future and contribute to Indonesia's long-term development.

The USAID education program currently works in forty-six districts in Java, North Sumatra, and South Sulawesi with 23,900 education administrators and teachers directly serving 301,500 students in 990 public and private schools. In FY 2006, USAID will expand the education program to improve the quality of education in post-tsunami and post-conflict Aceh.

Principal Implementers: Research Triangle Institute, Education Development Center, Save the Children-U.S., Sesame Workshop, Helen Keller International, Academy for Educational Development, The Asia Foundation, International Relief and Development, University of Massachusetts, Florida State University, University of Pittsburgh, and University of Kentucky.

Transfer to U.S. State Department Programs (\$4,000,000 ESF). Funds will be transferred to the State

Department for education activities, such as scholarships and exchanges, higher education partnerships with U.S. universities, book translation/distribution, and English training for teachers.

**FY 2007 Program:**

Achieve Equitable Access to Quality Basic Education (\$15,000,000 DA; \$11,000,000 ESF). USAID will continue providing technical assistance and training to improve skills for accountable and transparent planning, budgeting, and management of education services, increased parental participation, and effective community-school relations. In-service teacher training will expand with an ongoing emphasis on active learning methodologies. Training and materials will continue to be provided to grade one to nine teachers, as well as to kindergarten teachers. The first season of Sesame Street programming will be broadcast. USAID will continue to strengthen formal and non-formal education opportunities to enable youth to develop relevant and practical life and work skills for their future, including instruction in English, computers, and civics. Activities to improve education quality for visually-disabled children and promote inclusion in schools and the partnership between the University of Kentucky and three Indonesian universities will continue.

In FY 2007, the USAID program will expand to 72 districts, including in Aceh, to work with 32,400 education administrators and teachers directly serving 457,500 students in 1,675 public and private schools.

Through at least two public-private alliances in FY 2006 and FY 2007, USAID will mobilize private sector resources for education to expand the impact of the USAID program in both target provinces as well as more isolated and underserved areas of Indonesia. Information technology tools, such as wireless connectivity, will be applied to enhance impact throughout the education program. Dissemination of sustainable models and best practices will continue, building the foundation for program sustainability.

Principal Implementers: Research Triangle Institute, Education Development Center, Save the Children-U.S., Sesame Workshop, Helen Keller International, Academy for Educational Development, The Asia Foundation, International Relief and Development, University of Massachusetts, Florida State University, University of Pittsburgh, and University of Kentucky.

Transfer to U.S. State Department Programs (\$4,000,000 ESF). Funds will be transferred to the State Department for additional education activities.

**Performance and Results:** Training and technical assistance through USAID's pilot basic education project, Managing Basic Education (MBE), has tangibly improved education management, classroom teaching practices, and student achievement. Students are more actively engaged in the learning process, working together and using problem solving skills rather than rote learning. Parents are satisfied with their increased involvement in schools, while teachers, now feeling more accountable to parents, are preparing better lesson plans and improving the classroom environment. Student achievement from 2004 to 2005 in MBE schools improved significantly in key subjects: grade 4 reading (18%), grade 5 science (14%), grade 4 math (7%), and grade 1 reading (5%). In one sub-district, four MBE-supported schools at the bottom of the 2003 rankings for overall 6th grade achievement, now rank in the top five (of 48 schools). MBE districts have developed progressive education plans that better target resources for school operations and teacher deployment. Nine MBE districts are using a needs-based funding approach to make education budgeting more rational and transparent. School budgets, developed with community participation, are now displayed publicly to promote transparency and accountability. Other districts, using their own resources, have adopted MBE best practices benefiting an additional 2,100 schools and 650,000 students. MBE best practices will be further expanded through education activities to be implemented in FY 2006 and FY 2007.

## US Financing in Thousands of Dollars

Indonesia

	DA	ESF
497-018 Basic Education		
<b>Through September 30, 2004</b>		
Obligations	12,800	6,000
Expenditures	0	0
Unliquidated	12,800	6,000
<b>Fiscal Year 2005</b>		
Obligations	16,500	6,000
Expenditures	1,721	1,036
<b>Through September 30, 2005</b>		
Obligations	29,300	12,000
Expenditures	1,721	1,036
Unliquidated	27,579	10,964
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	20,916	11,000
<b>Total Planned Fiscal Year 2006</b>		
Obligations	20,916	11,000
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	15,000	15,000
Future Obligations	50,689	13,000
Est. Total Cost	115,905	51,000

## Data Sheet

<b>USAID Mission:</b>	Indonesia
<b>Program Title:</b>	Basic Human Services
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	497-019
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$28,017,000 CSH; \$5,354,000 DA
<b>Prior Year Unobligated:</b>	\$220,000 DCA
<b>Proposed FY 2007 Obligation:</b>	\$27,507,000 CSH; \$5,212,000 DA
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** The Basic Human Services program focuses on the interdependence of human health and the environment. The program will increase access and utilization of key health and environmental services at the district level. Activities include: health and hygiene for vulnerable women and children; better nutrition; access to safe water and sanitation; sustainable management of natural resources and biodiversity conservation; family planning and reproductive health systems; infectious disease reduction, including tuberculosis (TB); HIV/AIDS prevention among at-risk populations; and polio and avian influenza (AI) surveillance and other prevention/eradication efforts. All family planning assistance agreements incorporate clauses that implement the President's directive restoring the Mexico City policy.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Improve Access to Clean Water and Sanitation (\$1,980,000 CSH; \$4,364,000 DA). USAID is providing technical assistance to water and sanitation utilities and partnering with the private sector to provide home chlorination technology to increase access to safe water for low-income families. A total of \$1 million will be transferred to Development Credit Authority (DCA) for a guarantee for water utilities to expand service delivery to a greater numbers of poor people. Principal Implementers: Development Alternatives Inc. (DAI), Johns Hopkins University (JHU), and CARE International.

Improve Child Survival Health and Nutrition (\$4,257,000 CSH). USAID is providing technical assistance and training to service providers and community members to reduce diarrheal diseases, increase skilled personnel at birth, and increase the modern contraceptive rate. Principal Implementers: JHU and John Snow International (JSI).

Improve Maternal Health and Nutrition (\$3,465,000 CSH; \$220,000 CSH Prior Year Unobligated). USAID is providing technical assistance to health care providers to reduce maternal, neonatal, and child mortality and morbidity. Funds are supporting a DCA guarantee to expand financial loans to midwives to increase access and quality of maternal and newborn health services. Principal Implementer: JSI.

Prevent and Control Infectious Diseases of Major Importance (\$5,445,000 CSH). USAID is providing technical assistance and training to expand malaria prevention in eastern Indonesia, supporting and expanding the Direct Observed Treatment Short-course for TB in nine priority provinces, and supporting polio surveillance and vaccination. The program is also supporting AI prevention by expanding surveillance and funding a communications campaign to increase public awareness of how AI is transmitted. Principal Implementers: Academy for Educational Development (AED), World Health Organization, JSI, and Royal Netherlands Tuberculosis.

Protect and Increase Food Security of Vulnerable Populations (\$990,000 DA; \$1,980,000 CSH). USAID is providing training to service providers and community members to complement the P.L. 480 Title II resources to support maternal-child feeding and food-for-work activities. Principal Implementers: CARE International, Mercy Corps International (MCI), Save the Children, and World Vision.

Reduce Transmission and Impact of HIV/AIDS (\$7,920,000 CSH). Through technical assistance to the

Government of Indonesia and local non-governmental organizations, USAID is scaling up HIV/AIDS prevention, care, and support interventions in high-risk populations and increasing HIV/AIDS prevention efforts in seven provinces. Principal Implementers: Family Health International (FHI) and Project Concern International (PCI).

Support Family Planning (\$2,970,000 CSH). USAID is providing technical assistance to the Ministry of Health at the central and district level to ensure quality family planning services in order to improve mother and child health. Principal Implementer: JSI.

**FY 2007 Program:**

Improve Access to Clean Water and Sanitation (\$2,000,000 CSH; \$4,212,000 DA). USAID will expand technical assistance and training to 30 local governments and continue to promote integration of health, water, and sanitation activities. Principal Implementers: DAI, JHU, and CARE International.

Improve Child Survival, Health and Nutrition (\$4,191,000 CSH). USAID will expand assistance from 13 to a total of 30 districts. Principal Implementers: JSI and JHU.

Improve Maternal Health and Nutrition (\$4,000,000 CSH). Through the continued use of technical assistance and training to health care providers, USAID will scale up an integrated package of interventions within each project site to expand results. Principal Implementer: JSI.

Prevent and Control Infectious Diseases of Major Importance (\$5,500,000 CSH). USAID will continue to support avian influenza control, malaria control, TB diagnosis, and polio eradication activities. Principal Implementer: AED, WHO, JSI, and Royal Netherlands Tuberculosis.

Protect and Increase Food Security of Vulnerable Populations (\$2,000,000 CSH; \$1,000,000 DA). USAID will expand technical assistance and training to 30 local governments and promote integration of health, water, and sanitation activities. Principal Implementers: Save the Children, World Vision, CARE International, and MCI.

Reduce Transmission and Impact of HIV/AIDS (\$8,316,000 CSH). USAID will continue to provide targeted technical assistance and training to health workers and community members to reduce high-risk behavior, expand quality services, and improve surveillance activities. Principal Implementers: FHI and PCI.

Support Family Planning (\$1,500,000 CSH). USAID will integrate quality reproductive health services at district level sites and ensure availability of contraceptives especially for the poor and most vulnerable. Principal Implementer: JSI.

**Performance and Results:** A total of 56,400 people in previously unserved areas received access to clean water, and 15,275 people in previously unserved areas received access to sanitation services. USAID's HIV/AIDS program reached over 1,300,000 people last year. These results have led to an increase in condom use, reductions in sexual partners (faithfulness), and increased use of clinic services. The national TB Case Detection Rate increased from 52% in 2004 to 60% in 2005; over 4,000 medical professionals have been trained to better diagnose and treat TB. Advocacy initiatives included eight water for life and handwashing outreach campaigns resulting in over 114 media stories, as well as the establishment of eight multistakeholder water forums which mobilized local governments, community organizations, and the private sector to advocate for higher quality services. Ninety-eight thousand vulnerable people received non-emergency Title II food assistance in four provinces. Over \$38 million in government, donor, and private resources was leveraged to advance program objectives in HIV/AIDS prevention, water and sanitation services delivery, and watershed rehabilitation.



## US Financing in Thousands of Dollars

Indonesia

497-019 Basic Human Services	CSH	DA	DCA
<b>Through September 30, 2004</b>			
Obligations	25,318	8,226	0
Expenditures	16,568	3,248	0
Unliquidated	8,750	4,978	0
<b>Fiscal Year 2005</b>			
Obligations	37,100	6,461	0
Expenditures	3,767	746	0
<b>Through September 30, 2005</b>			
Obligations	62,418	14,687	0
Expenditures	20,335	3,994	0
Unliquidated	42,083	10,693	0
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	220
<b>Planned Fiscal Year 2006 NOA</b>			
Obligations	28,017	5,354	0
<b>Total Planned Fiscal Year 2006</b>			
Obligations	28,017	5,354	220
<b>Proposed Fiscal Year 2007 NOA</b>			
Obligations	27,507	5,212	0
Future Obligations	34,099	5,031	0
Est. Total Cost	152,041	30,284	220

## Data Sheet

<b>USAID Mission:</b>	Indonesia
<b>Program Title:</b>	Democratic and Decentralized Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	497-020
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$36,350,000 ESF
<b>Prior Year Unobligated:</b>	\$9,175,000 ESF
<b>Proposed FY 2007 Obligation:</b>	\$40,000,000 ESF
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** USAID's Democracy and Decentralized Governance program supports activities for a stable, moderate, and democratic Indonesia. USAID provides training and technical assistance to strengthen municipal governance and select national government institutions; promote opportunities for citizen engagement with locally and nationally elected officials; reinforce a democratic legal framework through legislative drafting aid; and advance pluralism, gender equity, and the peaceful resolution of conflict.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Mitigate Conflict and Support Peace (\$3,500,000 ESF; \$4,000,000 ESF Prior Year Unobligated). USAID is providing technical assistance and training to government officials, the Free Aceh Movement, and civil society groups contributing to the advancement of the Aceh peace process, the mitigation of conflict in other communities at risk, and increased civilian oversight of the military. Principal Implementers: Development Associates, Inc. (DAI).

Reduce Trafficking In Persons (\$1,422,333 ESF; \$175,000 ESF Prior Year Unobligated). USAID estimates that 1,262 government officials and members of civil society will benefit from technical assistance and training that is raising awareness of the Trafficking In Persons issue in Indonesia. USAID's assistance is also aiding victims of trafficking in their efforts to reintegrate into society and pass the draft law on anti-trafficking that will protect victims and allow police and prosecutors to prosecute criminal traffickers. Principal Implementers: The Asia Foundation (TAF), American Center for International Labor Solidarity (ACILS), and International Catholic Migration Commission (ICMC).

Strengthen Civil Society (\$3,467,981 ESF). USAID is providing technical assistance and training that will broaden civic education courses at Islamic schools, universities, and education centers; strengthen the capacity of the media and advocacy institutions to serve as vehicles for promoting democratization; and increase public information and advocacy for human rights, gender equality, and democratization. Principal Implementers: TAF, Internews, and ICMC.

Strengthen the Justice Sector (\$5,233,333 ESF). USAID is providing technical assistance and training to 1,000 judges and staff members at the Supreme Court, the Constitutional Court, the Anti-Corruption Commission, and the Attorney General's Office. This assistance is supporting their efforts to reduce corruption and increase the public's confidence in these institutions. Principal Implementers: Research Triangle Institute (RTI), TAF, and others To Be Determined (TBD).

Strengthen the Legislative Function/Legal Framework (\$7,093,020 ESF). USAID is providing technical assistance and training that strengthens the legislative and legal drafting skills of Parliamentarians. This program also provides institutional assistance to the National Parliament and select provincial and local legislative bodies, benefiting 1,000 Members of Parliament and legislative staff. Principal Implementers: National Democratic Institute (NDI), International Foundation for Election Systems (IFES), International Republican Institute (IRI), TAF, and RTI.

Support Democratic Local Government and Decentralization (\$14,633,333 ESF). USAID is providing

technical assistance and training to municipal officials and council members in planning and priority use of municipal resources, citizen outreach, local service delivery, and civil service reform in an additional 30 municipalities for a total of 60. Principal Implementer: RTI.

Support Populations at Risk (\$1,000,000 ESF; \$5,000,000 ESF Prior Year Unobligated). USAID is providing technical assistance and training to government officials and civil society groups contributing to the reintegration of those affected by the Aceh conflict and other conflicts. This assistance also includes implementation of community based recovery projects, allowing for the return and reintegration of those affected by the Tsunami and conflict. Principal Implementers: DAI and International Organization for Migration.

**FY 2007 Program:**

Mitigate Conflict and Support Peace (\$20,000,000 ESF). USAID will provide technical assistance to government officials and civil society groups contributing to the advancement of the Aceh peace process, the mitigation of conflict in other communities at risk, and increased civilian oversight of the military. Principal Implementers: TBD.

Reduce Trafficking In Persons (\$386,000 ESF). USAID will provide technical assistance to the Ministry of Women's Empowerment, civil society, and religious organizations in their efforts to raise awareness and aid victims of trafficking. Principal Implementers: TAF, ACILS, and ICMC.

Strengthen Civil Society (\$3,700,000 ESF). USAID will provide civic education training through moderate Muslim organizations and the media to promote civic dialogue on pluralism and tolerance. Principal Implementers: TAF and others TBD.

Strengthen the Justice Sector (\$1,975,000 ESF). USAID will provide institutional assistance to the Supreme Court, the Constitutional Court and the Attorney General's Office benefiting 500 judges, lawyers, and staff members. Principal Implementers: RTI and others TBD.

Strengthen the Legislative Function/Legal Framework (\$3,464,000 ESF). USAID will provide technical assistance that strengthens the legislative and legal drafting skills of Parliamentarians as well as provide institutional assistance to the National Parliament and select provincial and local legislative bodies. This assistance will benefit approximately 1,000 Members of Parliament and legislative staff. Principal Implementers: NDI, IFES, IRI, TAF, and RTI.

Support Democratic Local Government and Decentralization (\$10,475,000 ESF). USAID will continue to provide technical assistance and training to municipal officials and council members in additional districts throughout Indonesia. Principal Implementer: RTI.

**Performance and Results:** In light of the historic Aceh peace accord, USAID supported public information campaigns on the peace agreement and provided swift technical assistance to the Government of Indonesia and the Free Aceh Movement on implementing the peace. As a result of USAID's efforts with local governments and civil society organizations, corrupt officials are being prosecuted or voted out of office. Over 2,300 municipal leaders received USAID training in improved service delivery and transparent management of community assets. In the judicial sector, the Supreme Court, with USAID assistance, has taken important steps. For the first time, the Court has opened its case records to public scrutiny and is allowing input into the judicial selection process. The Attorney General's Office issued its "Roadmap" for reform to address transparency, accountability, and public confidence concerns. This Roadmap was seen as a bold step towards reform for an institution traditionally regarded as highly corrupt. The National Parliament, in an unprecedented step, began drafting and submitting legislation to the Executive Branch rather than the reverse procedure as is the practice in Indonesia.

## US Financing in Thousands of Dollars

Indonesia

497-020 Democratic and Decentralized Governance	CSH	DA	ESF
<b>Through September 30, 2004</b>			
Obligations	2,000	0	0
Expenditures	0	0	0
Unliquidated	2,000	0	0
<b>Fiscal Year 2005</b>			
Obligations	0	0	33,723
Expenditures	1,016	0	473
<b>Through September 30, 2005</b>			
Obligations	2,000	0	33,723
Expenditures	1,016	0	473
Unliquidated	984	0	33,250
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	9,175
<b>Planned Fiscal Year 2006 NOA</b>			
Obligations	0	0	36,350
<b>Total Planned Fiscal Year 2006</b>			
Obligations	0	0	45,525
<b>Proposed Fiscal Year 2007 NOA</b>			
Obligations	0	0	40,000
Future Obligations	0	281	69,507
Est. Total Cost	2,000	281	188,755

## Data Sheet

<b>USAID Mission:</b>	Indonesia
<b>Program Title:</b>	Economic Growth
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	497-021
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$21,950,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$25,000,000 ESF
<b>Year of Initial Obligation:</b>	2005
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** USAID's Economic Growth program promotes growth, trade, investment, and jobs by supporting financial sector stability, strengthening executive and judicial branch institutions, and improving the investment and business climates. The program supports U.S. foreign policy and economic interests and the Government of Indonesia's (GOI) economic agenda.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Improve Economic Policy and the Business Environment (\$5,081,250 ESF). USAID is providing technical assistance to the Ministry of Finance to support financial sector stability, sound debt management, and effective fiscal planning. USAID is providing training and information technology (IT) equipment to government agencies engaged in the detection and prosecution of corruption and financial crimes. While the principal counterpart is the GOI's Financial Intelligence Unit, USAID works with all major anti-corruption agencies. USAID is providing technical assistance, training, caseload management advice, and IT assistance to the Commercial and Anti-Corruption Courts. USAID is also providing technical and advisory assistance to the Ministry of Finance to enhance the effectiveness of its Directorate General offices. Principal Implementers: Booz, Allen, and Hamilton and Chemonics.

Improve Private Sector Competitiveness (\$5,656,250 ESF). USAID is delivering technical and commodity assistance to establish a half-dozen one-stop service centers to streamline business registration. The one-stop service center can reduce new business registration costs and time by two-thirds. USAID is training local and regional officials in regulatory impact assessment to curb fast-multiplying local taxes and fees that deter domestic trade and business. The program is also working with the GOI to forge a national "Competitiveness Strategy" and provide high-caliber financial, production, and marketing advisors to firms in key sector clusters. Sector clusters may include furniture, information and communications technology, transportation parts, or other possible choices based on a public-private dialogue. The program is improving the ability of firms to compete in global markets by strengthening operations and management and promoting market access. Principal Implementers: The Asia Foundation (TAF) and Development Alternatives, Inc. (DAI).

Increase Agricultural Sector Productivity (\$2,481,250 ESF). USAID is delivering production, processing, and marketing technical assistance to farmers, wholesalers, retailers, and exporters of high value tropical crops in order to drive revenues, trade, and household (farmer/producer) incomes higher. Principal Implementers: To Be Determined (TBD).

Increase Trade and Investment (\$4,231,250 ESF). USAID is providing technical assistance in policy, legal, and data analysis, coupled with training and commodity support to the Ministry of Trade and to other interested Ministries in order to build trade-related analysis capacity. This assistance is improving implementation of World Trade Organization, Association of Southeast Asian Nations, multilateral, and bilateral trade agreements. Principal Implementer: Chemonics.

Strengthen the Financial Services Sector and Increase Access to Capital (\$4,500,000 ESF). USAID is continuing to train Deposit Insurance Agency staff to manage future bank resolutions and the deposit

insurance fund. USAID is supporting specialized training and capacity building in selected institutions to strengthen the financial sector. Using the Development Credit Authority (DCA), USAID is continuing the implementation of a micro and small enterprise credit facility that will disburse up to \$16 million in loans. Principal Implementers: Bearing Point and Financial Sector Volunteer Corps.

**FY 2007 Program:**

Improve Economic Policy and the Business Environment (\$7,896,373 ESF). USAID will provide technical assistance to the Ministry of Finance to support financial sector stability, sound debt management, and effective fiscal planning. Technical support for the GOI's Financial Intelligence Unit and other key agencies combating corruption and financial crime will continue. USAID will provide training and technical assistance on such topics as improved investigative/prosecutorial procedures and minor support for information technology. USAID will provide technical assistance to the Ministry of Finance to enhance the effectiveness of its Directorate General offices. USAID will continue providing technical assistance and capacity building to the commercial and anti-corruption courts. Principal Implementers: Booz, Allen, and Hamilton and Chemonics.

Improve Private Sector Competitiveness (\$5,816,608 ESF). USAID will provide technical assistance, training, marketing expertise, and other activities for the public and private sectors. Six additional one-stop service centers will be created to improve business registration. New enterprise or agricultural sector clusters will target improved operations, management, and market access. Principal Implementers: TAF and DAI.

Increase Agricultural Sector Productivity (\$4,712,000 ESF). USAID will refine production-related technical assistance and expand export marketing of high-value tropical crops (e.g. coffee, cocoa, and vanilla). Technical and policy assistance will be introduced to strengthen the value chain for horticultural crop production for sale to large domestic consumers. Principal Implementers: TBD.

Increase Trade and Investment (\$4,363,019 ESF). USAID will continue to support trade capacity building through ongoing technical and commodity assistance. GOI ministries and agencies will be trained. Principal Implementer: Chemonics.

Strengthen the Financial Services Sector and Increase Access to Capital (\$2,212,000 ESF). USAID will expand and enhance credit markets, including possible development of new DCA guarantee facilities. USAID will support specialized training and capacity building in selected institutions to strengthen the financial sector. Principal Implementers: Bearing Point and Financial Sector Volunteer Corps.

**Performance and Results:** Indonesia's economy grew 5.7% in 2005 due to increased investment. Non-oil exports rose to 25% of Gross Domestic Product. Fuel prices were increased 126% on October 1, arresting the fiscal instability caused by costly subsidies. USAID technical assistance on the importance of fuel subsidy reductions contributed to the energy policy dialogue. With USAID anti-financial crime assistance and GOI and other donor collaboration, Indonesia was removed from the international money-laundering blacklist in February 2005. Banks and non-bank financial institutions filed an increasing number of currency and suspicious transaction reports, surpassing expectations. Prosecutions and convictions also increased. In July, the first money laundering conviction was handed down with an eight-year jail sentence. In September 2005, the Deposit Insurance Agency came into being with USAID support, and as a result, international rating agencies increased Indonesia's sovereign debt rating to BB-, reducing the cost of borrowing. USAID established 15 one-stop service centers for improved business registration, slashing time to register a business from 32 days to 13 and cutting costs by two-thirds.

## US Financing in Thousands of Dollars

Indonesia

497-021 Economic Growth	DA	DCA	ESF
<b>Through September 30, 2004</b>			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
<b>Fiscal Year 2005</b>			
Obligations	0	1,209	15,980
Expenditures	0	0	652
<b>Through September 30, 2005</b>			
Obligations	0	1,209	15,980
Expenditures	0	0	652
Unliquidated	0	1,209	15,328
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	0
<b>Planned Fiscal Year 2006 NOA</b>			
Obligations	0	0	21,950
<b>Total Planned Fiscal Year 2006</b>			
Obligations	0	0	21,950
<b>Proposed Fiscal Year 2007 NOA</b>			
Obligations	0	0	25,000
Future Obligations	1,100	0	14,320
Est. Total Cost	1,100	1,209	77,250

## Data Sheet

<b>USAID Mission:</b>	Indonesia
<b>Program Title:</b>	Healthy Ecosystems
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	497-022
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$6,942,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$6,512,000 DA
<b>Year of Initial Obligation:</b>	2005
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** USAID supports the critical linkages between maintaining healthy ecosystems and the provision of key basic human services, such as clean water, food security, and income. USAID focuses its interventions on protecting areas of high biodiversity conservation value and will specifically target the protection and rehabilitation of critical ecological processes and functions. Watershed management and biodiversity conservation activities are closely integrated with the Basic Human Services Program. USAID seeks to stabilize and improve the supply of water to urban and peri-urban population centers through the promotion of sustainable land use practices. This program also includes activities targeting the protection of critical orangutan habitats.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$6,942,000 DA). USAID is providing technical assistance to local governments and relevant agencies such as the Ministries of Forestry, Planning, and Environment in order to strengthen their ability to develop and implement watershed management. Technical assistance is being provided to communities to promote agro-forestry in areas where watersheds are badly degraded due to deforestation. Technical assistance is also supporting resolution of community land tenure and access conflicts that provide disincentives for community-level reforestation and agro-forestry investments. Principal Implementer: Development Alternatives, Inc. (DAI).

USAID is providing technical assistance for forest conservation practices and training in capacity building to develop community nurseries in support of agro-forestry. USAID takes into account the underlying issues contributing to loss of habitat and poaching, such as food insecurity and lack of alternative income. Recognizing that most activities to date have targeted orangutan habitat areas in Kalimantan, USAID is placing particular emphasis on identifying new areas in Sumatra, including Aceh province, where conservation efforts could positively impact the survival of viable populations of wild Sumatran orangutans. Principal Implementers: The Nature Conservancy, World Education, Orangutan Foundation International, Conservation International, and The International Center for Research on Agro-Forestry.

USAID is continuing to provide technical assistance to the private sector to promote systems for certifying the legality of timber and wood products from Kalimantan, Sumatra, and Java. Principal Implementers: The Nature Conservancy and World Wildlife Foundation.

#### **FY 2007 Program:**

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$6,512,000 DA). USAID will continue providing technical assistance and training to local governments, relevant agencies, and communities to strengthen their ability to develop and implement watershed management. The project will expand its watershed management activities to protected areas in 30 watersheds in the provinces of Sumatra, Java, and Kalimantan. Principal Implementer: DAI.

USAID will continue to provide technical assistance and training to local communities to conserve orangutan habitats through implementation of multi-stakeholder management plans. Underlying issues



contributing to the loss of orangutans will continue to be addressed, such as food insecurity and lack of alternative income. The program will also address new issues related to poaching, regional trafficking, and land use policy.

**Performance and Results:** USAID's two programs under the Presidential Initiative Against Illegal Logging promoted forest certification, legality verification, and combating illegal logging. The programs improved the quality of forest management and deepened impact in areas comprising 970,000 hectares. In these areas, USAID has successfully influenced two giant pulp and paper companies to delineate High Conservation Value Forests in their concessions in Riau, resulting in over 150,000 hectares of forests being protected rather than cleared or exploited.

USAID continued its efforts to protect endangered orangutans and their habitat through community and local government participation. USAID has been working in East Kalimantan covering approximately 350,000 hectares cumulatively over FY 2004 and FY 2005. Progress included: signing an agreement with a concessionaire through the Tropical Forest Trust for timber certification harvested from sustainably managed forest; signing a memorandum of understanding between a concessionaire with local communities on a community designated conservation area covering 4,000 hectares not to be logged; and assisting two multi-stakeholder management councils to start planning two new protected areas. USAID also facilitated short courses for district officials in land use and conservation planning, conflict resolution methods, and the use of Geographic Information Systems. In forest dependent villages, USAID provided direct benefits to six communities through a health and clean water program, created alternative livelihoods by establishing a rattan cooperative, and carried out village mapping and community land use planning to identify culturally or ecologically important areas to be conserved. In return, these communities have signed Community Conservation Agreements that commit them to keep their village areas free of illegal logging and to not hunt orangutans in approximately 120,000 hectares. World Education continued efforts to reduce pressure on globally significant orangutan populations in Tanjung Puting National Park by protecting their habitat. They did this through an integrated conservation and development approach focusing on community livelihood development, especially agriculture. In the park, the quality of the guard posts has improved and the number of patrol systems has increased their number from 12 in FY 2004 to 16 in FY 2005.

In FY 2005, the first year of implementation, USAID leveraged \$42,000 of Ministry of Forestry funds to support eight multi-stakeholder watershed planning and management forums which mobilized local governments, community organizations, and the private sector to advocate for forest conservation and higher quality services.

## US Financing in Thousands of Dollars

Indonesia

497-022 Healthy Ecosystems	DA
<b>Through September 30, 2004</b>	
Obligations	0
Expenditures	0
Unliquidated	0
<b>Fiscal Year 2005</b>	
Obligations	7,500
Expenditures	0
<b>Through September 30, 2005</b>	
Obligations	7,500
Expenditures	0
Unliquidated	7,500
<b>Prior Year Unobligated Funds</b>	
Obligations	0
<b>Planned Fiscal Year 2006 NOA</b>	
Obligations	6,942
<b>Total Planned Fiscal Year 2006</b>	
Obligations	6,942
<b>Proposed Fiscal Year 2007 NOA</b>	
Obligations	6,512
Future Obligations	26,247
Est. Total Cost	47,201