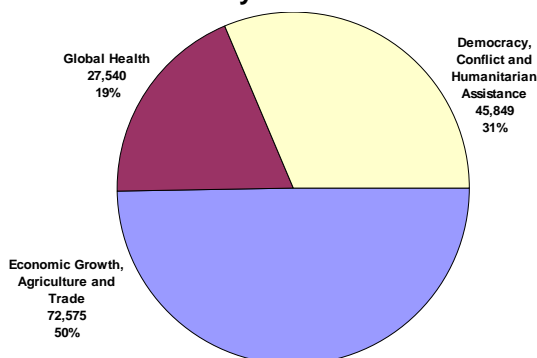
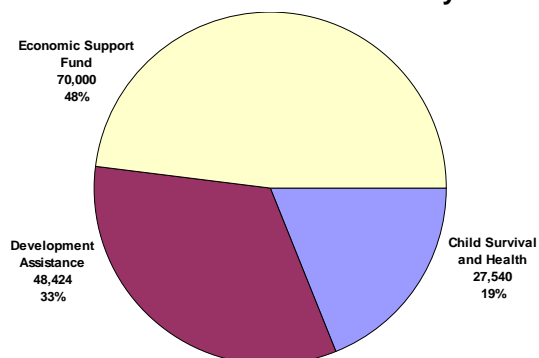


Indonesia

FY 2006 Assistance by Sector



FY 2006 Assistance by Account



Objectives and Budget

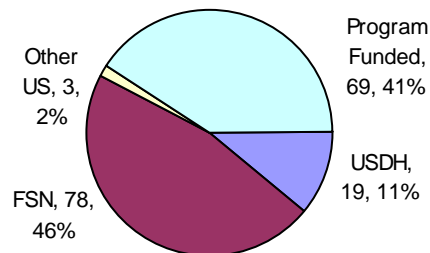
Objective	SO Number	FY 2004	FY 2005	FY 2006
Democracy Reform	497-007	22,105		
Health, Population and Nutrition	497-008	24,800		
Crisis Mitigation	497-009	7,000		
Strengthening Local Government	497-010	14,215		
Promoting Economic Growth	497-011	12,395		
Natural Resource Management	497-012	13,481		
Energy Sector Reform	497-013	12,000		
Education	497-018	10,000	26,500	32,011
Basic Human Services	497-019		40,948	39,051
Democratic and Decentralized Governance	497-020		35,000	45,849
Economic Growth	497-021		19,480	20,300
Healthy Ecosystems	497-022		7,500	8,753
Total (in thousands of dollars)		115,996	129,428	145,964

Excludes P.L. 480. See Program Annex.

Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	4,829	5,379	6,279
USDH Salaries & Benefits	2,953	2,584	2,640
Program Funds	10,226	11,541	11,541
Total (in thousands of dollars)	18,008	19,504	20,460

FY 2006 Workforce



Mission Director: William Frej

Indonesia

The Development Challenge: On December 26, 2004, an earthquake with a magnitude of 9.0 on the Richter Scale triggered massive tsunamis in the Indian Ocean. The impact on Indonesia's island of Sumatra was catastrophic with over 120,000 dead, 113,000 missing, and 400,000 displaced (estimates at the time of this publication). The former U.S. Secretary of State Powell described this as the worst disaster he has ever seen. Besides the new challenges created by the tsunami, significant social, political, and economic barriers continue to impede Indonesia's progress toward becoming a moderate, stable, and productive nation. More than half of Indonesia's population subsists on less than two dollars per day. Governing institutions remain weak and corruption is endemic. Approximately half of Indonesian children who start primary school do not complete junior secondary school, and drop-out rates are increasing. Poor health and environmental conditions contribute to millions of illnesses every year reducing incomes and productivity. Regional conflicts and terrorism continue to destabilize the country's fledgling democracy. While important strides have been made toward creating an open and democratic society since 1998 and the fall of Suharto, Indonesia still has tough social, political and economic development challenges to address that are critical for a prosperous future.

In 2004, Indonesians voted in a new President, Vice President, and national and local legislators in internationally recognized free and fair elections. The success of the elections cannot be overstated. By holding the largest and most complex single-day elections in history, the most populous Muslim nation demonstrated to the world the compatibility of democracy and Islam. The vote was also a clear mandate for political, social, and economic reform. The country chose reform-oriented Susilo Bambang Yudhoyono (SBY) as their first directly elected president. The new Government of Indonesia's (GOI) political will to implement essential reforms is high, but it has yet to be tested. SBY has set ambitious goals to fight corruption and terrorism, and to increase investment and employment. However, specific reform policies have yet to be implemented, and the President has warned the nation to abandon high expectations of quick fixes to rampant corruption, sectarian and separatist conflict, widespread unemployment, and the threat of terrorism. The tsunami presents an opportunity to address these endemic problems.

Indonesia's economic growth lags behind other countries in the region, and the current 4% to 5% gross domestic product (GDP) growth is insufficient to absorb new entrants to the labor force or reduce numbers of unemployed and underemployed. While key macroeconomic reforms have resulted in lower interest rates and a stronger Rupiah, poor business and investment climates continue to impede growth. Weak governing institutions, inadequate rule of law, and pervasive corruption are the principle obstacles facing the new government. According to a study co-sponsored by the World Bank and IFC in 2004, it takes 151 days to register a business in Indonesia. Corruption in business and government continues to rob Indonesia of its business development and investment potential.

Indonesia's poor are not receiving adequate human services necessary for productive and healthy lives. Public funding for education is estimated between 1% and 2% of GDP, the lowest in the region. An estimated 77 million people, particularly rural and low-income urban populations, lack access to safe and affordable drinking water. Diarrhea, which often results from water-borne diseases, causes over 100,000 deaths per year. Indonesia has one of the highest maternal mortality ratios in Southeast Asia. Rapidly developing sub-epidemics in HIV/AIDS are occurring. While it is true that tremendous progress has been made over the last 40 years toward improving the education and health of Indonesians, much more remains to be done. From the early 1970s to 1998, Indonesia achieved almost universal enrollment in primary school. Fertility rates have more than halved since 1971 (6.0 to 2.1) and life expectancy is now 68 years. However, the inadequate provision of essential health and human services in recent years threatens these positive trends.

Many local governments are still not providing accountable governance and services to their constituencies. The political decentralization process occurred rapidly and transferred substantial responsibilities to cities and districts. Local governments are now controlled by freely-elected councils that can hold local administrators accountable for performance. Communities and non-governmental organizations have greater opportunities to participate in government decision-making. However, most local governments are still struggling to plan, budget and manage their new responsibilities in a transparent, efficient, and effective manner.

Indonesia has lost an estimated 75% of its original natural forest and the accelerated rate of loss threatens the country's remaining natural heritage. Habitat loss is the primary threat to the country's terrestrial biological diversity. People who depend on the forest for income also have their livelihoods at stake.

The GOI commitment to tackling terrorism and regional conflicts is strong, but the September 2004 terrorist bombing of the Australian Embassy and continued violence in Aceh in 2004 demonstrated that sustainable solutions to these issues remain elusive. The current ceasefire in post-tsunami Aceh, however, offers hope for future conflict resolution.

The outcome of Indonesia's democratic transition has profound implications for U.S. strategic interests in fighting terrorism; preserving regional stability in Asia; strengthening democratic principles, the rule of law, and respect for human rights; and expanding access for U.S. exports and investment in the fourth largest country in the world. Indonesia's importance also stems from its substantial natural resources, rich biodiversity, and strategic location across key shipping lanes linking Europe, the Middle East, and Asia.

The USAID Program: USAID immediately responded to the tsunami disaster with relief assistance. Additional relief and reconstruction activities will be developed to respond to the needs in Aceh. USAID's new five-year program in Indonesia addresses the same development priorities President Yudhoyono described in his inaugural speech: economic growth and job creation; clean and good governance; and improving the education and health sectors. By implementing activities under President Bush's education initiative, the United States will become the largest grant donor in this sector. USAID's program in Indonesia already has one of the largest and most active public-private alliances in the world and will increase the number of active alliances in the coming years. With new activities that increase access and skills to information and communication technologies, USAID/Indonesia has become one of only three Missions in the world participating in the Presidential Digital Freedom Initiative. In the next two years, USAID will use innovative Development Credit Authority approaches to improve the Indonesian water sector. With the majority of assistance being provided at the local level, USAID will work with Indonesians to reduce extremism and intolerance in favor of democracy, respect for diversity, and resolution of differences through non-violent means. The program data sheets provided in this document cover five development objectives in Indonesia for which USAID is requesting FY 2005 and FY 2006 funds.

The Millennium Challenge Corporation has identified Indonesia as an eligible country for the Millennium Challenge Account. USAID will play an active role in helping Indonesia qualify for these new funds.

Other Program Elements: USAID's democracy and education activities are closely integrated with State Department's public diplomacy efforts. The U.S. Department of State's East Asia Bureau and the Pacific Women's Rights Initiative funds anti-trafficking programs in Indonesia. The Farmer-to-Farmer program provides volunteer technical assistance to promote horticulture production and marketing. USAID has funded a one-year cybercrime activity, which will continue with Department of Justice funding.

Other Donors: Outside of tsunami relief, there are four major bilateral donors to Indonesia (rank order by resource level): Japan (infrastructure, counter-terrorism, safe water supply, energy and biodiversity), the United States, Australia (education, governance, health, emergency assistance, environment), the Netherlands (community development, water management, education, human rights). Germany, the United Kingdom, Canada and New Zealand have smaller development programs. Major multilateral donors are World Bank (poverty reduction), United Nations Development Programme (democratic governance, poverty reduction, crisis prevention, energy and environment, HIV/AIDS), Asian Development Bank (poverty reduction), International Monetary Fund (macroeconomic stability), and the European Union (governance, natural resource management, economic growth). International pledges for tsunami relief are in process at this time.

Indonesia PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Child Survival and Health Programs Fund	31,955	33,000	37,100	27,540
Development Assistance	39,016	33,291	27,848	48,424
Development Credit Authority	0	220	0	0
Economic Support Fund	59,610	49,705	64,480	70,000
PL 480 Title II	29,541	3,315	11,900	18,190
Total Program Funds	160,122	119,531	141,328	164,154

STRATEGIC OBJECTIVE SUMMARY

497-007 Democracy Reform				
DA	7,000	1,800	0	0
ESF	18,600	20,305	0	0
497-008 Health, Population and Nutrition				
CSH	31,955	24,800	0	0
497-009 Crisis Mitigation				
CSH	0	2,200	0	0
DA	4,000	1,800	0	0
ESF	12,050	3,000	0	0
497-010 Strengthening Local Government				
DA	8,050	5,615	0	0
ESF	5,950	8,600	0	0
497-011 Promoting Economic Growth				
DA	7,000	5,595	0	0
ESF	8,010	6,800	0	0
497-012 Natural Resource Management				
CSH	0	6,000	0	0
DA	11,966	7,481	0	0
DCA	0	220	0	0
497-013 Energy Sector Reform				
DA	1,000	11,000	0	0
ESF	0	1,000	0	0
497-018 Education				
DA	0	0	16,500	17,011
ESF	0	10,000	10,000	15,000
497-019 Basic Human Services				
CSH	0	0	37,100	27,540
DA	0	0	3,848	11,511
497-020 Democratic and Decentralized Governance				
DA	0	0	0	7,149
ESF	0	0	35,000	38,700
497-021 Economic Growth				
DA	0	0	0	4,000
ESF	0	0	19,480	16,300

Strategic Objective / Account	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
497-022 Healthy Ecosystems				
DA	0	0	7,500	8,753
497-XXX State Department Programs				
ESF	15,000	0	0	0

Mission Director,
William Frej

Data Sheet

USAID Mission:	Indonesia
Program Title:	Education
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	497-018
Status:	New in FY 2004
Planned FY 2005 Obligation:	\$16,500,000 DA; \$10,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$17,011,000 DA; \$15,000,000 ESF
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2009

Summary: President Bush announced a significant U.S. Government commitment to improving Indonesian basic education in October 2003, making the United States the largest grant donor in this sector. The USAID/Indonesia Basic 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 2005 Program: Improve the Quality of Basic Education (\$16,500,000 DA; \$6,000,000 ESF). To strengthen the management and governance of education, USAID will work directly with local governments, communities, and schools struggling to assume new responsibilities for education service delivery in a decentralized Indonesia. Technical assistance and training will provide skills for accountable and transparent planning, budgeting, and management of education services and increased community and parental participation.

To improve the quality of teaching and learning, USAID will provide in-service training based on strong links to teacher training institutes, upgraded teaching and learning materials emphasizing active learning methodologies, and professional development opportunities. Training and materials will be 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. To improve early childhood learning, USAID will also explore opportunities to develop media-based educational tools. Activities will result in improved teaching of the competency-based national curriculum and better student and school performance.

To assist junior high youth who are out of school or at risk of dropping out, USAID will support civil society and community led efforts to increase formal and non-formal education opportunities. Activities will focus on building the employment and life skills youth need to better participate in their communities and compete for jobs in the future. Principal contractors and grantees include: Research Triangle Institute (prime); other implementing partners are to be determined in FY 2005.

Transfer to U.S. State Department Programs (\$4,000,000 ESF). Funds will be transferred to State Department for the U.S. Embassy Public Affairs Section Program, which includes Fulbright scholarships and exchanges, book translation/distribution, and English training for teachers.

FY 2006 Program: Improve the Quality of Basic Education (\$17,011,000 DA; \$11,000,000 ESF). The USAID/Indonesia Basic Education Program will continue to work on its three major goals. USAID will continue providing technical assistance and training to improve skills for accountable and transparent planning, budgeting, and management of education services and increased community and parental participation. 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. USAID will begin implementation of a media-based educational tool to improve early childhood learning.

USAID will continue supporting civil society and community-led efforts to increase formal and non-formal education opportunities for youth. The ongoing focus will be on practical job skills, including improving

their competitiveness as potential employees.

The Managing Basic Education pilot program currently works in ten districts in East and Central Java with 250 local government staff and 2,600 educators serving 68,653 students in 200 target schools. In FY 2005 and FY 2006, the USAID-funded basic education program will expand to 45 districts in Java, North Sumatra, and South Sulawesi to work with 11,250 educators serving 192,500 students in 950 schools.

Through at least one public-private alliance, USAID will mobilize private sector resources for education. Information technology tools will begin to be applied to enhance program impact. Dissemination of sustainable models of best practices will also get underway.

Principal contractors and grantees include: Research Triangle Institute (prime); other implementing partners will be determined in FY 2005.

Transfer to U.S. State Department Programs (\$4,000,000 ESF). Funds will be transferred to State Department for the U.S. Embassy Public Affairs Section Program, which includes Fulbright scholarships and exchanges, book translation/distribution, and English training for teachers.

Performance and Results: USAID's pilot basic education project in Indonesia, Managing Basic Education (MBE), got underway in FY 2003 under SO 497-010, Decentralized Local Government. Approaches and lessons learned from MBE have been fully integrated into the new SO 497-018, Basic Education. Training and technical assistance have resulted in visible changes in the classroom. Students no longer learn by rote, but are more actively engaged in the learning process working together and beginning to think critically. As a teacher in an MBE-assisted school stated, the children "enjoy sitting in groups to discuss their work and solve problems together. They write in their own words, and they are very proud when their work is displayed." Parental involvement is on the rise with parent volunteers in classrooms and parents helping with physical improvements to schools. District level management of the sector has been strengthened through more accurate school mapping, the introduction of participatory planning, and more rational allocations of funding to schools. District and school budgets are now being developed with community participation and displayed publicly to promote transparency and accountability.

US Financing in Thousands of Dollars

Indonesia

497-018 Education	DA	ESF
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2004		
Obligations	12,800	6,000
Expenditures	0	0
Through September 30, 2004		
Obligations	12,800	6,000
Expenditures	0	0
Unliquidated	12,800	6,000
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	16,500	10,000
Total Planned Fiscal Year 2005		
Obligations	16,500	10,000
Proposed Fiscal Year 2006 NOA		
Obligations	17,011	15,000
Future Obligations	50,189	29,000
Est. Total Cost	96,500	60,000

Data Sheet

USAID Mission:	Indonesia
Program Title:	Basic Human Services
Pillar:	Global Health
Strategic Objective:	497-019
Status:	New in FY 2005
Planned FY 2005 Obligation:	\$37,100,000 CSH; \$3,848,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$27,540,000 CSH; \$11,511,000 DA
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	2008

Summary: USAID/Indonesia's Basic Human Services objective integrates health, nutrition, and the environment. The program will fund training to advocate for improved local government services including health and hygiene of vulnerable women and children; nutrition; increased access to clean water; family planning/reproductive health; health systems; infectious disease; HIV/AIDS among at-risk populations; and malaria, tuberculosis, and polio surveillance capabilities.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Child Survival, Health and Nutrition (\$3,200,000 CSH). The program will provide technical assistance to reduce infant/child mortality; promote breastfeeding; improve health-seeking behavior; and improve hygiene to combat diarrheal diseases.

Improve Maternal Health and Nutrition (\$4,500,000 CSH). The program will train village midwives resulting in improved delivery skills and neonatal health practices.

Build Health Systems' Capacity (\$2,000,000 CSH). The program will promote system-wide improvements in the health sector. Principal contractors or grantees for the above components will be determined upon award of a new five-year cooperative agreement.

Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$7,500,000 CSH). In anticipation of graduation, family planning activities will continue to be phased out. By year-end 2006, 70% of districts are expected to commit to supporting family planning as part of their health budgets. All family planning agreements will incorporate clauses that implement the President's directive restoring the Mexico City Policy. Principal contractors or grantees include: JHPIEGO Corporation - John Hopkins Program Providing Reproductive Health (prime), Johns Hopkins University (prime), Indonesian Midwives Association (sub); Society of Obstetricians/Gynecologists (sub).

Reduce Transmission and Impact of HIV/AIDS (\$10,400,000 CSH). The program will scale-up HIV/AIDS prevention, care, and support interventions; expand HIV/AIDS diagnosis and treatment capacity; develop voluntary counseling and testing sites; and strengthen surveillance systems in 10 priority provinces. Principal contractors or grantees are to be determined.

Prevent and Control Infectious Diseases of Major Importance (\$4,700,000 CSH). The program will expand TB and malaria controls; strengthen implementation of the Directly Observed Treatment Short-Course strategy in cooperation with the Global Fund's efforts and investments by other donors; provide technical assistance in surveillance and training to eradicate polio. Principal contractors or grantees (all primes) include: Royal Netherlands Tuberculosis Association, World Health Organization, and an organization to be determined.

Improve Access to Clean Water and Sanitation: (\$3,300,000 CSH, \$1,424,000 DA). USAID will stabilize watersheds through reforestation; provide reliable, quality water to urban populations; build capacity to improve service to the poor through training in operations, financial management, and infrastructure development. A Development Credit Authority (DCA) loan guarantee for production and marketing of home chlorination kits, will provide affordable, safe drinking water for low-income families, reducing diarrhea, especially in children under five, in support of the Presidential Initiative, "Water for the Poor."

Implementing partners are Development Alternatives, Inc, International Resources Group, U.S. Department of the Interior, Nature Conservancy, and Worldwide Fund for Nature, and others.

Increase Food Security of Vulnerable Populations: (\$1,500,000 CSH, \$2,424,000 DA). The program will improve maternal and child survival by addressing causes of malnutrition. CSH and DA resources will complement the P.L. 480 Title II resources to support maternal-child feeding and food-for-work activities. These efforts will increase unserved and underserved communities' access to and utilization of key basic human services (health, water, nutrition). Principal grantees are Mercy Corps, World Vision, Catholic Relief Services, CARE and Save the Children.

FY 2006 Program: Improve Child Survival, Health and Nutrition (\$5,100,000 CSH). USAID will invest in improving local government, non-governmental organizations, and private sector capacity to deliver quality health services.

Improve Maternal Health and Nutrition (\$5,000,000 CSH). USAID will continue this program.

Build Health Systems' Capacity (\$900,000 CSH). Efforts in building sustainable district level capacity will expand in scope.

Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$4,940,000 CSH). USAID plans to integrate its reproductive health program, while promoting quality of care.

Reduce Transmission and Impact of HIV/AIDS (\$9,000,000 CSH). USAID will continue investing in behavior change and surveillance activities.

Prevent and Control Infectious Diseases of Major Importance (\$2,600,000 CSH). USAID plans to improve malaria control, TB diagnosis, and treatment programs.

Improve Access to Clean Water and Sanitation: (\$7,451,000 DA). USAID will expand technical assistance and training to encourage additional investment through the DCA.

Increase Food Security of Vulnerable Populations: (\$4,060,000 DA). Food-for-work and training activities will cover additional communities. All implementing partners for all components are the same as above.

Performance and Results: USAID contributed to the following results. Essential minimum health service standards were established and are being used by district health officers to plan, manage, budget, and improve service quality. Quality of care has improved, e.g. infection prevention (19.6% compliance in 2002 to 65.1% in 2004); number of births attended by a trained midwife increased to 48% of births from 31% in 1997; 1,500,000 hectares of forest concessions are under third-party verification of reduced-impact logging and legal logging practices. The Orangutan Habitat Protection program protected an additional 305,000 hectares of prime orangutan habitat in Berau, East Kalimantan. In Jakarta, nearly 1,000 small business groups grew from food-for-training programs, providing sustainable income generation opportunities to nearly 20,000 program graduates, primarily women. Successful HIV/AIDS behavior change interventions were organized for all major at-risk groups, reaching almost 600,000 people. More than 10 million person-days of employment and training to unemployed or underemployed persons were provided. As a result, low income families were able to feed themselves, pay off debt, and learn new job skills. USAID was one of the first responders after the Australian Embassy bombing in September, providing \$100,000 to international and local organizations to aid survivors.

US Financing in Thousands of Dollars

Indonesia

497-019 Basic Human Services	CSH	DA
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2004		
Obligations	0	0
Expenditures	0	0
Through September 30, 2004		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	37,100	3,848
Total Planned Fiscal Year 2005		
Obligations	37,100	3,848
Proposed Fiscal Year 2006 NOA		
Obligations	27,540	11,511
Future Obligations	102,200	12,927
Est. Total Cost	166,840	28,286

Data Sheet

USAID Mission:	Indonesia
Program Title:	Democratic and Decentralized Governance
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	497-020
Status:	New in FY 2005
Planned FY 2005 Obligation:	\$35,000,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$7,149,000 DA; \$38,700,000 ESF
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	2008

Summary: The USAID/Indonesia Democratic and Local Governance Program has three primary goals: to expand participatory, effective and accountable local governance; to consolidate the political reform agenda and; to address the roots of conflict while encouraging pluralism.

Inputs, Outputs, Activities:

FY 2005 Program: Support Democratic Local Government and Decentralization (\$16,000,000 ESF). USAID will support the development of democratic, effective and accountable governance at the local level in cities and districts throughout Indonesia. Local governments improve their skills in participatory development planning, performance budgeting, and effective administration. Technical assistance and training in local economic development and governance processes will strengthen checks and balances between local legislative and executive bodies. Training for civil society organizations and media will increase citizens' ability to actively participate in governance processes and create greater demand for accountability and better services. In FY 2005, the program will work in 50 local governments. Principal contractors or partners will be identified in FY 2005.

Strengthen Democratic National Governance Institutions (\$6,000,000 ESF). USAID will support selected Indonesian groups and institutions whose work is critical to consolidating and safeguarding essential democratic reforms. Main activities include strengthening national-level checks and balances, safeguarding critical democratic rights, and promoting national policies related to decentralized governance. Support will focus on the constitutional court, the general elections committee, national agencies supporting decentralization and civil society coalitions supporting free media and other key democratic rights. Principal contractors or partners will be identified in FY 2005.

Improve Justice Sector/Legal Framework (\$6,000,000 ESF). USAID will strengthen key institutions, which are implementing legal reforms, most notably the Supreme Court, the Anti-Corruption Commission and the Attorney General's office. USAID's core support to the Supreme Court consolidates its new key role in the court system and assists the court to undertake an array of institutional reforms. Following an evaluation of the existing program, a new project will be procured competitively. The present implementing partner is The Asia Foundation (prime), and the new primary contractor or partner is to be determined.

Strengthen Democratic Political Parties (\$1,500,000 ESF). USAID's Post-Election Program will provide targeted support to enhance the representative function of national and local parliaments and to support reform minded-coalitions within these institutions. In particular, USAID activities will focus on strengthening party coalitions within the national legislature, strengthening legislative functions of local legislatures through pilot programs in select regions, and providing technical assistance to members of the newly-created upper chamber of the national legislature, the Regional Representative Council. The implementing partner is The Consortium for Electoral and Political Process Strengthening (CEPPS), comprised of the International Foundation for Election Systems, the International Republican Institute and the National Democratic Institute.

Address Conflict Transitional Issues (\$4,000,000 ESF). USAID will utilize a rapid response grant mechanism to quickly fund programs that mitigate serious conflict and support sustainable approaches for building peace and resolving conflict. This will be achieved through participatory processes; strengthened

civil society organization-government relationships; enhanced technical capacities to manage and mitigate conflict; and, reinforced pluralistic values. USAID is prepared to support multi-track dialogues or similar peace processes in high-profile conflict zones, such as Aceh. The implementing partner is Development Alternatives, Inc. (prime).

Strengthen Civil Society (\$1,500,000 ESF). USAID is providing grant assistance for civil society organizations to advocate pluralism, tolerance, and democratization. Activities include civic education courses in Islamic education institutions, strengthening of media promoting religious tolerance, crises and advocacy centers on gender issues, and public advocacy for human rights, gender equality, and democratization. The implementing partner is The Asia Foundation (prime).

FY 2006 Program: Support Democratic Local Government and Decentralization (\$15,700,000 ESF; \$2,000,000 DA). USAID will continue to support the development of democratic, effective and accountable governance. The Local Governance Support Program will offer a tailored assistance package to meet the capacity building needs of each target local government. In 2006, the scope of that assistance will be deepened to cover a broader range of technical issues and provide training to a greater number of local government officials, legislators and citizens within each of the original 50 localities. The program will also expand to an additional 50 cities and districts throughout Indonesia.

Strengthen Democratic National Governance Institutions (\$7,500,000 ESF; \$2,149,000 DA). USAID will continue support for selected Indonesian groups and institutions whose work is critical to consolidating and safeguarding essential democratic reforms.

Strengthen Democratic Political Parties (\$2,000,000 ESF). USAID's Post-Election Program will provide targeted support to enhance the representative function of national and local parliaments and to support reform minded-coalitions within these institutions.

Improve Justice Sector/Legal Framework (\$4,000,000 ESF; \$1,500,000 DA). USAID will strengthen key institutions that are implementing legal reforms, most notably the Supreme Court, the Anti-Corruption Commission and the Attorney General's office. Partners for all components above are to be determined.

Address Conflict Transitional Issues (\$4,500,000 ESF; \$500,000 DA). USAID will continue to support conflict mitigation/resolution and peace building activities. The implementing partner is Development Alternatives, Inc. (prime)

Strengthen Civil Society (\$1,500,000 ESF; \$1,000,000 DA). USAID is working with moderate Muslim organizations to advocate for pluralism, tolerance and democratization. The implementing partner is The Asia Foundation (prime).

Transfer to U.S. State Department Programs (\$3,500,000 ESF). Funds will be transferred to State Department public diplomacy programs for Enhancing Mutual Understanding, which include: scholarships, exchange programs, textbooks and English language institutes.

Performance and Results: Indonesia achieved a major milestone in its ongoing democratic transition by successfully carrying out nationwide legislative elections and its first ever direct Presidential elections in 2004. With 155 million registered voters and more than 575,000 polling stations, the Indonesia elections were the largest single day election in the world. USAID was the largest bilateral donor, providing \$25.2 million in direct support for Indonesia's elections, including technical support for both national and sub-national election authorities, voter education, civil society monitoring and post-election training. With USAID assistance, the Supreme Court established and implemented its blueprint for comprehensive reforms, including a reduction in the backlog of cases, improving the quality and integrity of judges, publishing court decisions and modernizing the court information system.

US Financing in Thousands of Dollars

Indonesia

497-020 Democratic and Decentralized Governance	DA	ESF
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2004		
Obligations	0	0
Expenditures	0	0
Through September 30, 2004		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	0	35,000
Total Planned Fiscal Year 2005		
Obligations	0	35,000
Proposed Fiscal Year 2006 NOA		
Obligations	7,149	38,700
Future Obligations	0	94,530
Est. Total Cost	7,149	168,230

Data Sheet

USAID Mission:	Indonesia
Program Title:	Economic Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	497-021
Status:	New in FY 2005
Planned FY 2005 Obligation:	\$19,480,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$4,000,000 DA; \$16,300,000 ESF
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	2008

Summary: USAID/Indonesia's Economic Growth Program will invest in projects that improve Indonesia's business climate resulting in increased trade, investment, enterprise development, and jobs. It will also work to enhance the safety and soundness of the financial system and to strengthen public institutions in order for them to function more efficiently and transparently. The objectives and goals of the Economic Growth program directly support U.S. foreign and economic policies/interests, and the economic and development agenda of the Government of Indonesia (GOI).

Inputs, Outputs, Activities:

FY 2005 Program: Increase Participation in Global Trade and Investment (\$784,110 ESF) and Increase Private Sector Growth (\$3,206,360 ESF). Activities under these components will improve the business climate leading to growth, investment, trade, and job creation. USAID will deliver technical assistance in operations, production, marketing and finance to approximately six industry sectors. Each sector will comprise as many as 24 small and medium-sized firms employing less than 250 people. USAID will also help to promote Indonesian trade under the aegis of the World Trade Organization and other multilateral bodies. Improved business climate initiatives will focus on labor statutes and the time and cost of business registration. A judicial reform project focused on the five commercial courts will improve bankruptcy adjudication, which has also discouraged investment. USAID will also assist in drafting and implementing a new Investment Law, strengthening collateral registration, and building institutions, such as a credit information bureau that will help mobilize credit. Principal contractors or grantees include Booz Allen Hamilton, BearingPoint, Nathan MSI, The Asia Foundation, and others to be determined.

Increase Agriculture Productivity (\$784,110 ESF). Efforts to boost agricultural productivity are based largely within policy-related interventions that will seek to remove price distorting tariff and non-tariff barriers on rice, sugar, and other commodities. Technical assistance to local entrepreneurs and associations will promote higher-value crops and strengthened market linkages. Principal contractors or grantees are Agriculture Cooperation Development International/Volunteers in Overseas Cooperative Assistance and others to be determined.

Improve Economic Policy and Governance (\$4,245,240 ESF). In support of U.S. Government counter-terrorism initiatives, USAID/Indonesia has invested heavily in financial sector governance, and efforts to fight corruption, financial crime and terrorist finance. USAID supported the creation of an Anti-Money Laundering (AML) Commission and is working with it and all key GOI agencies to fight financial crime and terrorist finance. In early 2005, the Organization for Economic Cooperation and Development/Financial Action Task Force will evaluate Indonesia's AML program and review its status on the watch list. USAID will also strengthen the Supreme Audit Commission (BPK) and Inspectors General in key ministries, and will assist in establishing an Anti-Corruption Court. These efforts will increase public sector transparency and accountability, and reduce corruption. Principal contractors or grantees include Booz Allen Hamilton, BearingPoint, Nathan MSI, and others to be determined.

Strengthen Financial Sector's Contribution to Economic Growth (\$6,451,070 ESF). USAID supported the establishment of a Deposit Insurance Agency that will boost confidence in the banking system and thereby mobilize longer-term deposits. Subject to government concurrence, USAID will launch a new project in mid-2005 to consolidate securities, pension, and insurance regulation under a single regulatory body, which will lead to a more safe and sound financial system. Principal contractors or grantees include Booz

Allen Hamilton, BearingPoint, Nathan MSI, and others to be determined.

Expand and Improve Access to Economic and Social Infrastructure (\$4,009,110 ESF). USAID will seek to improve economic infrastructure such as water and energy. In cooperation with other donors, USAID will focus on water supply and waste water infrastructure, and will use the Development Credit Authority (DCA) to leverage resources. USAID will work to resuscitate energy sector investment through improved regulation of electricity and potentially, other energy sub-sectors. Principal contractors or grantees include BearingPoint and others to be determined.

FY 2006 Program: Increase Participation in Global Trade and Investment (\$1,172,500 ESF). USAID will continue to support an improved business climate for investment in Indonesia through ongoing legal, regulatory, and policy reform. In order to improve Indonesia's access to foreign markets, USAID will assist the government in laying the groundwork for potential future trade agreements, always in a manner consistent with U.S. trade policy.

Increase Private Sector Growth (\$2,542,500 ESF; \$937,500 DA). Growth and job creation will continue to anchor USAID programming, and will be the object of technical assistance, training, marketing, and other activities.

Increase Agriculture Productivity (\$1,172,500 ESF). USAID will sustain investment in activities that promote the movement away from low value commodity crops and into higher value horticultural crops.

Improve Economic Policy and Governance (\$4,890,000 ESF). Support for key ministries and agencies will continue to advance policies promoting open, transparent and free markets, prudent regulation, and improved governance.

Strengthen Financial Sector Contribution to Economic Growth (\$4,330,000 ESF; \$ 1,512,500 DA). Due to ongoing strengthening of bank and non-bank supervision resulting from ADB, World Bank and USAID technical assistance, one or more DCA facilities will be established to mobilize investment and working capital, and/or home loan finance through private commercial banks.

Expand and Improve Access to Economic and Social Infrastructure (\$2,192,500 ESF; \$1,550,000 DA). Municipal demand for project finance will increase due to USAID and donor programs, and resources will support infrastructure development. Progress in early-stage energy sector reform should pave the way for increased efforts related to energy sector regulation.

All implementing partners for all components are the same as above.

Performance and Results: In 2004, USAID contributed to further macro-economic stabilization through progress in bank resolution and the reorganization of the Ministry of Finance, including the design of a Fiscal Policy Unit. These and other efforts led to a successful GOI \$1 billion bond issue, and more stable interest and exchange rate regimes. Numerous laws were ratified, creating important institutions, such as the Anti-Money Laundering Commission and the Deposit Insurance agency, which are critical to fighting corruption and building confidence.

US Financing in Thousands of Dollars

Indonesia

	DA	ESF
497-021 Economic Growth		
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2004		
Obligations	0	0
Expenditures	0	0
Through September 30, 2004		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	0	19,480
Total Planned Fiscal Year 2005		
Obligations	0	19,480
Proposed Fiscal Year 2006 NOA		
Obligations	4,000	16,300
Future Obligations	1,100	40,300
Est. Total Cost	5,100	76,080

Data Sheet

USAID Mission:	Indonesia
Program Title:	Healthy Ecosystems
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	497-022
Status:	New in FY 2005
Planned FY 2005 Obligation:	\$7,500,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$8,753,000 DA
Year of Initial Obligation:	2005
Estimated Year of Final Obligation:	2008

Summary: The new Healthy Ecosystems Special Objective aims to support the critical linkages between maintaining healthy ecosystems and the provision of key basic human services, such as clean water, food security, and income. USAID/Indonesia will focus its interventions on protecting areas of high biodiversity conservation value and will specifically target the protection and rehabilitation of critical ecological processes and functions. To the extent possible, water resources-related threats will be emphasized in order to maximize synergies with other elements of the Basic Human Services Objective (497-019). This program includes activities targeting the protection of critical orangutan habitats.

Inputs, Outputs, Activities:

FY 2005 Program: Integrated Watershed Management (\$5,000,000 DA). Technical experts will work with local communities throughout Indonesia to introduce sound watershed management methodologies that incorporate vital environmental services. Particular emphasis will be placed on conserving forests and biodiversity, especially in national parks and protected areas. Technical training and assistance to local governments will strengthen their ability to implement and manage watershed policies. Examples include: reforestation programs; development of financial incentives for upland watershed communities; promotion of agroforestry in areas where watershed functions are badly degraded due to deforestation; regulating the impact of mines on water supply and water quality; and resolving community land tenure and access conflicts that provide disincentives for community-level reforestation and agroforestry investments. Principal contractors or grantees include Development Alternatives, Inc, International Resources Group, and the U.S. Department of the Interior.

Orangutan Habitat Conservation (\$2,500,000 DA). USAID will support on-going efforts of non-governmental organizations to conserve orangutan habitat through implementation of multi-stakeholder management plans with district and national government, communities, and the private sector. Underlying issues contributing to loss of habitat or poaching, such as food security and lack of alternative income potential will be addressed. Recognizing that most activities to date have targeted orangutan habitat areas in Borneo, particular emphasis will be placed on identifying new areas in Sumatra where conservation efforts could positively impact the survival of viable populations of wild Sumatran orangutans. Principal contractors or grantees for Borneo include The Nature Conservancy, World Education, and the Orangutan Foundation. Implementing partners for Sumatra are to be determined.

FY 2006 Program: Integrated Watershed Management (\$6,253,000 DA). Additional resources will allow USAID to expand its watershed management methodologies to additional protected areas in Sumatra, Java, and Borneo. Principal contractors or grantees include Development Alternatives, Inc, International Resources Group, and the U.S. Department of the Interior.

Orangutan Habitat Conservation (\$2,500,000 DA). USAID will support on-going efforts of non-governmental organizations to conserve orangutan habitat through implementation of multi-stakeholder management plans with district and national government, communities, and the private sector. Underlying issues contributing to loss of habitat or poaching, such as food security and lack of alternative income potential will be addressed. Implementing partners are to be determined.

Performance and Results: FY 2005 is the first year of implementation of this strategic objective. Thus,

no results can be reported at this time. This program will continue some activities originally implemented under Strategic Objective 497-012 Natural Resources Management, which has achieved the following relevant results:

USAID's Orangutan Habitat Protection program has garnered broad-based support from local villages, governments, and forest concessionaires resulting in the protection of an additional 305,000 hectares of prime orangutan habitat in Berau, East Kalimantan, which is home to more than 2,000 wild orangutans. In Tanjung Puting National Park in Central Kalimantan, USAID's implementing partners have expanded community-based patrolling to cover more than 30% or 124,800 hectares of the park's most critically important habitat for more than 2,500 wild orangutans. A total of 1,100 villagers living in the park have now met their food security and livelihood needs through training received in intensive agriculture techniques. These villages have completely ceased illegal logging and mining activities within the park.

US Financing in Thousands of Dollars

Indonesia

497-022 Healthy Ecosystems	DA
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2004	
Obligations	0
Expenditures	0
Through September 30, 2004	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2005 NOA	
Obligations	7,500
Total Planned Fiscal Year 2005	
Obligations	7,500
Proposed Fiscal Year 2006 NOA	
Obligations	8,753
Future Obligations	25,247
Est. Total Cost	41,500