

Data Sheet

USAID Mission:	Indonesia
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	497-021
Status:	Continuing
Planned FY 2006 Obligation:	\$21,950,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2007 Obligation:	\$25,000,000 ESF
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	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
Through September 30, 2004			
Obligations	0	0	0
Expenditures	0	0	0
Unliquidated	0	0	0
Fiscal Year 2005			
Obligations	0	1,209	15,980
Expenditures	0	0	652
Through September 30, 2005			
Obligations	0	1,209	15,980
Expenditures	0	0	652
Unliquidated	0	1,209	15,328
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2006 NOA			
Obligations	0	0	21,950
Total Planned Fiscal Year 2006			
Obligations	0	0	21,950
Proposed Fiscal Year 2007 NOA			
Obligations	0	0	25,000
Future Obligations	1,100	0	14,320
Est. Total Cost	1,100	1,209	77,250