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**RESULTS REVIEW AND RESOURCE
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(R4)**

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GLOSSARY OF ACRONYMS

AAFLI	Asian American Free Labor Institute
ADB	Asian Development Bank
ADP	Agribusiness Development Project, USAID/I
AIDS	Acquired Immune Deficiency Syndrome
AIDSCAP	Aids Control and Prevention Project, USAID/W
ANE	Bureau for Asia and the Near East
APEC	Asia Pacific Economic Cooperation
ARSSP	Agriculture and Rural Sector Support Program, USAID/I
ASEAN	Association of Southeast Asian Nations
ASKES	Health Insurance (<i>Asuransi Kesehatan</i>)
ASTEK	Health insurance for employees of private and state-owned companies (<i>Asuransi Tenaga Kerja</i>)
AUSAID	Australian Agency for International Development
AVSC	Association for Voluntary Surgical Contraception
BAPEDAL	Environmental Impact Management Agency (<i>Badan Pengendalian Dampak Lingkungan</i>)
BAPEPAM	The Indonesian Capital Markets Supervisory Agency (<i>Badan Pengawas Pasar Modal</i>)
BAPPENAS	National Planning and Development Board, GOI (<i>Badan Perencanaan Pembangunan Nasional</i>)
BASICS	Basic Support for Institutionalizing Child Survival, USAID/W
BCN	Biodiversity Conservation Network
BEO	Bureau Environmental Officer
BHR	Bureau for Humanitarian Response, USAID/W
BKKBN	National Family Planning Coordinating Board, GOI (<i>Badan Koordinasi Keluarga Berencana Nasional</i>)
BScC	Biological Science Club
CA	Cooperating Agency
CBD	Conservation of Biological Diversity
CGIAR	Congressional Group on International Agriculture Research
CI	Conservation International
CIFOR	Center for International Forestry Research
CLEAN	Coordinated Local Environmental Action Networks, USAID/I
CP	Congressional Presentation
CPR	Contraceptive Prevalence Rate
CPS	Country Program Strategy
CRM	Coastal Resources Management

CRS	Catholic Relief Services
CS	Child Survival
CYP	Couple-Years-of-Protection
DHS	Demographic and Health Survey
DPR	Indonesian Legislative Assembly (<i>Dewan Perwakilan Rakyat</i>)
DS-JPKM	Safety Net Managed Care (<i>Dana Sehat Jaminan Pemeliharaan Kesehatan Masyarakat</i>)
DSM	Demand Side Management
ECA	Enhanced Credit Authority
EKKU	Coordinating Ministry for Economics, Finance and Development Supervision
ELIPS	Economic Law and Improved Procurement Systems, USAID/I
FFP	Food for Peace
FTE	Full Time Equivalency
FY	U.S. Fiscal Year (October 1 - September 30)
G/EG/CIS	Global Bureau/Center for Economic Growth/Credit and Investment Staff
G/EG/MD	Global Bureau/Center for Economic Growth/Office of Microenterprise Department
GDP	Gross Domestic Product
GFS	Global Field Support
GHG	Greenhouse Gas
GOI	Government of Indonesia
HAPP	HIV/AIDS Prevention Project, USAID/I
HCF	Health Care Financing Project, USAID/I
HEDS	Higher Education Development Support, USAID/I
HG	Housing Guaranty
HHS	Household Health Survey
HIV	Human Immunodeficiency Virus
ICIP	Indonesia Cleaner Industrial Production
IDT	Presidential Instruction on Poor Villages (<i>Inpres Desa Tertinggal</i>)
IEC	Information, Education and Communication
IEE	Initial Environmental Examinations
IESC	International Executive Service Corps
INPRES	Presidential Instruction (<i>Instruksi Presiden</i>)
IPM	Integrated Pest Management, USAID/I and World Bank
IRS	Internal Revenue Service
IUD	Intra Uterine Device
JHPIEGO	Johns Hopkins University Program for International Education in Reproductive Health
JHU	Johns Hopkins University
JHU/PCS	Johns Hopkins University/Population Communication Services
KEHATI	The Indonesian Biodiversity Foundation (<i>Keanekaragaman Hayati</i>)
LATIN	Indonesian Tropical Nature Organization (<i>Lembaga Alam Tropika Indonesia</i>)
LOP	Life of Project

LPG	Loan Portfolio Guarantee
LSM	Non-governmental Organization (<i>Lembaga Swadaya Masyarakat</i>)
MOF	Ministry of Finance, GOI
MOH	Ministry of Health, GOI
MW	Megawatt
NAD	New Activity Description
NGO	Non-Governmental Organization (Indonesian)
NRM	Natural Resources Management Project, USAID/I
OB-GYN	Obstetrical-Gynecological
OE	Operating Expense
OECF	Overseas Economic Cooperation Fund of Japan
OMNI	Opportunities for Micronutrient Intervention, USAID/W
OSR	Own Service Revenue
OYB	Operational Year Budget
P3I	The DPR Research and Information Center, GOI
PACT	Private Agencies Collaborating Together
PHAR	Partnership for Health Reform
PHN	Population, Health and Nutrition
PID	Project Identification Document
PIO/P	Project Implementation Order/Participants
PLN	GOI's National electrical utility (<i>Perusahaan Listrik Negara</i>)
PO	Program Outcome
POLICY	Population Policy
PPC	Bureau for Program and Policy Coordination, USAID/W
PROFIT	Promoting Financial Investments and Transfers
PURSE	Private Sector Participation in Urban Services Project, USAID/I
R4	Results Review and Resource Request
RDA	Regional Development Account
RDI	Government's Investment Capital Account, GOI (<i>Rekening Dana Investasi</i>)
REPELITA	GOI's Five-Year Development Plan (<i>Rencana Pembangunan Lima Tahun</i>)
RHUDO	Regional Housing and Urban Development Office, USAID
RP	Results Package
SDES	Service Delivery Expansion Support Project, USAID/I
SDO	Central Government Account for Salaries (<i>Subsidi Daerah Otonom</i>)
SEA	Office for Strategic and Economic Analysis, ANE, USAID/W
SLA	Subsidiary Loan Agreement
SO	Strategic Objective
SOAG	Strategic Objective Agreement
STD	Sexually Transmitted Disease
SUSENAS	National Social and Economic Survey, every 3 years (<i>Survei Sosial dan Ekonomi Nasional</i>)
TA	Technical Assistance
TAGS	Transition Assistance for Growth Support, USAID/I
TDY	Temporary Duty

TELKOM	The national telephone company
TFR	Total Fertility Rate
TIPP	Trade Implementation Policy Project
TNC	The Nature Conservancy
UI	University of Indonesia
UNDP	United Nations Development Programme
USAEP	United States Asia Environmental Partnership
USAID/I	United States Agency for International Development/Indonesia
USAID/W	United States Agency for International Development/Washington
WID	Women in Development
WTO	World Trade Organization
WWF	World Wide Fund for Nature

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PART I

PROGRESS IN THE OVERALL PROGRAM AND FACTORS AFFECTING PROGRAM PERFORMANCE

I. PROGRESS IN THE OVERALL PROGRAM AND FACTORS AFFECTING PROGRAM PERFORMANCE

Over the past year, USAID/Indonesia succeeded in advancing the goal of *broad-based sustainable growth in Indonesia* through progress made towards achieving the Mission's five strategic objectives.

SO1: Economic Management - By pursuing prudent macroeconomic policies, Indonesia managed to achieve economic growth of over seven percent in 1995. The government also implemented important policy and legal reforms aimed at improving longer term economic efficiency. A number of these reforms were supported by USAID/I technical assistance. For example, USAID/I assistance was instrumental in effecting the passage of the new Capital Markets Law, a new Corporation Law, and a major trade deregulation package. In addition, USAID/I support to strengthen institutions' capacity to formulate and implement improved policies and laws has helped ensure the sustainability of results achieved.

If sound macroeconomic management and progress towards enhancing competitiveness can be maintained, Indonesia should be able to sustain an annual growth of seven percent well into the next century. While Indonesia's "fundamentals" remain strong, its high foreign debt and burgeoning current account deficit call for a high degree of vigilance and technical competence. Given that Indonesia's human resource and institutional capacity in managing sustained growth is still limited, U.S.-Indonesian cooperation remains critical in the years ahead. As USAID proceeds to transform the nature of the U.S.-Indonesian bilateral development relationship, the Mission will increasingly focus on promoting *sustained economic growth in the transition from economic development assistance to development cooperation* through the new TAGS (Transition Assistance for Growth Support) activity.

In terms of economic "cross-cutting factors" which affect SO1 performance (and that of other parts of the portfolio as well), most are positive. Sustained growth in jobs, reduced dependency on oil imports, liberalization of banking, the development of financial markets, foreign investment deregulation, and trade deregulation are all key factors which promote a positive growth environment and create an atmosphere wherein American technical assistance can be effective. Accountability is still a concern, of course; however, government and public attention to corruption issues during the past year suggest that the Government of Indonesia (GOI) and the citizenry at large are increasingly aware of the importance of reining in corruption, rent seeking, and patronage in order to keep Indonesia competitive.

Obviously, a potentially negative cross-cutting factor which will affect the Mission's entire portfolio is funding availability, and this is particularly the case for the economic management program which depends almost entirely on "discretionary" funds from the Sustainable Development account.

SO2: Improved Health and Reduced Fertility - Substantial progress was also made towards achievement of the Mission's strategic objective of *improved health and reduced fertility*. This past year the Mission launched a major new activity to support the prevention and spread of HIV/AIDS in Indonesia. While the project has only recently begun, its design and start-up raised awareness of the seriousness of the problem and of the need to take immediate action to prevent the spread of HIV/AIDS in Indonesia. Greater public discourse on the subject and increased GOI commitment in the form of expanded budgetary resources and policy initiatives are early evidence of USAID's effectiveness in combatting this global epidemic.

USAID/I pioneered advances made in expanding private sector financing and provision of health care and family planning in Indonesia. These activities continued to yield substantive results over the past year. Recent data show that, over the past three years, the percentage of contraceptive users who obtain their services from the private sector has increased markedly. Private sector midwives, an institution whose capacity and quality USAID/I has helped to promote, comprise a significant share of the total private services supplied. USAID/I's support for a pilot managed health care activity has demonstrated the effectiveness of this important health financing vehicle as a means of expanding both access and quality of health care on an affordable basis. Encouraging efficient private provision and financing of health care is a key means of improving the overall quality of health care in Indonesia, and enables scarce public sector resources to be better targeted at reaching the poor.

In terms of sector trends affecting performance, local policy-makers have become more willing to publicly confront issues related to HIV/AIDS and a national campaign, and resolving health financing issues remains high on the government's agenda. So, overall, the in-country environment for achieving the Mission's SO2 objective is excellent.

SO3: Natural Resources Environment - Over the past several years, the Indonesian government, NGO community, and private citizens have become increasingly concerned about the threat environmental degradation poses to the sustainability of Indonesia's economic development and quality of life. Through innovative and participatory activities, the Mission is supporting efforts to achieve *strengthened and decentralized natural resource management* in Indonesia. In 1995, the completion of the Park Management Plan at Bunaken National Park demonstrated the success of USAID-supported pilot programs to devolve policy formulation and implementation to local levels. This approach, which promotes sustainable development by engendering local communities' participation in managing local resources, will serve as an important model for many other park areas in Indonesia.

The development of civic institutions devoted to environmental research and advocacy was boosted this past year by the start-up of two large and potentially influential non-governmental organizations: the Eco-labelling Institute and the Indonesia Biodiversity Foundation. These institutions, both of which USAID helped launch, will promote sustainable domestic resource use while advancing Indonesia's capacity to contribute significantly to the provision of global environmental goods. Indonesia's hosting of the Biodiversity Conference of Parties in October

1995, and its leadership in promoting marine resource conservation, provide further evidence of the nation's growing commitment to preserving local and global environmental quality.

The large area of tropical forests, the expansive rich marine resources, and rich biodiversity of Indonesia are tremendous assets that are not being used efficiently, equitably, nor sustainably. While vested interests of the ruling elite make rapid improvements unlikely, there has been a positive increase in the public debate concerning the management and use of Indonesia's natural resources. Using data derived from USAID/I-sponsored forestry policy studies, NGOs and the local press have been more openly critical of Indonesia's plywood industry as an inefficient, inequitable and nonsustainable use of forest resources. While such public criticism of government policy is muted, it nonetheless encourages the government to look for alternatives. USAID/I-funded activities are leading the testing of alternatives. In partnership with the Eco-labelling Institute, progressive concessionaires and the wood processing industry, USAID/I has started work in West Kalimantan to develop standards and models for more efficient and environmentally sustainable forest production management and product processing systems in line with ISO 14,000 standards.

In terms of factors which affect performance in this sector, the government's increasing willingness to actively include private citizens in environmental issues is a very positive shift which USAID strongly supports through its NGO activities. Though obstacles still exist with regard to organization and training, communities are being increasingly integrated into this new forest management approach both to improve resource management and to enhance local incomes and welfare. More progressive government leaders have perceived that in many remote, but resource-rich areas, national interests of equity and political stability are better and more directly met by income generated through community-based natural resource management than by expansion of assistance through national public welfare programs.

SO4: Strengthened Urban Environmental Management - Indonesia's rapid industrialization and urbanization have severely strained the nation's capacity to provide the urban environmental infrastructure services upon which sustainable growth and improved quality of life urgently depend. USAID's activities to support *improved urban environmental management* continue to be at the forefront of donor assistance in this area. Technical assistance to promote policy and institutional reforms aimed at strengthening local government's managerial and financing capacity has generated tangible results. The introduction of new policies and procedures for initiating the sale of municipal revenue bonds by local government agencies, the formulation of GOI guidance for the appraisal and approval of privately-financed urban environmental infrastructure projects, and the creation of a nation-wide secondary mortgage facility are among the most notable achievements made over the past year. USAID/I has leveraged substantial contributions from other donors to expand the Regional Development Account, a mechanism for competitive disbursement of urban environmental infrastructure loans to local governments.

Industrial pollution poses another serious threat to the sustainability of Indonesia's economic and human development. As the nation prepares to accelerate its transition to a full-fledged industrial economy, there is both a critical need and strategic opportunity to adopt technologies and processes

which promote efficient and clean industrial production. Over the past year, USAID/I has developed an integrated program to aggressively promote the adoption of clean and efficient industrial processes and production technologies. By establishing a positive set of incentives to induce firms to adopt clean technologies, the program is expected to have a large direct impact on pollution abatement and an even larger demonstration effect. The time is particularly ripe for such an innovative program given the trend towards global harmonization of environmental standards and the ever-increasing competitiveness of the global economy in which Indonesia strives to fully participate.

The performance of the urban environment portfolio is still constrained by the absence of local organizations to lead community-managed environmental improvements. Without direct participation by community groups in decisions about the environmental services to be offered and how they can be delivered most effectively, the GOI and local governments will be unable to offer those services in a fiscally and environmentally sustainable way. In its new CLEAN (Coordinated Local Environmental Action Networks) activities, USAID/I will assist community organizations involved in urban-environmental management and help to create informal networks of organizations so that successful models can be replicated.

SO5: Increased Effectiveness of Selected Institutions which Support Democracy - While not much progress has been made in instituting genuine democratic reforms, societal demands for meaningful change have gained momentum over the past year, and the capacity of Indonesia's civic institutions to respond to these demands has continued to increase. The Indonesian press, while still constrained by the threat of closure, reports regularly on NGO advocacy and legal defense activities. USAID/I has played a critical role in supporting the development of advocacy and legal defense NGOs. A number of these organizations have become highly effective in defending human rights and the rule of law. For example, over the past year the Indonesian Legal Aid Society took on many important cases, including the suit against the banning of the reputable *Tempo* magazine. In a landmark case, the Jakarta administrative court ruled that the Ministry of Information overstepped its authority in banning the publication, and this decision was upheld by the appellate court. The case is now being appealed and will be finally decided by the Supreme Court.

Indonesia's Human Rights Commission, an independent organization which has the backing of the GOI, continued to break new ground in investigating charges of human rights abuses. It has demonstrated its willingness to speak out on a number of highly sensitive and controversial cases which has earned it the public's growing respect. USAID has provided support to the Human Rights Commission via a grant to the Asia Foundation. Over the past few years, the Indonesian Parliament has begun to more seriously scrutinize the Administration's proposals and to vocalize its concerns. USAID has supported development of the parliament's research institution which provides parliamentarians with improved information and analysis.

When preparing and reviewing the *Country Program Strategy* last spring, there was concern that the government would pass a proposed regulation which would have restricted local NGOs' ability to receive foreign funds without interference. Fortunately, this regulation, which would have impacted negatively on the achievement of the SO5 objective, has not been passed. This is not to

say, however, that NGOs are necessarily free to expand in an unlimited way their roles as advocates for change.

PART II

**PROGRESS TOWARD ACHIEVEMENT
OF STRATEGIC OBJECTIVES**

II. PROGRESS TOWARD ACHIEVEMENT OF STRATEGIC OBJECTIVES

A. STRATEGIC OBJECTIVE 1 (SO1): Sustained Economic Growth in the Transition from Economic Development Assistance to Development Cooperation

1. Summary of Data

The SO1 Performance Data Tables may be found on pages B-1 through B-16.

The data provided in the above referenced tables is supplemented by the agreed upon "annual report cards" which are designed to measure the relative success of USAID/I's performance in achieving what is within its manageable interest with respect to assistance to Indonesia under SO1. These report cards address the major indicators of Indonesian economic growth and compare actual performance with USAID/I expectations. The three report cards (SO1.1, SO1.2, and SO1.3) can be found on pages B-17 through B-30.

2. Analysis of SO Progress

During the past year, Indonesia's economic performance has been strong and predictions are positive. Indonesia's 1994 economic growth was 7.3 percent. Examples of progress include:

- Growth targets for the remaining three years of the current five-year plan have been revised upwards from 6.25 percent to 7.1 percent per annum,

- Passage of a new Capital Markets Law,

- Passage of a new Corporation Law,

- Establishment of a new bond rating company,

- Creation of a secondary mortgage facility,

- Implementation of major trade liberalization, and

- For the first time, 35 percent of the shares of a major state-owned enterprise (Indosat, a telecommunications company) were floated simultaneously on the New York and Jakarta stock exchanges.

3. Contribution of USAID Activities

Through support of policy reform, improved economic management, strengthened institutions and innovative pilot programs, the Mission has continued during the past year to make significant contributions to the sustained and accelerated economic growth of Indonesia.

USAID's technical assistance for improved economic management has continued to be utilized effectively by the GOI, and among donors the United States stands foremost in its ability to effect policy change which positively impacts on Indonesia's overall economic performance as well as U.S.-Indonesia trade and investment potential.

Overall, SO1 met or exceeded 12 of its 16 indicators and, for the remaining four indicators, progress is still impressive. Some of the major accomplishment achieved this past year are listed below.

Improved Policies for Sustained Economic Growth (SO1.1)

Sustained economic growth in Indonesia focuses primarily on fiscal, monetary, public finance and macro economic policy issues. Results obtained from U.S. technical assistance continued to demonstrate that relatively small USAID investments are producing very significant policy impact in Indonesia.

Improved Economic Statistics: Assistance to the Central Bureau of Statistics to improve economic statistics resulted in improved economic data that were incorporated into the GOI's input/output model and their budget forecasting model of the economy. The results of these improvements caused the GOI to announce a major revision and rebasing of the GNP statistics in 1995. The official estimate of per capita GNP was raised from \$746 to \$919 and the estimate of 1994 rate of growth of GDP from 6.8 to 7.3 percent per annum.

Passage of the New Capital Markets Law: The new law establishes basic accounting standards and disclosure requirements for listing shares on the Jakarta Stock Exchange and enables greater oversight to prevent securities fraud. In setting clear and transparent rules on public offerings, the law greatly strengthens the growth of Indonesia's financial markets. U.S. technical advisors played a critical role in helping to draft this important law as well as in strengthening the Capital Markets Supervisory Board's regulatory and enforcement capacity.

Development of Indonesia's Commercial Laws: USAID advisors played a critical role in drafting a new Corporation Law which has now been signed into law by President Soeharto. The law establishes simple and clear procedures for company formation and dissolution, and protects minority stockholders' interests by separating management and control and by defining minority shareholders' rights. USAID also helped finance the "publication" of the first CD-ROMs on hitherto unavailable Indonesian laws and presidential decrees. This facilitates fair and efficient business transactions by making relevant laws available to businessmen, lawyers and academics.

Secondary Mortgage Facility Created: As the result of USAID-funded technical assistance, the Government of Indonesia has approved the creation of a secondary mortgage facility and, with further USAID assistance, is now preparing the necessary implementation plans. This facility will substantially deepen capital markets, decrease costs to home owners, open

access to the formal capital market for millions of Indonesians and expand the construction of new housing throughout Indonesia. This is one example of a policy area in which the GOI turned to USAID/I for assistance because of its capacity, expertise and highly successful U.S. experience in home financing.

Microenterprise: Activities last year included the training of over 400 village women entrepreneurs in Sumatra while another 50 women were given training in the promotion of home-industry silk woven products in South Sulawesi. Additionally, USAID/Indonesia assisted the renowned Bank Rakyat Indonesia (BRI) to embark on a professionally organized international visitor program. Through BRI's visitor program, training will be provided over the next three years to visitors from over 120 developing countries in the successful BRI, micro-financial, rural banking system techniques.

Improved Policies for Increased Indonesian Participation in the Global Economy (SO1.2)

USAID assistance includes activities that help Indonesia increase the transparency and openness of its economy and strengthen its capacity to participate fully in evolving trade and financial relations with global and regional partners. USAID achievements are in the areas of (a) trade policy, (b) deregulation, and (c) increased competitiveness.

Indonesia Fully Met all of Its Uruguay Round Obligations: In April 1994, Indonesia became a founding member of the World Trade Organization. For the first time, Indonesia committed itself to bind its tariffs on 95 percent of all tariff line items. USAID consultants also prepared policy papers on the benefits of the Uruguay Round to Indonesia which speeded up the agreement's ratification by the Indonesian parliament.

In May, the government demonstrated its commitment to the World Trade Organization (WTO) and the Asia Pacific Economic Cooperation (APEC) by announcing its most significant trade liberalization package to date. These reforms reduced tariffs across the board on approximately two-thirds of all tariff line items. As a result, the (unweighted) average tariff rate on imports was reduced from 19 percent to 14.5 percent. Even more importantly, for the first time, the GOI committed itself to reducing most tariffs to five percent by the year 2003. USAID trade policy advisors were instrumental in helping to advance these key reforms as well as in strengthening Indonesian's capacity to analyze, formulate, and implement sound, market-oriented trade policies.

Export Market for Soybeans Opened Up: USAID/I funded studies on the negative impact of restrictions on the import of soybeans and soybean meal and, in September 1995, the GOI announced that all remaining barriers on the import of soybean meal are to be abolished. As a consequence, U.S. exporters now have new opportunity to increase exports to Indonesia in a U.S. \$200 million market.

Indonesian Universities Connected to Job Markets: The USAID-funded Higher Education Development Support Project has piloted the development of job placement centers at nine

universities, 296 graduates have participated in business internships and 295 have found permanent employment through the center (average job search for college graduates in Indonesia is over one year). Initial Ministry of Education skepticism, which brought out comments such as "...not the responsibility of the University to help graduates find jobs...", has been overcome and the Ministry is now supporting job placement centers with its own resources. In addition, both major multilateral development banks have incorporated the establishment of centers into their own higher education loan programs.

Increased Maturity of Indonesian-American Economic Relationship (SO1.3)

This performance indicator (SO1.3) is focused on the develop of TAGS which is discussed below, in Part III. Status of Management Contract, and in the SO1.3 report card which is included in Annex B. Other than design related costs, no resources have been expended for this indicator.

4. Expected Progress in the Next Year

For the remainder of 1996 and into 1997, SO1 will continue to meet or exceed the performance indicators shown in Annex B, although some of these may be altered or eliminated, depending on final TAGS design and funding availability. In addition, the Mission expects the following major activities to take place in 1996:

New Activity Design: The initial TAGS concept was approved by the ANE Bureau in May 1995 and during the last eight months the Mission has (1) produced a preliminary design document, (2) reorganized itself internally to create a new Mission-wide SO1 team based on the concept of TAGS, (3) conducted a wide-ranging customer survey of government, private sector and non-profit entities and individuals, (4) prepared concept papers to feed into TAGS design, (5) engaged the services of a two-person preliminary design team (for January 1996), and (6) is planning to hold its first customer focus group meeting in the near future to brainstorm on customer ideas for this transition activity.

The TAGS program is expected to come on stream in late FY96 and will only begin to produce results in FY97.

CUSTOMER SERVICE FOCUS

Formative Research on TAGS

SO1 is actively soliciting the views of customers and partners in order to enrich the design of an innovative transition package (TAGS) that will replace SO1's current portfolio. Last summer, over 20 interviews were conducted with a wide range of respondents including small and large company representatives, government officials, bankers and others. Discussions generally following the respondents' experience and their thoughts on potential areas for U.S./Indonesian linkages. The findings from these interviews were documented and distributed to the SO1 team. Since then, USAID/I has carried out a second series of formal and informal interviews with representatives from about 30 businesses and public and non-profit organizations to test the hypotheses developed as a result of the earlier findings and to ascertain what clients and partners saw as their economic growth priorities. A trend analysis from these interviews will be used to guide the project design.

As ongoing activities are phased out, the new TAGS transition assistance program will replace the entire current SO1 portfolio in support of economic growth. TAGS will become the Mission's sole mechanism to foster sustained and self-financing expansion of access to the United States' ideas, institutions and capabilities in support of economic growth.

Economic Law: During the next year (and among many other continuing activities), considerable effort will be made in the commercial law area to foster the development of arbitration mechanisms and to develop a cadre of commercial law experts in Indonesia.

Urban Infrastructure Financing: It is expected that the first ever municipal bond issuance in Indonesia will occur later this year, as a result of USAID's work with several GOI ministries. Through this extensive effort, USAID will be supporting a dramatic shift in the way urban environmental infrastructure (including systems to deliver water and to treat wastewater and solid waste) is financed. Long-term results are expected to include a reduction in the need for external borrowing and a substantial increase in the use of local capital markets to fund water projects.

A major transformation is also expected in 1996 in the manner in which the government provides environmental infrastructure loan financing. USAID-supported policy will shift its focus to administrative changes in the Regional Development Account to convert it from a subsidized, closed system to one in which loans are provided on a transparent, cost-recovery basis.

Trade: Continued progress towards rationalizing trade policies and reducing tariff and non-tariff barriers to trade is expected. Greater progress is expected in reducing restriction which limit the efficiency of domestic production and distribution. USAID consultants will also continue the process already well underway of working with counterparts to strengthen staff's analytical and professional skills, thereby ensuring greater likelihood of significant technology transfer. With the recent merging of the Ministry of Industry and Ministry of Trade, USAID/I consultants are also expected to assist in "re-inventing" the new organization into a more efficient and responsive agency better equipped to support open and competitive trade and production.

Microenterprise: Two studies on microenterprise are slated for conclusion next year: "Women in Trade" and "The Role and Characteristics of Microenterprise Activities in Indonesian Households". As a consequence of those studies, Indonesia will have established a framework to better understand the dynamics of microenterprise activities during this period of Indonesian economic growth. The Asian Foundation will also inaugurate a major new microenterprise policy and networking project that is being co-financed by private business donations.

In lending, microenterprise activity will train and support loans from financial institutions to over 900 clients (623 of them are women) in under-served areas and complete instructional modules to train key staffs under the BRI-Indonesian Visitor Program.

B. STRATEGIC OBJECTIVE 2 (SO2): Improved Health and Reduced Fertility

1. Summary of Data

The SO2 Performance Data Tables may be found on pages B-31 through B-50.

Trends and program results measured against the 1991 and 1994 Demographic and Health Survey (DHS), National Family Planning Coordinating Board (BKKBN) service statistics and project output indicators are very encouraging. However, detailed figures to indicate progress between 1994 and 1995 for several SO2 population and health-based program outcome indicators will not be available until mid-1996. At that time, Performance Data Tables in Annex B will be further updated, including those showing provincial level data.

2. Analysis of SO Progress

As the world's fourth largest country, Indonesia's continuing progress in improving health and reducing fertility has global implications. The percentage of currently married women now using contraception is 55 percent, or approximately 20 million women. This represents a five percentage point increase from just three years ago, and indicates that Indonesia is overcoming its "plateau" in contraceptive use. Total fertility also declined from 3.1 in 1991 to 2.8 children per woman in 1994. Commercial sales from the Blue Circle campaign grew steadily in prime urban markets, and nearly 30 percent of current family planning users received family planning services from private sector sources. In FY95 a national HIV/AIDS strategy was launched; national health resources allocated to HIV/AIDS increased by 40 percent to \$3.5 million; nearly 14 percent of the population in the Klaten District participated in an integrated managed health care program, and a pilot model maternal mortality and morbidity program was launched in South Kalimantan in conjunction with a "sister" program in Sulawesi supported by the Japanese as a part of the USA/Japan Common Agenda.

3. Contribution of USAID Activities

USAID's unique contribution in the health and population sector is its ability to provide high quality, short- and long-term technical assistance in a number of key program areas such as strengthening GOI policy development capabilities, family planning and health care service delivery, and research. USAID technical assistance helps the GOI and private sector institutions to develop sustainable systems which will exist long after USAID/I departs. Assistance is offered through a variety of mechanisms including contracts from bilateral resources and a significant amount of Global Bureau field support. No other donor is providing such assistance on a sustained basis. This technical assistance to the GOI and private sector during this transition period will help assure the continuity of sustainable systems of PHN services to Indonesia's populace.

In nominal dollar terms, USAID/I is no longer the major donor in the PHN sector. However, even though other donors are contributing loan funds for local costs in some areas, USAID/I is the only donor providing direct technical assistance and training in critical program areas such as the collection and analyses of data on fertility, family planning, HIV/AIDS and maternal and child health. USAID is implementing a quality care assurance system at national and provincial levels. USAID is promoting the use of mass media for promotion of long-term family planning methods and HIV/AIDS prevention, and developing new communication and information technology for public and private training institutions on reproductive health and maternal mortality. USAID is the only donor working to improve the quality and availability of voluntary sterilization. USAID provides direct institutional development support to the Indonesian Midwives Association and to a provincial level peer review network. Finally, USAID is the only major donor providing training and technical assistance to private sector providers—including incorporation of private practitioners and facilities into the USAID/I pilot managed health care activity.

Total Fertility Rate Reduced (SO2.1)

USAID/I's family planning program is focused in the seven largest provinces of Indonesia where 70 percent of the population resides. Overall contraceptive use is steadily increasing in Indonesia with over half of married women now using some type of modern contraceptive.

One-third of these women use long-term clinical methods (IUD, Norplant implant, or sterilization). While 1994 DHS data indicate that national use of long-term contraception has not increased since 1991, data from USAID-funded project areas indicate an increase in long-term method use. Much of this increase is a result of the availability and accessibility of Norplant. It is likely that Indonesian women (especially in rural areas) consider the implant method less intrusive than the IUD method. Indonesia has the world's largest Norplant implant program with an estimated 1.9 million women currently using the method. Ensuring quality of care in the Norplant program is an enormous challenge, given the large

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Use-Dynamics Study of Norplant®

In SO2, the experience of women receiving family planning services was sought in several provinces through a joint effort with partners in the government's family planning ministry (BKKBN). The USAID-funded "...Use-Dynamics" study of Norplant® revealed a wide variance in the quality of service across provinces. Over two million women use Norplant® in Indonesia and almost all insertions are done by midwives. However, the study showed that many women did not know what to expect when using Norplant®. One woman said she learned about Norplant® from a friend, "She told me it was good and I believed her, but I had a lot of questions and doubts about this method".

Based on the findings from the study, the government improved training, improved information delivery and increased supplies to the centers. Midwives reported that fewer women returned with complaints once they started counseling their clients on what to expect.

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numbers of users and the continuing need for implant removals as clients reach the five-year time limit. USAID predicts that long-term method use, especially Norplant, will continue to increase because it is less user-dependent and less expensive than temporary methods in the long run. USAID is assuming that, as more women achieve higher education and pursue economic activities, and as quality of care of these methods improves, demand for effective methods of contraceptives will increase.

Improvement in the quality of family planning services is one of the most important goals of both the GOI and USAID/I. The government's role in subsidizing the program is declining as trends show that more people are able and willing to pay for needed health and family planning services if the standard of quality is acceptable. USAID's involvement is also based on the assumption that, as incomes rise, people are more willing to pay for better services. Therefore, USAID/Indonesia efforts in supporting private providers has always emphasized improvement in quality of service to attract more paying customers. The use of private sector services doubled between 1987-1991 from 12 to 22 percent, and has increased by another third to 28 percent in the past three years. In addition, nearly 75 percent of family planning users now pay for the services or contraceptives. To quote Haryono Suyono, the Minister for Population, "The program is evolving from a program managed for the people to one managed by the people."

However, reducing fertility further to accomplish the national goal of replacement level fertility (TFR 2.1) by the year 2005 represents an enormous challenge for Indonesia. Given past high fertility levels, in order to simply *maintain* the current Contraceptive Prevalence Rate of 55 percent, the program, now serving 20 million current users, will have to increase that number by about 40,000 each year. In addition, as clients become more educated and switch to longer-term effective methods, they become more demanding of high quality information and services, so the program will have to improve its quality just to maintain its continuing users on a long-term basis. Finally, in order to *increase* contraceptive prevalence from 55 percent to 65 percent and to achieve a TFR of 2.1 in the next 8-10 years, the program will have to attract approximately 5.6 million additional new users every year!

STD/HIV/AIDS Prevalence among High Risk Groups Decreased (SO2.2)

The Mission's bilateral HIV/AIDS activities began last year and a national discourse has been successfully launched. A two-year implementation plan and a five-year strategic workplan have been developed, and two of five technical advisors have begun work in-country under USAID/I assistance. Rapid ethnographic assessments of HIV risk were carried out in five cities and data on syphilis prevalence, condom use, sexually transmitted disease (STD) diagnosis and treatment practices, knowledge of HIV/AIDS prevention practices, and STD counseling is beginning to be collected. This progress in the start up of USAID/I's new HIV/AIDS activity is indicative of the GOI's increasing commitment to the implementation of a National HIV/AIDS Program.

Two new HIV/AIDS prevention policies have been formulated by the GOI. The first policy endorses condom use as one of several risk reduction strategies. This policy was made in an effort to enable essential preventive programs to move ahead alongside complementary messages exhorting adherence to religious principles. The second policy statement rules out euthanasia for people with HIV and AIDS, thereby upholding medical codes of ethics and rejecting a request by some leaders to allow euthanasia in such cases.

The GOI is actively working to secure sufficient financial and technical resources to support the implementation of its National HIV/AIDS Strategy. Project agreements with USAID, AUSAID, France, UNDP, Ford Foundation and Germany have been signed, and loan agreements with the World Bank and the Asian Development Bank are nearing completion. Indicative of increased government commitment, in 1995 national health resources allocated to HIV/AIDS increased by 40 percent from \$2.5 million to \$3.5 million, and a steep increase of 40 percent, from U.S. \$3.5 million to U.S. \$6.5 million, is predicted in 1996.

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Member of Parliament Works With Customers in HIV/AIDS Prevention

Dr. Nafsiah Mboi--member of Indonesia's parliament, pediatrician, public health expert, HIV/AIDS activist and USAID partner--carries the HIV/AIDS awareness message into those areas of society that have less autonomy in sexual matters and less access to accurate information than most Indonesians. "These are our people. They have the right to accurate information", Mboi proclaims when questioned why she carries the AIDS message to commercial sex workers and their customers, rural and urban poor and college students.

As she travels in Indonesia, Mboi places an emphasis on information sharing, empowerment and decision-making by responsible adults. Mboi firmly believes that addressing the HIV/AIDS crisis in Indonesia requires teamwork with the community and local organizations, the government, religious leaders and donors all playing their part. She is a strong advocate for equity in the national HIV/AIDS prevention effort by insisting that all people be served, including those who might normally be overlooked, excluded or blamed.

USAID Indonesia's HIV/AIDS prevention program regularly sponsors Mboi's efforts to reach the customers, partners and stakeholders with whom she comes into contact everyday. Her actions speak loudly for herself, her nation, her partners and her sponsors.

With permission of Dr. Nafsiah Mboi

Maternal Mortality Reduced (SO2.3)

Indonesia's unacceptably high maternal mortality ratio of 425 per 100,000 live births is the highest in ASEAN countries. President Soeharto recently announced his commitment to drastically lower this ratio to 225 in just four years (1999). While USAID/I activities are limited, substantial progress has been made in laying down the programmatic foundation for activities which will improve maternal health care. A results-oriented implementation workplan has been developed for 1995-97. An extensive national midwifery training and education assessment has been completed. In addition, a situation analysis of midwife capabilities and service availability in the South Kalimantan demonstration area has been completed.

Indonesian researchers have documented the linkage between high levels of iron-deficiency anemia among pregnant women (approximately 55 percent are mildly or moderately anemic) and high maternal mortality rate. USAID/Indonesia supports several activities that target women of reproductive age, and especially adolescent girls, (factory workers, students and community groups) for increased micronutrient intake, specifically Vitamin A and iron-rich foods, Vitamin A capsules and iron tablets.

Health Care Financing

Much has been accomplished under a managed health care pilot activity in terms of expanding access to a basic benefits package of affordable, quality health services. Almost 14 percent of the population in the pilot area of the Klaten District in Central Java are already covered by the comprehensive, managed health care scheme. A management group has been established to guide the managed care program during its expansion to ensure utilization of the standards of care, rational drug use guidelines and quality assurance program. The basic benefit package includes among other services: ambulatory services, AIDS counselling, immunizations, pre-natal care, maternal health, family planning,

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Klaten Residents Choose Managed Health Care

Since April 1994, approximately 14 percent of the population of Klaten district in Central Java have chosen to enroll in the managed health care program. For an affordable monthly payment of Rps. 1500 (\$.70) per person, each enrollee now has access to a comprehensive range of both preventive and curative health services provided through a combination of public and private providers and facilities. During the planning stage, potential customers identified the high cost of hospital care as an impediment to accessing health care. In a managed care pilot program, risk-pooling combines with preventive and promotive health care to insulate individual customers from catastrophic hospital and curative care costs. Program participants perceive the basic benefits package to be more comprehensive than those standard services normally available through the public sector facilities or straight fee-for-service providers. Enrollees employed by a blanket factory in Klaten enjoy the ease of monthly payments deducted directly from their payroll.

and child survival services. People are attracted to this managed health care scheme because it focuses on health maintenance as well as curative care for a very affordable premium (\$0.70 per month). By enrolling in the program, members are ensured of the availability, continuity, and quality of the health services they receive. The Asia Development Bank and the World Bank, with the active encouragement of the GOI, are seeking to replicate this Klaten Managed Health Care pilot model on a national level.

4. Expected Progress in the Next Year

PHN Sector Transition Plan: As discussed in more detail in Part III Status of the Management Contract and, again, in Annex C, USAID/I will be focusing during the next few months on completing by May 1996 a comprehensive plan for phasing out of the PHN sector over the next 5-8 years. Once completed, this plan will inform all implementation and evaluation decisions across the SO2 portfolio.

Health Sector Financing Reform: Progress is expected to continue at an exciting pace under the Health Sector Financing integrated trial for managed health care. Based on its accomplishments to date, expressed interest by both the Asia Development Bank (ADB) and World Bank in replicating the model in their project areas, and the expressed intent of the GOI to pursue health care financing reform in its current five-year development plan, the Mission will extend this activity through March 1998. This additional time and resources (\$2.8 million), will allow for a massive social marketing campaign of the managed health care concept throughout the pilot area which will include both mass media and peer outreach activities and will achieve greater community enrollment than originally planned. As high as 24 percent enrollment of the district by the end of 1996 and 51 percent by the end of 1998 is expected. In addition, a series of national workshops will provide top GOI policy makers, international lending banks and other potential donors lessons learned from this model and its applicability for national replication.

Family Planning: Activities will be undertaken in the areas of research, policy reform, clinical training, service delivery, and communications in order to improve long-term contraceptive method use and quality, and strengthen delivery of services delivered through the private sector.

A major new national Norplant Removal Assessment Study will be undertaken by the BKKBN, in collaboration with the Population Council, with funding from USAID and the World Bank, to determine the magnitude of the implant removals problem at the provincial level. Planning for a 1997 or 1998 Demographic and Health Survey will also begin. In addition, four new research studies on the Impact of Family Planning on Women's Lives will be undertaken in the seven priority provinces.

A series of critical policy analyses will be undertaken to remove the policy and operational constraints which currently hinder the expansion of the private sector provision of family planning services. Studies include: Dynamic Market Segmentation Analysis; Family

Planning Price Setting Policies and Processes at the Local Level; and Regulations and Procedures in Private Sector Family Planning Service Delivery.

The National Clinical Training Network, which is already operational in two national sites and seven provincial sites, will be extended into 35 districts and a new training curricula on counseling and quality of care will be introduced. Contraceptive Technology Update material will be adapted for use in medical schools and in-service training facilities. Several thousand doctors and midwives will be trained in Norplant implant insertions and removals. New computer-assisted learning technologies will be developed and pilot tested, and several new computerized planning tools will be installed into the National Clinical Training Network.

Within the past couple of years, over six million couple-years-of-protection (CYP) have directly resulted from the Private Sector Family Planning project and the Pathfinder International Service Delivery Expansion Support (SDES) project. This year, efforts will focus on an extensive Norplant implant removal program nationwide. In addition, a new quality assurance system will be implemented in the seven provinces. An additional 2000 service points (including 100 NGO sites) will be equipped and 1.6 million new users of long-term methods are anticipated. A pilot program to train village midwives will be launched in several provinces. It is also anticipated that the number of users who receive services from the private sector will increase and that national contraceptive prevalence will increase.

Training in communication strategy development and evaluation will be institutionalized into the BKBBN system at all provincial levels. Several new mass media and public relations efforts promoting midwives will be launched. A recent three-month public relations campaign to promote the use of voluntary sterilization resulted in dozens of print articles and a number of television and radio reports. These efforts will be expanded in an effort to further influence the opinions of journalists, doctors, religious leaders, business executives, and potential clients.

HIV/AIDS: Expected progress in 1996 includes the rapid mobilization of all the HIV/AIDS Prevention Project (HAPP) technical advisors, baseline data collection and implementation start-up against an approved annual workplan. USAID expects to see the development of mass media campaigns for the general public and outreach interventions for target groups in all three demonstration areas; completion of an in-depth national HIV/AIDS/STD policy assessment and at least one new policy in support of HIV/AIDS prevention and control; development of standards for diagnosis and treatment of STDs in collaboration with the GOI and other donors; and completion of condom marketing research and peer outreach workshops to promote condom use among commercial sex workers in each demonstration area.

Maternal and Reproductive Health: Following the collection of baseline data, significant progress is expected in developing and implementing communication activities and training for village midwives in anemia prevention, improved management of delivery complications

and post-partum family planning under the MotherCare project in South Kalimantan. Under the OMNI Project, activities will be developed and implemented to improve micronutrient intake (particularly iron and vitamin A) among adolescent school girls and factory workers. Marketing strategies will be developed and implemented for expanding access to and consumption of iron tablets through the private sector.

C. STRATEGIC OBJECTIVE 3 (SO3): Decentralized and Strengthened Natural Resource Management

1. Summary of Data

The SO3 Performance Data Tables may be found on pages B-51 through B-68.

The indicators in the Performance Data Tables reflect in detail USAID's success in supporting strengthened and decentralized NRM through a combination of fieldwork and policy, involving both governmental and non-governmental entities. NRM II design has resulted in updated baselines and targets, and dropping one indicator which is no longer valid.

2. Analysis of SO Progress

Of all USAID-supported countries, Indonesia is by far the most important in terms of its natural resources. It has the second largest area of tropical forests, the richest marine resources and the greatest biodiversity in the world. It also has the highest potential to destroy this globally significant natural resource wealth. No USAID-assisted country has a greater level of tropical deforestation, coral reef destruction or longer list of endangered species. The Agency has declared Indonesia to be a priority country with respect to both global climate change and biodiversity.

Though natural resource degradation continues at an alarming rate (deforestation is currently occurring at the rate of 600,000-800,000 hectares per year and 73 percent of coral reefs have been degraded), Indonesia did make impressive strides during the past year in natural resource management:

- The GOI enacted laws to prohibit the export of endangered marine species and reduce fishing practices that destroy coral reefs;
- Indonesia led the effort to support marine resource management in the Biodiversity Treaty Conference of Parties II held in Jakarta, pledging significant commitments to promote decentralized and strengthen marine resource management;
- The operations of two large, potentially influential, independent GOI-approved non-governmental institutions (NGOs) to carry out NRM activities were initiated (Eco-labelling Institute and the Indonesia Biodiversity Foundation); and
- The GOI began testing the policies and providing the guidance for increased decentralization of NRM in the next five-year plan (Repelita VII).

These achievements are attributable in part to USAID involvement, and the Mission believes that with continued coordination among the GOI, other donors, and the NGO community, the negative trends of the past can be reversed.

3. Contribution of USAID Activities

According to the World Resources Institution's (WRI) 1995 report on Indonesia's environmental threats and USAID's role, the SO3 program "...has comparative advantages over other donors that enable it to support strategic, complex activities and a significant enough level to influence decisions about priorities, strategy and objectives. USAID's comparative advantages include top-level technical expertise and the ability to flexibly use grant resources. These advantages are augmented by a high level of confidence and support among Indonesian partners for the Agency's sustainable development objectives."

While USAID grant funds are considerably less than loan funds from the World Bank, Asia Development Bank, and Japan, the flexibility of USAID grant assistance and the success and innovative nature of the programs have leveraged support from other donors. The World Bank has continued and expanded programs USAID initiated in integrated pest management, soil conservation, and protected area management. The Asia Development Bank is funding the expansion of clean industrial production and decentralization of the Environmental Management Agency, and Japan has picked up USAID's water resources program and the biodiversity conservation program. All of these donors will also support the major new co-financed coral reef rehabilitation and management project which will use local management approaches now being tested with USAID assistance. The ability of USAID to support NGO activities (difficult or impossible for most donors) is an invaluable contribution that greatly enhances its role in NRM in Indonesia.

Devolve GOI NRM Policy Implementation to the Local Level (SO3.1)

According to the recent World Bank report, *Indonesia: Sustainable Development of Forests, Land and Water*, community participation is the key to successful NRM in Indonesia. USAID efforts to help shift NRM policy implementation from the central to the local level reflects the GOI's commitment to promote local community participation through national policies for protected areas. For example, USAID assistance in the development of the Park Management Plan at Bunaken National Park in North Sulawesi successfully promoted the integration of national and local governments with indigenous people into the park planning and management process. This Bunaken prototype provides an important model of participatory decision-making that USAID anticipates the GOI will promote in the 30 remaining parks in other areas of the country. A similar USAID-funded pilot program at Bukit Baka-Bukit Raya National Park in Kalimantan is ongoing. When completed this year, the Kalimantan management plan will reinforce even further GOI initiatives to decentralize and strengthen local control over resource management decision-making throughout the archipelago.

Local Communities Actively Participating in Natural Resources Planning and Management (SO3.2)

In addition to supporting progress in community participation on a national policy level, USAID is also contributing towards progress in obtaining GOI approval and support for sound, community-based NRM

activities at the local level. USAID-funded activities include support for communities to sustainably increase their natural resources-based incomes while conserving biodiversity. These forest resource innovations and traditional use mapping activities were successfully carried out at five sites in four provinces. Successful pilot examples such as these promoted a stronger partnership between the GOI, NGOs and communities that cooperate to halt natural resource degradation and to increase natural resources-based incomes. Specifically, USAID assistance culminated in the precedent-setting enactment of two district-level legal agreements encompassing about 2,000 hectares, where indigenous people entered into formal agreements with local government, essentially giving the local citizens land security and the

right to manage their own natural resources. NRM II will further support these activities, analyze the successes, and create information systems to share lessons among communities, government and NGOs—locally and nationally.

The Indonesia National IPM Program has trained 415,000 rice farmers in IPM techniques, but is substantially behind targets established by the World Bank and USAID co-financed project. The September 1995 review team recommended reducing the number of provinces to the six most important rice areas to assure the quality of training and follow-up. The GOI disagreed with this approach, and instead pledged to triple its contributions in the next fiscal year, FY96/97, to make up for implementation delays. The quality of field work and GOI funding will be monitored closely by USAID/I.

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NRM II Design Uses Customer Participation

The design process for Natural Resource Management II has included the services of an Indonesian NGO whose strong network of contacts, both in Jakarta and in the provinces, provides the Mission's project design team with input from: central, provincial, and district (kabupaten) governments; NGOs; businesses; and local communities. Three workshops in Jakarta, one in Manado and several round-table discussions in West Kalimantan, Maluku, and South Sulawesi were arranged with representatives from all of the stakeholders. Findings have helped to define the criteria for NRM II site selection and identify candidate districts. Without the input from these participants, a costly mistake could have been made by selecting a site that was inappropriate for NRM II implementation. When NRM II comes on line, there will be a stronger emphasis on partnerships as opposed to assistance, and team management of activities that includes USAID/I's customers.

NGOs Strengthened to Promote Improved Conservation of Biological Diversity (SO3.3)

The major achievement for biodiversity conservation in Indonesia during the last year was the successful establishment of the Indonesia Biodiversity Foundation (KEHATI). KEHATI successfully registered as an Indonesian NGO with U.S. 501C tax status, recruited high caliber technical and managerial staff, executed its first four grants, and established a \$16.5 million (USAID grant) endowment to sustain its program. In addition, KEHATI undertook extensive networking with Indonesian and international NGOs and co-sponsored the International Biodiversity Forum of international NGOs held in Jakarta just before the Second Biodiversity Conference of Parties. KEHATI will be a major institution for strengthening other Indonesian NGOs, universities, and private sector organizations for biodiversity conservation in Indonesia. Nonetheless, KEHATI presently is a fledgling institution that needs to focus on its key functions and not spread itself too broadly with networking, conference organization, and consulting that are outside its core mandate or beyond its current capabilities.

Besides support for the Biodiversity Foundation, 14 other NRM NGOs have been strengthened through partnerships, information sharing, training, technical assistance and project implementation funding to carry out replicable community level projects that are validating and spreading sound NRM practices.

Natural Resource-based Industries Using 'Best Practices' for Land-Use Management and Production Processes (SO3.4)

USAID is actively supporting forest products industries to meet or exceed the International Tropical Timber Organization's eco-labelling standards by the year 2000 through potentially influential studies and through demonstration of pollution-reducing management practices in forest industries. The first study evaluates the viability of eco-labelling policies, and the second provides an assessment of alternative eco-labelling systems. The results and conclusions of these two studies are expected to contribute substantially to the development of a viable eco-labelling system for forest products in Indonesia which will be adopted and implemented for wood products by the GOI and private sector. In collaboration with the Ministry of Industry and the Environmental Management Agency, USAID consultants worked through the Indonesian Pulp and Paper Association to identify technologies appropriate for reducing pollution and increasing the production efficiency of local pulp and paper producers. Under NRM II, these two activities will be expanded in partnership with the Indonesian Eco-labelling Institute and progressive concessionaires and wood processing industries. USAID will continue work in West Kalimantan which will develop standards and models for more efficient and environmentally sustainable forest production management and product processing systems in line with ISO 14,000 standards.

4. Expected Progress in the Next Year

Indonesia, with its vast wealth and globally important natural resources, is seriously attempting to retard degradation, promote sustainable yield management of natural resources-based products and empower local communities to take charge of their natural resources-based economic future. However, these efforts are being countered by continuing demographic pressure, particularly immigration to biologically sensitive areas, as well as mismanagement in the private sector. Nevertheless, knowledgeable observers agree that the fate of Indonesia's natural resources will be determined within a relatively short period of time. This fate will depend on successful field and policy initiatives, like those supported by USAID/I. With the Mission's unique ability to provide flexible and effective support to key NGO and GOI initiatives, USAID is ready for this critical period.

If sufficient funds are provided, the Mission expects to expand the number of sites and the network of Indonesian NGOs and university researchers working to define protected areas policy and to refine community-based planning and management. These efforts will help provide the technical expertise and the institutional precedents required to ensure success. Building upon its previous efforts, USAID/I will continue assisting indigenous communities in regaining their "right" to manage natural resources in surrounding forests. USAID will expand its efforts to analyze successes and share results among NGO, government and other donor partners in order to increase the number of successful examples of communities increasing their standards of living while conserving natural resources. This networking and partnership will increase the possibility that the accelerating destruction of forest and marine resources will be retarded. As the Mission begins its transition period, its activities in these areas will reflect a new, intensive initiative to provide greater capability to local environmental NGOs to continue efforts in these areas. Resources will be needed to execute and expand the recently-initiated Environmental NGO Strengthening Program, which will provide institutional strengthening, catalytic grants, Internet access and training to NGOs across the country for accessing information important to community-based NRM such as industrial emission standards, ecotourism demand, marketing information for non-timber forest products, and coordination with national/international environmental NGOs.

Two specific advances which are targeted next year are the decentralization and initiation of regional enforcement operations of the GOI's Environmental Impact Agency (similar to the EPA); and the implementation of the GOI's Regional Autonomy Project, empowering local governments to plan and manage their natural resources base more independently and effectively. With these advances, NRM II will be establishing model community-based environmental monitoring systems that will facilitate further expansion of GOI environmental management procedures to the local government level.

D. STRATEGIC OBJECTIVE 4 (SO4): Strengthened Urban Environmental Management

1. Summary of Data

The SO4 Performance Data Tables may be found on pages B-69 through B-82.

The indicators in the above referenced Performance Data Tables strongly suggest that USAID assistance continues to be highly effective in supporting the reform of important policies related to urban environmental management, municipal finance, and private participation in the delivery of urban environmental services. Some changes in Program Outcomes and Program Outcome indicators are discussed in the comments section of the Performance Data Tables (see pages B-71, B-73, B-76, B-77, B-81).

2. Analysis of SO Progress

Indonesia's urban environmental problems are apparent to any visitor to its cities and towns. Less than half of the 90 million urban residents are served by piped water systems and less than one percent are currently connected to network sewerage systems. The quality and viability of Indonesia's fresh water sources continue to deteriorate because of the discharge of untreated household and industrial waste. Among industrial companies, there is still poor compliance with GOI industrial pollution standards, although there is growing public recognition of the problem and GOI commitment to find workable solutions. Operating in a rapidly expanding economy, most Indonesian industrial companies still have little concern for energy conservation and efficiency. Finding sustainable solutions to all of these environmental concerns will entail greater local community participation in partnerships with the government and the private sector.

Although much progress remains to be achieved, the GOI has continued to make important improvements in urban environmental management. Signs of substantial success in this area include the increased rate at which poor urban residents are receiving piped water and other improved urban environmental services. A large part of the solution to urban environmental degradation is to increase the public and private financial resources available for urban environmental infrastructure investments. Indonesia has registered increases in all essential financial components of the resource flow to urban environmental services, including loans, grants, and private sector investments. The Asian Development Bank (ADB) and the Overseas Economic Cooperation Fund of Japan (OECF) have agreed to contribute substantial funding to the Regional Development Account (RDA), the GOI's environmental infrastructure loan fund capitalized with USAID-guaranteed loan assistance.

The GOI's approach to industrial pollution reduction relies on both positive incentives and regulatory enforcement. Its environmental rating system provides incentives to environmentally friendly industries and disincentives to polluting industries. In 1995, the first year of the program, 93 firms met government standards. While this is fewer firms

than was originally envisioned, the number of firms voluntarily participating in the evaluation program is rising (already over 210 firms), and the number of firms that meet GOI standards is expected to rise quickly as well. Another group of 115 firms were marginally close to meeting the standards and, with stronger incentives, are likely to be successful with minimal additional improvements.

In 1994/95 the number of megawatts of installed generating capacity that use renewable energy resources exceeded expectations. Overall, the use of renewable energy resources for electricity generation is increasing, for grid connected applications as well as for isolated systems. However, substantial challenges still lie ahead to increase conservation and extend efficiency improvements. The GOI hopes to reduce nationwide energy consumption by 15 percent by the year 2010. This may be overly ambitious. While there exists a national program for energy conservation and efficiency, obstacles abound. In an expanding economy, industrial companies are more interested in increasing sales than cutting costs; approaches that emphasize cost-cutting efficiencies have yet to receive much attention. Other obstacles include poor public awareness, a lack of standards and incentives, and low levels of appropriate expertise.

3. Contribution of USAID Activities

Indonesia has one of the fastest-growing economies in the world. It also ranks among the most rapidly industrializing and urbanizing. USAID assistance to strengthen urban environmental management is helping to make that rapid growth sustainable environmentally and economically. USAID/I met or exceeded eleven of its twelve indicator targets in SO4 in FY95. Mission assistance continued to demonstrate USAID/I's excellent results in technical leadership to the GOI in the reform of important policies related to urban environmental management, municipal finance, and private participation in environmental services.

Increased Access by Urban Populations to Clean Water (SO 4.1):

As the acknowledged leader among all international assistance agencies in supporting Indonesian policy reform in urban environmental infrastructure planning, management and finance, USAID initiated and continues to drive reform processes in areas such as central government lending to local governments, municipal bonds for local government infrastructure financing, inter-governmental grant allocation procedures, establishment of a legal and regulatory framework for private investment in urban infrastructure, the creation of a nation-wide secondary mortgage facility, and the design and implementation of the latest generation of local government infrastructure planning frameworks (incorporating environmental concerns and public participation). By helping to change central government public finance policies, and helping local governments identify alternative sources of finance for their investments, USAID activities help Indonesia deal with the daunting financing gap that exists between the demand for urban environmental infrastructure services and available GOI financial resources. These USAID-assisted reforms will have far-reaching benefits for Indonesia's environmental sustainability by deepening financial markets, providing greater

efficiency for the use of central government grants, and by improving the allocation of government resources to support urban environmental infrastructure for low income families.

During 1995, USAID leadership motivated other donors in the following ways: an agreement by OECF to provide \$75 million in capital for a reformed infrastructure loan program (using the Housing Guaranty program lending model); an agreement by ADB to support the GOI's infrastructure loan program by using the USAID-designed reform agenda and contribute an expected \$30 million in loan funds; an agreement by the GOI to solicit funding from other donors to increase assistance for the USAID-designed reform agenda supporting a massive inter-governmental grant program; an agreement by the ADB to conduct a U.S. \$600,000 study of water tariff policy; the designation by the GOI of the USAID-designed Urban Management Training Program as its "official" program, including a requirement that all local government send personnel for training through the program; and an agreement with UNDP to work with USAID in the design of a new project for local government management and urban development.

USAID assistance has also achieved major success in areas such as new policies and procedures for initiating the sale by local government agencies of municipal revenue bonds, the creation of new community-led environmental infrastructure plans, the establishment of a nation-wide secondary mortgage facility, and the development of GOI guidance for the appraisal and approval of privately-financed urban infrastructure projects. The annual independent assessment of progress in these activities, conducted in August 1995, showed that excellent progress had been achieved in meeting or exceeding all GOI targets in its Urban Policy Action Plan, and acknowledged the accelerated pace of GOI implementation of decentralization of government autonomy to local governments. The assessment also acknowledged USAID's leadership role. USAID is using the results of the assessment to increase resources during this year to help the GOI further shift more of its inter-governmental grants from earmarked resources to discretionary grants, and to increase loan financing of environmental infrastructure from public and private sources. The impact of these achievements on improved environmental services to lower income urban residents has been confirmed by annual informal customer field surveys in connection with the verification of GOI expenditures of Housing Guaranty loan funds.

Reduced Industrial Pollution Emissions (SO 4.2):

Because of the success and innovative nature of USAID's cleaner industrial production program, the theme of cleaner production has been adopted and highlighted in the national policy guidelines for the GOI's five-year national development plan. USAID also assisted the GOI to develop and establish its business performance rating program, which is designed to reward firms meeting environmental standards.

During this period, technical assessments of environmental conditions were conducted in seven firms and plans for implementing the assessment recommendations by individual companies are currently being developed. USAID training for firms, as well as assistance to

strengthen the domestic consulting industry, is expected to result in meeting Mission targets for the number of firms meeting GOI emission standards. USAID work has been guided by customer surveys that gauge and prioritize environmental threats, as perceived by businesses, citizens, government officials, and others. Future targets appear to be within reach.

Increased Production and Use of Environmentally Sound Energy (SO 4.3):

The USAID private power initiative, completed in mid-1995, was instrumental in commencing and promoting the idea that small producers could sell power without lengthy negotiations. This possibility has now been realized by the GOI "Standard Contract" and "Published Tariff" for use by small energy producers. USAID helped institutionalize these measures by training officials in both private and public sectors. USAID studies of "Demand Side Management" (DSM) for electricity use have leveraged loans from the World Bank and ADB to the GOI's national electrical utility (PLN) for the purposes of developing and implementing an extensive DSM program.

4. Expected Progress in the Next Year

Increased Access by Urban Populations to Clean Water: Progress for next year is expected to continue in all urban environmental infrastructure areas, and accelerate in urban service provision areas. With continued USAID assistance, special new programs and/or new reform initiatives agreed to by the GOI in 1995 should show major improvements in 1996 in own-source revenues, water delivered but not billed, infrastructure loan financing, inter-governmental grants, public-private partnerships, as well as related areas such as municipal bonds, secondary mortgages, urban management training, and local government infrastructure planning.

With USAID assistance, reform of the GOI's RDA is expected to accelerate. Loans funded via this infrastructure facility on the basis of local governments' ability to submit designs for self-sustaining, cost recoverable projects have already surpassed levels not expected until after the turn of the century. Starting in 1996, RDA loans to local governments are expected to be made through selected provincial development banks. This new approach is expected to lead to an increase in loan funds from public and private sources and should bring RDA on-lending interest rates closer to commercial market rates.

USAID influence in the expansion of private participation in the provision of urban environmental services and public-private partnership agreements well exceeded targets. Continued USAID work to improve GOI laws, rules and procedures regulating public-private partnerships should result in a steadily increasing volume of such agreements. Several investment projects are currently in negotiation. The tremendous urban environmental infrastructure financing gap, and the GOI's strong desire to attract private investment in this sector, suggest that continued success over the next year is probable, while infrastructure bottlenecks continue to be seen as a possible constraint to Indonesia's competitiveness in the global market place.

Reduced Industrial Pollution Emissions: In 1996 cleaner industrial production activities are expected to begin registering impacts in terms of wider adoption of "best practices" in two industrial sectors (metal finishing and flexible packaging). Additionally, in the next one and a half years, USAID assistance will extend pollution abatement work to two other sectors --lead batteries and paint--and initiate work on industrial pollution abatement policies. This policy work is expected to result in a wider application of industrial waste reduction assessments and increased compliance with GOI industrial environmental standards.

Increased Production and Use of Environmentally Sound Energy: During a period in which Indonesia is rapidly adding new power generating capacity, many opportunities exist to improve energy management and conservation. Over the next two years, USAID will work with the PLN to accelerate its privatization, an objective that the GOI has already endorsed. The privatization will divide PLN into smaller companies which is expected to improve the efficiency and reliability of its power generating and distribution services. This will result in more industrial establishments connecting to the national power grid rather than producing their own electricity from diesel generators which currently provide 45 percent of the installed generating capacity in Indonesia. The privatization of PLN will also lead to an increased demand for electricity from renewable energy power plants. USAID/I is supporting the increased use of renewable energy through its assistance to integrated resource planning, incentives to PLN to purchase electricity from renewable energy producers, and promotion of renewable energy for isolated areas unable to be supplied economically by the national power grid.

USAID surveys solicited customer inputs on energy issues from businesses, government officials and NGOs to guide its work in this area. USAID-funded assistance in this sector over the next two years will focus on the efficient generation and use of electricity, specifically on increasing awareness of the benefits of energy efficiency through (1) training of personnel in the manufacturing industry and commercial building management, (2) pilot projects, and (3) efforts to institutionalize energy efficiency through formal certification programs for design engineers. These efforts are expected to slow the steep increase in electricity intensity, defined as the ratio of electricity input to GDP output (kwh/\$1000 of GDP).

CUSTOMER SERVICE FOCUS

Focus Groups for Strategy Development

USAID/Indonesia's new natural resources and urban environmental strategies were based on customer input. The Mission used focus group methodology to bring together representatives from government, universities, NGOs, businesses, and other donors to help develop its environmental priorities. In the case of energy, participants suggested priority be placed on energy efficiency and greenhouse emission reduction to build on the coming electric utility decentralization by the GOI. Using the participants' suggestions as the starting point, the Mission continued discussions with customers in the energy sector, to craft its energy strategy. The result of the extensive customer consultations is a strategy involving public and private organizations in improving energy efficiency, promoting renewable energy, and supporting privatization efforts of the GOI electric utility, PLN.

E. STRATEGIC OBJECTIVE 5 (SO5): Increased Effectiveness of Selected Institutions which Support Democracy

1. Summary of Data

The SO5 Performance Data Tables may be found on pages B-83 through B-97.

The indicators reported on in the above referenced tables were developed in the context of the Mission's Democracy Assessment and Strategy exercise (approved in December 1994) and the SO5 umbrella activity, Strengthening Democratic Institutions (authorized in spring 1995). These indicators—which the Mission understands have been used as the basis for Agency-wide standards—have not changed. Nonetheless, it is important to note that as the targets are established with individual grantees, indicators and/or targets may need to be changed to reflect what can be achieved within the Indonesian political context. Project performance in FY96 will enable the Mission to assess the accuracy of the current indicators and targets.

2. Analysis of SO Progress

The pace of democratization in Indonesia has not paralleled its rapid progress in economic growth. Yet, there is ever-increasing internal and international pressure for significant political and judicial reform—a less centralized and more open, participatory and transparent government and an independent judiciary. Indonesian civil society has become more politically active and aggressive in expressing its diverse interests. Demands are growing for more freedom in political competition, for greater adherence to Indonesia's own laws and international human rights standards, for a more accountable government, and for increased equality of opportunity and equity in development. NGOs are beginning to speak out more effectively on issues of public concern.

3. Contribution of USAID Activities

Relative to progress in other development sectors, Indonesia's level of democratic development is at a nascent stage. As a result of Indonesia's political history over the past 35 years, few of the fundamental elements needed to support a sustainable democracy are in place. In close coordination with the Country Team, USAID has worked diligently to analyze complex political issues, to build credibility with responsible institutions and individuals seeking greater political freedom, and to program modest levels of resources to promote democratization efforts.

During the past year, USAID assessed the status of Indonesian democracy, finalized a democracy strategy which melds the Agency's objectives with Indonesian reality and aspirations, and devised a comprehensive, detailed Strategic Objective framework to program, develop, monitor and evaluate USAID resources in this controversial sector. All activities obligated in FY95 were negotiated and developed to conform fully with the

approved strategy, and program indicators and outcomes. Many existing NGO partners, who had received funding in past fiscal years and managed programs with democratization aims, were also encouraged to apply the new directions and precision to their ongoing activities. The scores reported in the Performance Data Tables (Annex B) reflect the accomplishments of those partners. Careful review of the data in these tables indicates that the essential tenets of democracy building are, indeed, slowly taking root in Indonesia.

The U.S. government and USAID have a special role among governments and donors in democracy building in Indonesia. USAID is the largest, most active and leading donor in this difficult and controversial sector. In measuring performance at the strategic objective level, USAID monitored the number of times USAID-supported organizations responsibly and meaningfully impacted and influenced GOI policy. Over the past fiscal year, this occurred 19 times or 95 percent of the Mission's goal.

The most desirable condition is where assisted organizations participate before policies are formulated and implemented, and the important standing of civil society in the democratic process is specifically recognized by the GOI. An improved labor regulation, the removal of the ex-political detainee symbol on ID cards, legislation for new alternative dispute resolution mechanisms and conservation practices, the breaking of the East Timor coffee cartel, heightened activism by the National Human Rights Commission and a reduction in telephone rates can all be attributed to the actions of NGOs working closely with the GOI. Additionally, working directly with the GOI, over 6,500 laws and regulations have been standardized, indexed and distributed by CD ROM disks to enhance the administration of justice and the availability of information.

On the other hand, NGOs also respond to what they regard as undesirable GOI policies and practices, advocating for their removal or change. Almost all "landmark" civil, political, land and labor legal cases are pursued by USAID's largest local grantee (the Indonesian Legal Aid Society). Exposure of questionable procedures and misuse of GOI funds has occurred as a result of NGO analyses and investigations. Reforestation trust funds,

CUSTOMER SERVICE FOCUS

NGO SURVEY

During the design phase of the SO5 portfolio, care was taken to ensure that NGOs representing Muslims, women and inhabitants of geographic regions with persistent human rights problems (such as Irian Jaya, E. Timor and Aceh) were given special consideration. The Democracy Strategy emphasizes these groups because they were under represented in previous USAID/I grants even though women and Muslims represent the majority of the population. In order to encourage the participation of NGOs representing these groups, the SO5 team aggressively sought to identify new, potential recipients in these areas. This effort was initiated through the "NGO Survey" which sought to identify and gather information on NGOs with which USAID/I has had no previous formal contact. The SO5 team followed up on the survey with site visits to identified groups and included such groups at USAID-sponsored discussions, workshops and conferences.

The SO5 team is currently encouraging established grantees to form new partnerships with these fledgling NGOs. Through these relationships greater advocacy can be expected in these sensitive areas.

incorrectly applied for aircraft production, were partially restored; unsafe medicines were removed from the market; and, GOI environmental impact processes challenged.

USAID--through modest, responsible and timely assistance--has contributed to a more pluralistic and freer political system in Indonesia.

Increased NGO Advocacy for Democratic Participation (PO5.1)

Public awareness of the role of civil society, the judiciary, political parties and the government grew as a result of NGO activities. President Soeharto himself, various ministers, influential businesspersons and regulatory bodies became the target of advocacy actions on several occasions. Until recently such questioning and confrontation would not have occurred. NGOs were much more effective at public education, publicity and use of the media. The actions of NGOs are now closely watched by the general public and widely reported in the press. The GOI increasingly approaches NGOs for their analyses of laws as well as its policies and regulations. There is increasing understanding and acceptance of many basic democratic principles, especially access for disadvantaged groups. The issuance of a Presidential Decree to curtail the rising independence of advocacy NGOs was stopped through the efforts of the NGOs themselves and their mobilization of international pressure. Indonesian and U.S. NGOs supported by USAID are the leading organizations which permit a more active, stronger civil society, pressing the GOI for systematic reforms and assisting the GOI to devise new laws and policies more responsive to the public's wishes.

Increased Adherence to the Principles of the Rule of Law (PO5.2)

NGOs increased pressure for conformity with Indonesia's laws and international human rights standards. Five NGOs monitored and reported instances of corruption and abuse of power. Officials and businessmen were exposed for misusing money deposited for the Haj to Mecca, for non-adherence to the compensation and environmental terms of mining and forestry concessions, and for misallocating reforestation trust funds (mentioned above). Serious human rights abuses were alleged in East Timor and Irian Jaya, with the military taking unprecedented firm action against some of its members. The Indonesian Legal Aid Society helped ensure citizens' legal protection by pursuing 1,500 cases, many considered "landmark", concerning civil, political, land and labor rights.

Assistance to the GOI continued to deepen the research capacity of the House of Representatives Research Center, trained women legislators from Eastern Indonesia and, as mentioned above, enabled 6,500 laws and regulations to be standardized, indexed and distributed by CD disks. These activities increased citizen's access to government information and the independence of the legislature.

Enhanced Capacity, Reliability and Responsiveness of NGOs (PO5.3)

Civil society, like all institutions on the Indonesian political landscape, is underdeveloped. Since the mid 1980s, USAID/I has assisted local NGOs to improve both their internal management and external program effectiveness. Last year, four Indonesian NGOs achieved greater economic independence through expansion of their donor base, and an increase in locally generated grants and revenues. Financial and accounting systems were broadly improved, providing needed confidence for donors and supporters. Forty percent of NGO officials trained by USAID/I programs were women. Perhaps most importantly, networking among NGOs and between Indonesian NGOs and their international allies grew markedly as access to electronic communications—Internet and the local NUSANET—facilitated rapid exchange of information.

4. Expected Progress in the Next Year

FY96 will be a further and truer test of USAID's democracy strategy. Better and more detailed information will be available as more grants conform to the performance parameters. The Mission expects portfolio performance approximating that of FY95. However, much depends on the size of the budget (\$4.9 million was disbursed in FY95), the timing of its availability, and political developments in Indonesia. If FY95 performance trends continue in FY96, the relationships between and among program outcomes and the strategic objective will be reviewed to allocate more funding to those activities with the highest policy impact. However, one important cautionary note must be raised. Over the last 35 years, in the lead-up to Indonesia's national elections, there have been greater restrictions on civil society.

PART III

STATUS OF MANAGEMENT CONTRACT

III. STATUS OF MANAGEMENT CONTRACT

A. Strategic Objective Changes/Refinements and Status of Transition Planning

1. SO1 Sustained Economic Growth in the Transition from Economic Development Assistance to Development Cooperation - As on-going SO1 activities phase out over the next two years (with less than full LOP funding), the Transition Assistance for Growth Support (TAGS) strategy will become the sole vehicle for achievement of this objective.

The TAGS NAD was approved by the ANE Bureau in May 1995 and during the last eight months the Mission has (1) produced a preliminary concept paper for a new TAGS-based results package, (2) reorganized itself internally to create a new Mission-wide SO1 team based on the concept of TAGS, (3) conducted a wide-ranging customer survey of government, private sector and non-profit entities and individuals, (4) developed more detailed concept material to feed into TAGS design, (5) engaged the services of a preliminary design team, and (6) held its first formal customer-focused group meeting to elicit customers' ideas for TAGS. It is expected that TAGS design will be completed by May 1996, at which time the Mission will seek ANE Bureau concurrence with the TAGS transition modality (as agreed at the time of NAD approval, per STATE 122711, dated May 19, 1995). Authorization and initial obligation of the TAGS SOAG is expected during the last quarter of this fiscal year.

It was also agreed at the time of NAD approval that, once the design of TAGS is completed, the Mission will review the SO1 objective tree, revise it as necessary, and resubmit any revision for USAID/W approval. Suggestions for revision of the objective tree will be submitted along with the completed TAGS design in the third or fourth quarter in FY96. Since TAGS design has just begun as this report is being written, the Mission Director will provide an update on TAGS status when in Washington for USAID/Indonesia's R4 review week.

Title II - The May 1995 strategy review reporting cable called for BHR to negotiate with CRS the elimination of food aid to Indonesia. This has been done even earlier than anticipated, since the request for \$1.5 million Title II in FY96, which was to help assure a smooth phase-out of food assistance, has been cancelled. Presently, CRS/Indonesia has approximately \$1.8 million (monetization from the sale of Title II commodities), \$0.6 million of which is to be used to cover costs associated with ongoing NGO health and agricultural activities and the remaining \$1.2 million for an endowment to support microenterprise activities. After consultation with CRS/Indonesia, the Mission concurred with use of the \$1.2 million for this local endowment, and BHR/FFP is now working with CRS on a mechanism for transferring these funds into an endowment. At the same time, the Mission understands that G/EG/MD has provided CRS/Indonesia with a complementary cooperative agreement (\$2 million over three years) to assist women entrepreneurs develop their microenterprises by providing credit through the formalized rural banking sector. G/EG/MD directly oversees this activity.

2. SO2 Improved Health and Reduced Fertility - When the Mission's PHN strategy was approved in May 1995, agreement was reached on the need for a detailed transition plan for the population, health and nutrition (PHN) sectors to rationalize the technical transference of sustainable PHN services over the next 5-8 years in Indonesia. Development of this transition plan is a collaborative effort led by the Mission with key input from G/PHN, ANE, PPC, the GOI and other donors. The transition plan will form the technical strategy for SO2 from 1996 through the year 2001.

The SO2 transition plan will include the following elements:

- a. Critical challenges and constraints to the long-term sustainability of policies, programs and institutions in the PHN sector in Indonesia. This section will also include a discussion of GOI priorities and objectives;
- b. USAID's comparative advantage in addressing the challenges and constraints identified above. It will also identify specific opportunities for USAID;
- c. Specific transition plan objectives to assist the GOI in overcoming the challenges and constraints identified above;
- d. Priority activities for the transition period. In the context of the Mission's current SO2 strategy, this section will identify those activities which USAID considers the highest priority for implementation during the next several years. It will identify activities to phase-out over the short-term, medium-term and long-term as agreed upon milestones are achieved. It will also identify strengths and weaknesses of key institutions (public, private, and NGO) with which USAID intends to work. It will also describe how linkages with U.S. public and private institutions may be developed or further strengthened during the transition period, in order to help assure program sustainability;
- e. USAID implementation issues. This section will propose a consolidation of G/PHN cooperating agencies (CAs) and contractors working in Indonesia. It will also discuss the roles and responsibilities of the Mission, the Global Bureau and the ANE Bureau in implementing this transition plan. Finally, it will contain a discussion of donor coordination issues in order to identify program areas and activities which may be addressed in a collaborative manner by other donors active in Indonesia; and
- f. Performance monitoring for program phase-out. This section will contain a set of policy, institutional, and programmatic indicators or benchmarks delineating the milestones to be achieved to strengthen Indonesian public and private sector capability to address critical population health challenges.

Development of the transition plan is on schedule and will be ready to be reviewed in USAID/W in May 1996, as planned. A list of activities undertaken to date, as well as a

revised implementation plan for completion of the final transition plan document is included in Annex C (pages C1-C4).

3. SO3 Decentralized and Strengthened National Resources Management - When the Mission's strategy was approved, there were no issues nor recommendations related to SO3. However, it was agreed that the Mission and G/ENV would develop a methodology on climate change to encompass the effects of deforestation. The Mission has taken two steps to comply with this. First, a USAID/I climate change program statement that conforms to USAID and GOI climate change strategies has been prepared. The Mission is undertaking a three-pronged approach which focuses on: (1) reduction of GHG emissions through energy efficiency, cleaner industrial production, and better forest management, (2) enhancement of awareness, and (3) coordination and planning. Second, the Mission is working with the Center for International Forestry (CIFOR) and G/ENV to develop a methodology for assessing the impact of improved forest management for reducing carbon emissions.

The design of NRM II includes sustainability plans for SO3 activities in anticipation of an eventual transition from a USAID in-country bilateral assistance program in Indonesia. Plans focus on sustaining Indonesian institutional capacities and linkages with U.S. and international organizations that assist the principal SO3 clients, the Indonesia citizens/resource users in target forest and coastal areas. These institutional linkages are between U.S. and Indonesian environmental NGOs, U.S. and Indonesian universities, and U.S. and Indonesian government agencies concerned with forestry, agriculture, environmental protection, and park management. Authorization and initial obligation of the SO3 SOAG is expected during the third quarter of this fiscal year (assuming funding availability).

4. SO4 Strengthened Urban Environmental Management - CLEAN (Coordinated Local Environmental Action Networks), a new umbrella SO4 activity, was approved for design last spring along with the Mission's strategy. This activity will have urban, industrial and energy components. Design is progressing, and is being done so that programmatically these components may constitute USAID's final contribution in this sector (in 2003). Authorization and initial obligation of CLEAN funds is expected during the last quarter of this fiscal year.

Through CLEAN/urban, with support from the HG, the Mission will identify and assist local groups, both governmental and non-governmental, public and private, in selected cities, to mitigate the causes of urban environmental pollution. This activity represents a transition from current efforts that focus primarily on central government municipal and environmental policy reforms by broadening the scope of assistance to local communities and organizations.

Current SO4 industrial pollution abatement activities include the Indonesia Cleaner Industrial Production (ICIP) initiative, a component of the Natural Resources Management project, and the design of a new CLEAN/industrial pollution abatement activity that will concentrate assistance on GOI formulation of its policies for industrial pollution. The ICIP component

(of the NRM project) will continue its focus over the next year and a half on supporting voluntary industrial waste reduction assessments in selected industrial enterprises such as metal finishing and flexible packaging sectors. With a strengthened emphasis on policy formulation and implementation through the CLEAN/industrial activity, the Mission expects to have a greater impact on the application of clean industrial production technologies in more sectors of the economy.

CLEAN/energy-related activities focus on assisting the GOI accelerate the implementation of its energy conservation and efficiency programs on both the supply and demand sides. As a result of a comprehensive energy assessment completed last year, USAID/I will assist Indonesia to diminish greenhouse gases and air and water pollution by supporting decentralized, privatized electricity generation, promoting the use of renewable energy, and accelerating GOI energy efficiency and conservation programs.

At the time of Mission strategy approval, it was agreed that G/ENV, USAEP and the Mission would monitor SO4 and its program outcomes to determine if any revision were required. So far, neither ongoing implementation nor CLEAN design suggest the need for any changes in the SO indicators. At the program outcome level, minor changes have been made to better reflect USAID's efforts under SO4 activities. These are discussed in the SO4 Performance Data Tables in Annex B.

5. SO5 Increased Effectiveness of Selected Institutions which Support Democracy - The Mission's democracy strategy was approved in December 1994 and a new, umbrella democracy activity, Strengthening Democratic Institutions, was approved by the Acting Mission Director in June 1995. As emphasized at the time of the broader strategy review during the spring 1995, USAID/I, in close consultation with the entire U.S. Country Team, is continually looking for opportunities for effective investments in democracy. All FY95 obligations conform fully to approved SO5 program outcomes and performance indicators. At the most recent SO5 semi-annual portfolio review, which was held in November 1995, the Mission considered new grant ideas from local NGOs, taking into account the progress of the existing portfolio, absorptive capacity, likely resource availability, and the broader agenda and action plan of the Embassy's Human Rights/Workers' Rights working group. With regard to East Timor, an implementation and pipeline review was conducted recently, and the Mission is considering the possibility of a new FY96 activity (again, depending on resource availability).

The Mission was not charged by USAID/W with developing a transition or phase-out plan per se for this sector, in recognition of the broader interests of the U.S. government in promoting human rights and democratization. However, as is clear from the above, USAID/I does regularly assess—with Embassy input—how best to take advantage of the U.S. government's combined ability to defend human rights and assist democracy building, even with modest USAID funding levels.

B. Special Concerns, Issues and Updates

1. FY96 OYB - As USAID/Washington is well aware, the Mission has prepared this R4 without the benefit of knowing its FY96 OYB level. In the absence of an OYB (and specific earmark/directive levels), the figure used is \$46.043 million, or 75 percent of the FY96 CP level. Earmarks/directives are estimated, based approximately on the FY95 pattern. Should the Mission's FY96 OYB (Mission plus GFS) end up being significantly less than \$46.043 million, obviously the Mission will be required to revisit its strategy and results framework indicators.

2. Credit Programs - When the Mission developed its overall program strategy early in 1995, credit programs were factored in as a major resource, and it was agreed that gradually shifting more of the Mission's funding from grant to loan would be particularly appropriate in the context of portfolio transition. The Housing Investment Guaranty (HG) would continue through the strategy period (1995-2000) at approximately \$25 million per year (SO4). Also continuing would be the micro and small Loan Portfolio Guarantee (LPG) program which has been averaging about \$4 million per year in Indonesia over the last three years and, according to G/EG/CIS, is the Agency's largest LPG program in Asia (SO1). And, importantly, the Mission sought and received approval from the ANE Bureau to proceed with two Enhanced Credit Authority (ECA) activities: Health Care Financing (\$4.5 million loan and \$0.8 million grant under SO2) and Local Government Bond Financing (\$50 million loan and \$3.75 million grant under SO4).

The future of ECA seems to be uncertain at best, and the worldwide HG subsidy faces a dramatic reduction. While the Mission is actively exploring some other alternatives (e.g., using G/EG/CIS's LPG project as a lending mechanism for Health Care Financing), cumulatively such alternative approaches do not come close to reaching the magnitude of lending anticipated at the time the Mission strategy was prepared. The Mission wishes to reconfirm, in the strongest terms, the importance of these lending mechanisms to the success of its transition strategy. If these mechanisms are greatly reduced (HG) or do not become available to the Mission (ECA), the Mission's transition will be less effective and SO/PO indicators will need to be scaled down accordingly.

3. Gender Update - A Women in Development (WID) action plan was developed during 1995 by the Mission's WID committee in order to underscore USAID/I's commitment to gender issues and in order to better track progress. The WID action plan was shared with USAID/W during the spring 1995 review, and highlights of achievements during the last several months are provided here.

a. SO1 (economic management) - Under a cooperative agreement with the Demographic Institute at the University of Indonesia (UI), a university team is conducting analysis of data generated by the recent Indonesian Family Life Survey. This study will provide gender disaggregated statistics and analysis to indicate whether there are gender-based differentials characteristic of Indonesian households with microenterprises. The study will also analyze

the contributions of microenterprise activities to these households in terms of income and welfare. This research—along with another USAID/I-supported study to analyze existing data on the characteristics of women's employment in microenterprise trade and the sources of variation in women's income and productivity in the microenterprise trade—is intended for policymaker, NGO, and private sector use in resolving policy and institutional impediments to women's productivity and income-earning capacity.

USAID/I also supported strengthening managerial and administrative capabilities of female mid-level GOI trade administration officials through in-country and overseas training.

b. SO2 (health and population) - The Mission is expanding efforts aimed at improving access and use of high quality family planning services; improving access and use of HIV/AIDS services; improving access and use of maternal health services; and strengthening the capability of the private sector to deliver basic health and family planning services. These efforts benefit Indonesian women at many levels in society. USAID funds training for hundreds of women health care providers (physicians, midwives, nurses, counselors), as well as for thousands of women family planning volunteers. USAID funds promote improvements in the delivery and scope of health and family planning services for millions of married women of reproductive age.

A number of specific WID-related activities of the past year can be highlighted. Mission efforts are increasingly focusing on strengthening the capabilities of midwives, who are proving to be among the most important front-line health and family planning workers. A major midwifery education and training assessment was completed to strengthen the national clinical training system for midwives. The Mission is providing institutional development training to the national Midwives Association. In addition, in the province of South Kalimantan, a new activity has been developed to improve the nutritional status of women and to improve maternal health care. Finally, a loan program has been established by BKKBN and private banks with USAID assistance to enable private sector midwives to start up a new practice or to expand an existing practice. The demand for this program is already exceeding the resources available, and the World Bank has expressed an interest in replicating it on a large scale.

The HIV/AIDS prevention activities support data collection efforts which will be disaggregated by gender for all indicators, including syphilis prevalence, condom use, STD diagnosis, and STD counseling. In addition, the project will provide training to public and private practitioners and counselors (many of whom are women) in the use of STD syndromic treatment guidelines and in implementation of appropriate HIV/AIDS prevention interventions.

Finally, four new social science research studies have been initiated to investigate the impact of family planning and fertility on women's lives, particularly on the social and economic activities of women. Variables to be investigated include, among others: the impact of

family planning on women's psychological well-being, women's empowerment within the family and within the community, and women's contribution to household economy.

c. **SO3 (natural resources)** - Although women are clearly benefiting from all of the achievements of on-going natural resources management (NRM) activities, the NRM I project did not specifically focus on gender-related activities. Community-based NRM activities incorporating gender concerns will be built into the new NRM II activities, with local women's empowerment being explicitly emphasized. NRM II will focus on the development of women leaders in all of USAID/I's counterpart institutions, especially in environmental NGOs. Incentives for research, management, and training for women leaders will be built into all the NGO grants that will be provided for strengthening community-based natural resources management under NRM II. The Indonesian Biodiversity Foundation has established targets for women researchers in biodiversity conservation grants. This approach is expected to increase the awareness of the importance of the role of women in natural resources management among SO3 customers and stakeholders.

d. **SO4 (urban environment)** - As part of an on-going effort to gauge the impacts on women of SO4 work with urban environmental infrastructure, USAID conducted two related studies in FY95. The first was a statistical analysis of the differential access to urban environmental infrastructure by female-headed as opposed to male-headed households, and the health impacts of the differential access. Using national survey data from 67,000 households, the study represents the first, compelling quantitative measures of these impacts, *anywhere in Asia*, and confirms that women have poorer access to urban environmental infrastructure than do men, and suffer significant adverse health impacts as a result. A second study used these statistical findings as a starting point for detailed recommendations regarding how to enhance the participation of women in the planning and management of infrastructure development activities in urban communities. These recommendations are currently being factored directly into the design of the CLEAN/urban environmental results package.

e. **SO5 (democracy)** - Through an "NGO survey" and existing projects, USAID/I aggressively sought to identify and strengthen NGOs which address women's issues. Specifically, four NGOs received training and technical assistance in financial and administrative management; other groups were strengthened by acquiring basic skills related to small business, agriculture and fisheries. Still other NGOs have collaborated with the GOI on joint activities that promote women's causes. USAID/I continually seeks to form partnerships and collaborations between and among gender-sensitive NGOs.

USAID/I also supported the research and analyses undertaken by a Jakarta-based NGO to assess violence against women in the eastern islands of Indonesia. Eight of the twelve intended locations were visited. Out of these visits, the Jakarta-based NGO and four provincial NGOs have entered into a cooperative effort to work on violence against women issues.

5. Customer Service Plan Update - Late last year, USAID/I began the process of systematically looking back at what the Mission does to solicit customers' and partners' experience in the normal course of being diligent project officers and Results Package (RP) team leaders. Each SO has a wealth of experience in conducting surveys, discussion groups, evaluations, and interviews that measure or assess the performance of a results package team in meeting the needs of its customers and providing direction for new initiatives.

Each of the Mission's SO teams has designated a Customer Service Plan liaison to the Mission's Customer Service Planning Group. Each group member was asked to provide examples of how their SO team is currently soliciting customer opinion and what standards for customer service have been set. Some of these examples were prepared for inclusion in this report.

These current practices will be used by each SO as a starting point for discussions on the process of setting customer service standards at the SO and RP levels. At the conclusion of this process, a Mission-wide plan will be developed from the input of all five SOs. The SO- and Mission-level Customer Service Plans will be used as guides for including customer participation in results planning, measuring performance and analyzing current practices for more effective approaches. Along with other documents, the Mission-level Customer Service Plan will also provide ways to verify that USAID/I's customers, partners, and stakeholders, who share in achieving the results, are being served by their RP teams and that the results meet the program outcome objectives.

The Mission-level Customer Service Plan will be available in May 1996. Copies will be kept by the USAID/Indonesia Desk Officer for reference by Washington-based personnel.

C. REG 216

The chart on the following page lists the activities that are currently being implemented by the Mission, indicating the ANE BEO-approved environmental actions and their implementation status.

Mission requests approval of the following initial environmental evaluations:

- Transition Assistance for Growth Support (TAGS),
- Coordinated Local Environmental Action Networks (CLEAN), and
- Natural Resource Management (NRM) II.

These IEEs are found in Annex D at the back of this document.

PART IV
RESOURCE REQUIREMENTS

IV. RESOURCE REQUIREMENTS

A. Funding Scenario Analyses

The following sensitivity analyses discuss the impact of various budget scenarios on USAID/Indonesia's strategy and results framework. The Mission applied the following ANE Bureau-issued planning parameters in its analysis: for FY97, the Base (\$63.070 million) and Base -20 percent; and for FY98, the Base -10 percent and the Base -30 percent. These R4 parameters were applied presuming an FY96 OYB of CP -25 percent (\$46.043 million). However, as USAID/W is aware, the Mission's FY96 OYB level has not been finalized.

Table E.2 should be read in conjunction with the following discussion.

SO1: Sustained economic growth in the transition from economic development assistance to development cooperation

USAID/I is still engaged in a significant policy-based program under existing program activities (old projects) such as the umbrella ARSSP program, ELIPS, Municipal Finance, and the Agribusiness Development project.

The Mission is in the midst of designing a new activity for this sector, "Transition Assistance for Growth Support" (TAGS). Once ongoing activities phase out, SO1 will consist solely of TAGS which will require discretionary funding. The Mission is not requesting and does not anticipate microenterprise directives during FY97 or FY98.

At the FY97 Base level, the Mission will cease funding the remaining mortgages of all ongoing SO1 activities. This represents a \$13.2 million shortfall out of \$138 million in LOP. Also, the Mission does not anticipate funding any GFS activities. The lost opportunities include:

- The Agribusiness project will be terminated. The three principal goals of the project will not be achieved: (1) a sustainable Agribusiness Foundation, (2) a functioning Agribusiness Institute, and (3) a vital set of functioning agribusiness associations. Obviously, these losses will be particularly felt in terms of U.S.-Indonesia trade relations;
- IESC grants will discontinue after 25 years, thereby reducing U.S. business advice and trade opportunities;
- All ARSSP activities will be terminated with the exception of the Trade Implementation and Policy Program (TIPP). (However, the Mission anticipates that TAGS may allow for some of the flexibility enjoyed under ARSSP, in terms of providing technical assistance.); and

- The Agency will decline to fund any more macroeconomic analyses proposed throughout the year by the GOI, thereby transferring by default the Agency's long-standing economic advisory leadership to other more interested donors.

By taking these drastic steps, the Agency will retain its capacity to proceed with TAGS which represents a modest 11 percent of the Mission's Sustainable Development Base request for FY97.

Under the FY97 Base -20 percent scenario, results will further erode:

The Mission will down-scale TAGS, thereby reducing the chances for a systematic transition to a more cooperative self-sustaining development relationship.

At the FY98 Base -10 percent level, a "bare bones" version of TAGS will move forward.

Under the FY98 Base -30 percent scenario, certain key results packages under TAGS will be jettisoned (since TAGS is still under design, the Mission is not able to provide specifics at this time).

SO2: *Improved health and reduced fertility*

Funding for health and population totals about 45 percent of the Mission's FY97 Sustainable Development Base request. Any higher level would be difficult to accommodate within prescribed planning levels, given the PHN Transition Plan and if the Mission's other strategic priorities in environment, economic growth, and democracy are to be adequately addressed.

At the FY97 Base level, the Mission will meet all its targets.

Under the FY97 Base -20 percent scenario, the following adverse effects are predicted:

- The Mission will short-fund GFS activities by 30-40 percent, thereby weakening TA innovation and leadership in the areas of voluntary sterilization, operations research, private sector policy development, maternal health and child survival;
- The Agency will stop funding activities under the "South-South Cooperation Initiative" announced by President Clinton in Jakarta on November 16, 1994;
- The growth in contraceptive prevalence will slow by about 1.5 percent in FY97;
- One million fewer people will receive family planning services;
- Adoption of risk reduction strategies among high risk HIV/AIDS groups in demonstration areas will drop from 40 percent to 35 percent;

- People at high risk who are diagnosed and treated in STD clinics will drop from 30 percent to 25 percent;
- Individuals advised of STD/HIV/AIDS prevention practices will drop from 40 percent to 35 percent; and
- People at high risk receiving STD/AIDS counseling will drop from 30 percent to 25 percent.

At the FY98 Base -10 percent level, no further erosion in SO2 indicators is anticipated since additional cuts at this level would be directed to other SOs.

Under the FY98 Base -30 percent scenario, the Mission would not be able to achieve expected SO2 results. Rather, the Mission would:

- Cut the SDES Pathfinder family planning activity by 35 percent, causing a significant delay in fertility reduction objectives;
- Stop all family planning programs in hard-to-reach areas of the country; and
- Reduce outlays for GFS programs even more, further weakening technical assistance in the areas of HIV/AIDS, family planning, and maternal mortality and morbidity.

SO3: *Decentralized and strengthened natural resource management*

Given the extraordinary natural resources at stake (the world's second largest tropical forest area and longest coastline), the programming of about 18 percent of the Mission's FY97 Sustainable Development Base request remains modest. Yet, Mission resources allocated to achieve this strategic objective may, in fact, be sufficient in view of the GOI's acceptance of community-based forestry management at the pilot level. Greater resources may be justified once a transparent, incentive-based system is in place to encourage nation-wide application of lessons learned from these USAID-funded pilot programs.

However, even at the FY97 Base level, the Mission foresees one adverse effect:

- Grants to environmental NGOs will be reduced, weakening the voice of indigenous peoples against vested interests.

Under the FY97 Base -20 percent scenario, pollution technologies by NRM-based industries will slow because USAID's new environmental quality management program will have fewer participating companies and no site-specific pilot demonstrations.

At the FY98 Base -10 percent level, the Mission expects that the number of demonstration sites will be so few that lessons learned from natural resources management pilot activities

will have only local or regional applicability. Agency influence will be diminished at the national level.

Under the FY98 Base -30 percent scenario, the Mission would be forced to trim two results packages from SO3:

- Eliminate its environmental quality management work with NRM-based industries; and
- Close out its integrated pest management program.

These two adverse results would underscore that USAID/I had abandoned its efforts to help Indonesia manage its natural resources in a comprehensive manner, with resultant deleterious effects on the regional and global climate. SO3 would focus almost exclusively on forestry policy matters with only limited support for President Clinton's "International Coral Reef Initiative" announced in Jakarta on November 16, 1994.

SO4: *Strengthened urban environmental management*

The allocation of about 18 percent of the USAID/I FY97 Sustainable Development Base request for the urban environmental sector will deliver results in excess of expectations, if past performance is any indicator of the future. Importantly, ongoing reforms in this sector are replicable, self-sustaining and based on private market incentives which ensure long lasting program effectiveness. The urban environmental program in Indonesia contains three different components: urban environmental infrastructure, industrial pollution abatement, and energy conservation and efficiency.

At the FY97 Base level,

- All planned core results can be delivered; but
- Almost no leeway will exist to respond to special requests for peripheral assistance and targets of opportunity (an important part of past project successes).

Under the FY97 Base -20% scenario,

- Urban activities under CLEAN will be scaled back, reducing the ability of key municipal governments to finance urban environmental infrastructure; weakening access by these and other local governments to private sector capital markets; cutting off NGOs and community groups from training and assistance they need to participate in decision-making regarding infrastructure planning and management; eliminating CLEAN's role in strengthening the role of poor women in infrastructure planning;

- CLEAN energy activities will be scaled back, reducing pressure on the government to strengthen policies promoting efficient energy use and renewable energy; eliminating energy efficiency training essential for industrial managers and government regulators; worsening the adverse environmental impacts associated with energy generation and use; and
- Industrial pollution abatement activities will be eliminated, directly increasing the number of industrial companies that fail to meet already minimal pollution standards, reducing access by government regulators to policy and procedural information necessary to at least slow damage to the environment from industrial pollution; the sustainability of the regulatory framework and self-assessment system put in place with USAID assistance will be seriously compromised.

Under the FY98 Base -10% scenario,

- Urban activities under CLEAN aimed at improving participation in urban infrastructure planning by NGOs, community groups, local universities, and poor women will be reduced to minimal levels;
- All energy-related activities will be sharply curtailed; only small numbers of officials of government and industry will receive training and information regarding how energy efficiency makes sense in terms of company profits and environmental protection; ; USAID will lose its policy leadership in this area; environmental damage related to inefficient and unrenewable energy production will increase; and
- Industrial pollution abatement activities will be reduced; the elimination of USAID-support energy audits will leave hundreds of firms with no way to gauge their abatement performance, and no way to identify needed improvements; the government's pollution abatement system will lose its last elements of sustainability.

Under the FY98 Base -30% scenario,

- The ability of targeted urban areas to find ways of financing urban environmental infrastructure will be significantly diminished; NGOs, community groups, local universities, and poor women will no longer receive assistance in participating in key urban environmental decision making as part of CLEAN; customer feed-back from these citizens will no longer inform central government policy decisions regarding urban areas;
- Energy-related activities will be terminated, along with USAID's leadership role in this sector; chances for clean and efficient energy production and use in Indonesia over the next decade will be sharply reduced; and

- Industrial pollution abatement activities will be terminated; the government's ability to regulate polluters will be minimized; environmental damage should increase significantly as a result, because of key industries/firms targeted; the USAID-created regulatory framework and self-assessment system will collapse.

SO5: *Increased effectiveness of selected institutions which support democracy*

With only about eight percent of the Mission's FY97 Sustainable Development Base request, the Mission's SO5 has made the U.S. government the lead donor in the democracy sector in Indonesia. The Agency's approval of a Democracy Strategy for Indonesia and its focused implementation are already producing a broad range of positive results: greater NGO influence on GOI policies, a growing and more active civil society, heightened public awareness and acceptance of NGO activities, more consistent public demands for press coverage in support of greater GOI transparency, and increased accountability and adherence to the principle of the rule of law.

At the FY97 Base Level,

- Measures of NGO impact on GOI policy formation would drop five to ten percent;
- The momentum of NGOs working within civil society and between them and the GOI would slow, just as Indonesia prepares for national parliamentary and presidential elections; and
- USAID would be unable to start financing smaller, single issue NGOs (e.g., indigenous and marginalized people, women's groups).

Under the FY97 Base -20% scenario,

- Fewer NGO partners would be able to enhance their organizational capacity, reliability, and responsiveness;
- USAID would drop all programs to improve NGO networking and to encourage their financial independence;
- The Mission would drop its small NGO initiative to nurture fledgling NGOs, diminishing the likelihood of effective, broad-based advocacy campaigns in the areas of human rights, labor, and independent media; and
- USAID would postpone consideration of all new activities for East Timor.

At the FY98 Base -10% level, SO5 could achieve all of its targeted outcomes, if earmarks/directives allow inter-SO allocations as the Mission wishes.

Under the FY98 Base -30% scenario (presuming inter-SO reallocations are allowed),

- Budget cuts will lessen NGO impact by about ten percent just at the critical period of national elections; and
- The Agency would continue to postpone the small NGO outreach initiative, contrary to the "New Partnership Initiative" announced by Vice-President Gore on March 12, 1995 at the United Nations' Conference on Poverty in Copenhagen.

B. Program Management Requirements: Operating Expenses and Staffing

1. The Operating Expense (OE) requirements of \$4,983,200 for FY96 presented in Table Six represent USAID/Indonesia's budget at a level which is reduced by 10.5 percent from the original ABS budget level of \$5,380,200 submitted in June 1995. At this reduced level, with careful management of resources, the Mission will still be able to achieve all of its five strategic objectives (SO). However, a further significant budget reduction (i.e., by more than 10.5 percent) will adversely affect Mission operations as follows:

- The large geographic territory which our program covers results in significant travel costs (i.e., \$80,000 budgeted for FY96) just for in-country project management. Further reductions in our OE budget will diminish our ability to travel for purposes of undertaking responsible project management. Fewer opportunities to engage project counterparts and beneficiaries will mean reduced ability to anticipate problems and push implementation and to provide adequate oversight to ensure an appropriate level of accountability.
- The Mission's full-scale implementation of USAID reengineering principles and restructuring on the basis of strategic objectives has highlighted the need for more training of staff to work effectively in teams to achieve SO objectives. In addition, as our USDH numbers continue to diminish, our FSN staff need to be prepared, through training, to take on a significantly higher level of program and project management responsibility. We will obviously seek to provide all of this training in the most cost effective manner. However, further budget reductions will hinder our ability to cover critical training and related travel costs in support of achievement of Mission strategic objectives.
- The budget provides for a five percent increase in FSN salaries. A wage survey for FSNs in 1994 recommended a 22 percent increase. Because all agencies at post could not afford the full increase, only an 18.7 percent increase was granted. Another wage survey is due this fiscal year. Since inflation in Jakarta runs about 12 percent per year, we can reasonably expect the wage survey to recommend approximately a 15 percent increase. At this level, the Mission could not pay the full recommended increase. However, if the OE budget is further reduced we might not be able to pay *any* wage increase this year. As a result, we could expect deterioration in morale, lack of competitiveness with alternative employers and loss of our most qualified FSN employees.

2. At present, the GOI contributes about \$1.6 million per year to the OE Trust Fund. This amount constitutes about 32 percent of our annual OE budget. The Trust Fund Agreement provides that the level of Trust Funds each year will correspond to the level of economic assistance received by the GOI from the U.S. government. In the future, as program funds decline, the GOI may indeed reduce its Trust Fund contributions. If the GOI were to reduce its annual Trust Fund contribution this fiscal year, and USAID/Indonesia would need an

additional corresponding amount in U.S. government appropriated funds. The Mission has submitted its request to the GOI for this year's Trust Fund allocation. Because these funds are allocated based on the GOI fiscal year which starts April 1, 1996, the Mission will not know until February or March 1996 whether its funding request has been approved.

3. In anticipation of continuing reductions in OE funds, the Mission is constantly seeking ways to responsibly cut its OE costs. To coincide with diminishing program resources and conclusion of particular program activities, the Mission plans to reduce its staff by four USDH (one from SO1 and three from support functions) and one USPSC in the summer of 1996. In addition, over the past year, the Mission has reduced its FSN staff by 12 employees through attrition. Table E.4 reflects all staff on board as of February 25, 1996 and does not reflect the reductions referred to above.

4. Forty-one percent of our total budget is disbursed for FSN-related costs. If an additional OE budget reduction were imposed, the Mission would be forced to involuntarily terminate FSN staff. If the additional budget reduction approaches 20 percent or more, the Mission would be forced to undertake a formal reduction-in-force (RIF) of FSN staff. If such an eventuality were to arise, the Mission would incur additional unfunded liability for severance payments for involuntary separation (Note: Liability for voluntary separation is funded.) The average unfunded severance payment liability for professional FSNs is approximately \$25,000 per person and for non-professional FSNs is approximately \$8,000 per FSN. Since this contingent liability is unfunded, the Mission would require supplementary OE resources.

C. Technical Support Needs from USAID/W

This section provides brief descriptions of each of the field support services by Strategic Objective that the Mission intends to utilize in FY97 and FY98. This section should be read in conjunction with Regional and Global Field Support Table E.3

SO1

The Mission does not have any Global Field Support requirements under this strategic objective.

SO2

Population

936-3062 Pathfinder International - Funding will be used to provide continuing support to the Service Delivery Expansion Support (SDES) program. The objectives of this project are to expand the quality and use of family planning services in hard-to-reach populations; to expand the use of long-term methods; and to strengthen the service delivery capabilities of several key non-governmental organizations. FY97 funding should constitute the final tranche of funding for the SDES agreement with the BKKBN and with several major non-governmental organizations. Although this would represent the final year of funding, it would represent the fourth year of project implementation and SDES activities would be carried out until the end of FY99. The Mission has included a request for an additional year of funding (FY98), should it be available, in order to deliver services to remaining pockets of extreme poverty, which the GOI is emphasizing in its new Family Welfare and Poverty Alleviation program.

936-3023 Demographic and Health Survey - Funding is required to plan and implement an Indonesian Demographic and Health Survey in 1997 or 1998. This survey constitutes one of the most important reliable sources of national and provincial data on fertility, the use of family planning, maternal health, and other important demographic and health information. It is the Mission's primary source of data for monitoring and evaluating program results in this sector.

936-3024 Population Technical Assistance - A modest amount of funding is requested for ad hoc technical assistance needs which may arise. This project provides technical assistance for project design and evaluation.

936-3030 Asia Operations Research - The Population Council provides the Mission with important operations research on a variety of service delivery issues, such as the dynamics of the Norplant removal problem, quality of care improvements, reproductive health policies, etc. Funding in FY97 and FY98 would be used to carry out operations research on the utilization (or decline) of various long-term methods; male roles and responsibilities in

reproductive health; emergency contraception; post-abortion treatment and counseling; and reproductive intentions.

936-3052 Johns Hopkins University/Population Communication Services (JHU/PCS) - Funding for this project is being used to institutionalize Information, Education and Communication (IEC) training within the BKKBN and in a number of NGOs. Funding during FY97 and FY98 would be used to continue training at the provincial level. Funding would also be provided to produce a major new television series promoting midwives. Also, two new mass media and public relations campaigns are planned; one to address the needs of youth, and the other to promote long-term methods. Finally, the project is providing support to strengthen the training capabilities of the BKKBN's International Training Program (ITP).

936-3054 Michigan Population Fellow - Support during FY97 and FY98 is needed to fund the contract for the Michigan Fellow. This Fellow is a key staff member of the Mission PHN team.

936-3056 Promoting Financial Investments and Transfers (PROFIT) - Funding is needed in FY97 to complete the final year of the Loan Program for Midwives, which provides modest loans to enable private sector midwives to start-up a new practice or expand an existing practice.

936-3068 Association for Voluntary Surgical Contraception (AVSC) - This project is pilot testing the implementation of a quality assurance system, as part of the National Quality Assurance Strategy, in a number of service delivery sites. The results of the project will be important for determining whether the QA system should be implemented nationally and whether or not other donors will be willing to replicate it on a larger scale.

936-3069 Johns Hopkins University Program in Reproductive Health Education (JHPIEGO) - JHPIEGO is implementing a major clinical training program in Indonesia, which involves the Ministry of Health, the BKKBN, the Indonesian OB-GYN Association, the Indonesian Doctors Association, the Indonesian Midwives Association, etc. The National Clinical Training Network is an essential step in setting up a sustainable clinical training function in Indonesia. Funding is also required to develop and implement several new computer-assisted learning technologies for doctors and midwives.

936-3078 Population Policy - Funding is required in FY97 and FY98 to enable the POLICY project to conduct a series of policy analyses for the Mission related to private provision of services and program sustainability (market segmentation, pricing of services, etc).

Health

936-5966 MOTHERCARE - MotherCare provides technical, management and implementation support to the Mission's maternal health activities which aim to reduce maternal anemia and improve provision of pre-natal and post natal services.

936-5972 AIDSCAP - AIDSCAP assists development of several areas of AIDS/HIV/STD prevention as part of the Mission's AIDS strategy, these include: prevention counseling skill development, both for medical personnel and other staff who have regular contact with people practicing high risk behaviors; policy study tours for Indonesian policy makers to increase their knowledge and awareness and further development and utilization of the impact modeling tools to assist senior Indonesian policy makers to build national commitment to AIDS prevention.

936-6004.08 JHU Fellows - To assist in the implementation and management of USAID reproductive health activities and to assist the Mission, the GOI and USAID-funded activities in addressing the social and behavioral aspects of reproductive and maternal/child health.

936-6006 BASICS - BASICS staff will provide technical assistance in FY97 in support of the World Bank's Health Project IV and conduct a pilot study in Central Java in collaboration with the Community Health and Nutrition project in this province. The key objective of this activity is to improve the involvement of the private sector.

G/PHN USDH TDY Assistance - Three visits for three weeks duration each to review and advise on Health Care Financing activities and to review progress in PHN transition implementation and evaluation.

SO 3

936-4111 CGIAR - To continue community-based forestry management research in Indonesia by the Center for International Forestry.

936-5518 Coastal Resources Management (CRM) - To support expanded coastal and marine resource activities being initiated under NRM II.

936-5554 Conservation of Biological Diversity (CBD) - To operate a NGO grants program and provide analytical support for monitoring and evaluating the success of community conservation and development activities.

TDY Assistance - Two trips per year of at least two weeks each, will be needed each year in order to properly establish, monitor, and evaluate the two large field assistance efforts being proposed from the CRM and CBD projects.

SO 4

936-5734 Energy Training - Funding is required to plan and implement a training program to support the energy-related program outcome. Global Bureau support to conduct a training needs assessment and develop a training program along the lines of that included in the recently completed energy is planned for FY96. FY97 and FY98 funds will be used to implement the training program.

Funding is required in FY97 and FY98 from the credit reserve account of the Housing Guaranty Program for the obligation of new Housing Guaranty authorizations, a component the urban environmental infrastructure activities of SO4.

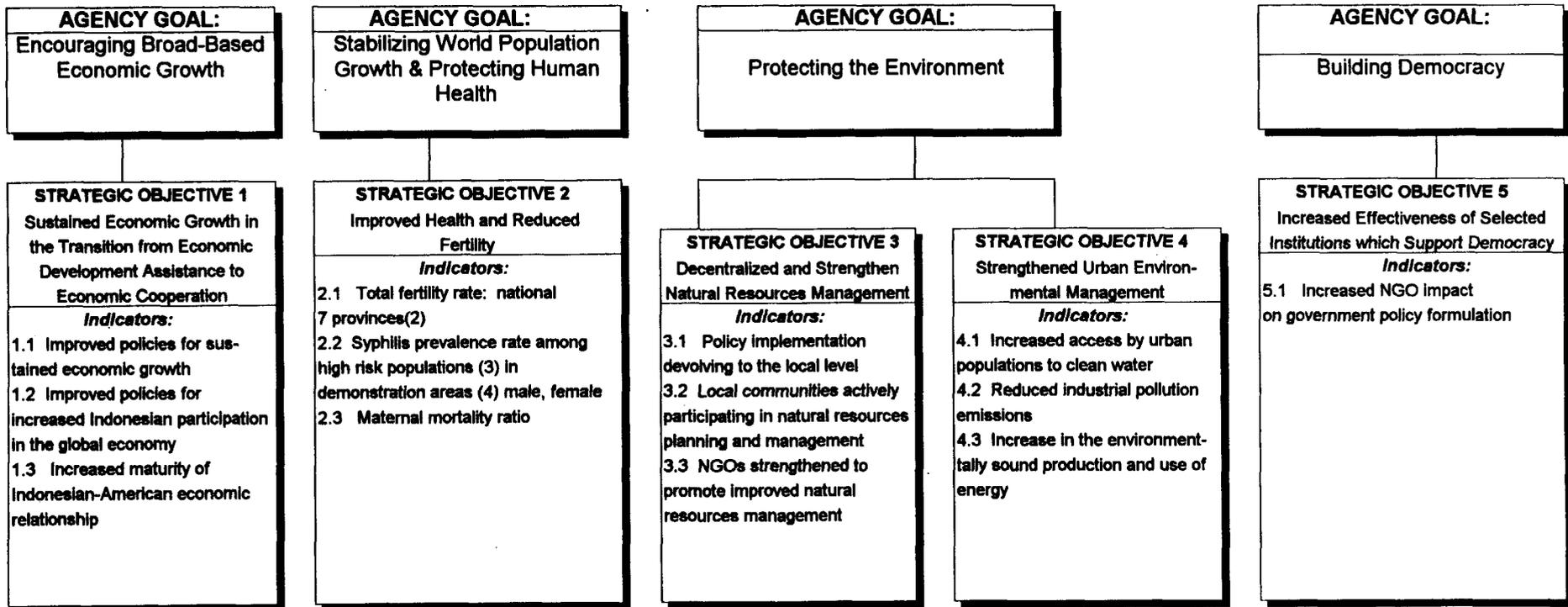
SO 5

The Mission does not have any Global Field Support requirements under this strategic objective.

ANNEX A
STRATEGIC OBJECTIVE TREES

ANNEX A

USAID/Indonesia Strategic Objective Trees



ANNEX B
PERFORMANCE DATA TABLES

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995		
STRATEGIC OBJECTIVE 1: Sustained Economic Growth in the Transition from Economic Development Assistance to Development Cooperation				
Indicator SO1.1: Improved policies for sustained economic growth				
Unit of Measure: An annual report card on USAID policy-based assistance to sustained economic growth will focus on USAID achievements related to a) fiscal and monetary policy, b) financial and capital market development, and c) improved service delivery. This report card will include a "grade" between 0 (low) and 10 (high).		Year*	Planned	Actual
Source: USAID economists, project managers and policy advisors, and GOI counterparts/annual		Baseline	n/a	10
<p>Comments:</p> <p>In 1994/95 the Indonesian economy grew at 7.4% and Indonesia increased its growth target for the remaining three years of the current five-year plan to 6.9% per annum; Indonesia implemented a major trade liberalization; Indonesia passed a new Company Law; Indonesia established a new Bond Rating Company; and Indonesia for the first time simultaneously floated a state-owned enterprise (telecommunication) on the New York and Jakarta stock exchanges.</p> <p>For detail, see Report Card SO1.</p> <p>* Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>		1992/93		
		1993/94	9	10
		1994/95	6	7
		1995/96	5	
		1996/97	4	
		1997/98	4	
		1998/99	4	
		Target	4	
		1999/00		

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995		
STRATEGIC OBJECTIVE 1: Sustained Economic Growth in the Transition from Economic Development Assistance to Development Cooperation				
Indicator SO1.2: Improved policies for increased Indonesian participation in the global economy.				
Unit of Measure: Annual report card on USAID policy-based assistance to increase assistance to increase participation in the global and regional economy. This will focus on USAID achievements in a) trade policy, b) deregulation, and c) increased competitiveness. This report card will include a "grade" between 0 (low) and 10 (high) .		Year*	Planned	Actual
Source: USAID economists, project managers and policy advisors, and GOI counterparts--annually.		Baseline	n/a	10
<p>Comments:</p> <p>In April 1994, Indonesia became a founding member of the World Trade Organization. For the first time, Indonesia committed itself to bind its tariff on 95% of all tariff lines. USAID consultant also prepared policy papers on the benefits of the Uruguay Round to Indonesia, which speeded up the agreement's ratification by the Indonesian parliament.</p> <p>In May, the government demonstrated its most significant trade liberalization package to date.</p> <p>For detail see Report Card SO.1.2</p> <p>* Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>		1992/93		
		1993/94	10	10
		1994/95	10	10
		1995/96	10	
		1996/97	8	
		1997/98	5	
		1998/99	5	
		Target	5	
		1999/00		

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995	
STRATEGIC OBJECTIVE 1: Sustained Economic Growth in the Transition from Economic Development Assistance to Development Cooperation			
Indicator SO1.3: Increased maturity of Indonesian-American economic relationship.			
<p>Unit of Measure: Annual report card on USAID assistance to increased economic linkages between the United States and Indonesia and movement from development assistance to development cooperation. The report card will include a "grade" between 0 (low) and 10 (high).</p>	Year*	Planned	Actual
	<p>Source: USAID economists, project managers and policy advisors, and GOI counterparts.</p>	Baseline 1992/93	n/a
<p>Comments: Indonesian interest in American know-how on economic development issues continues to expand. USAID planning for transition to self-financing partnership program (TAGS) is underway.</p> <p>For detail, see Report Card SO 1.3.</p> <p>* Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>	1993/94	2	2
	1994/95	3	3
	1995/96	4	
	1996/97	6	
	1997/98	9	
	1998/99	10	
	Target 1999/00	10	

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995	
PROGRAM OUTCOME 1.1: Improved Economic Management in Key Areas			
Indicator PO 1.1.1: Percentage change in GOI tax collections for corporate income, individual income, and value-added taxes			
Unit of Measure: Percentage change in the sum of corporate and individual income tax and value-added tax collected by the GOI which is a measure of fiscal effort and the ability of the GOI to finance government services; percentage change from previous year	Year*	Planned	Actual
Source: Agency for Financial and Monetary Analysis, <u>Economic Indicators and Budget Statistics</u> , published annually in December	Baseline 1992/93	n/a	22.3 % increase to 22,626.6 million rupiah (about 78% of GOI non-oil own-source revenues)
<p>Comments:</p> <p>In 1994, an improved tax law proposed by the GOI Finance Ministry and enacted by the legislature in 1994 that took a number of decisive steps eventually to help greatly improve tax administration in Indonesia. In 1995, government announced a significant income tax reduction both personal and corporate. This measure is important for increasing Indonesian competitiveness and promoting new investment, but at the same time, it has increased the difficulty of generating larger tax revenues.</p> <p>In FY95/96 government estimates indicate that corporate and individual income tax and value-added tax will increase from Rp 32,081.5 billion to Rp 35,893.8 billion or by 10.62% from that the FY94/95.</p> <p>* Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>	1993/94	17.0%	21.8 %
	1994/95	20.0%	17.4 %
	1995/96	17.0%	
	1996/97	16.0%	
	1997/98	15.0%	
	1998/99	15.0%	
	1999/00	15.0%	
	Target		
	1999/00		

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995	
PROGRAM OUTCOME 1.1: Improved Economic Management in Key Areas			
Indicator PO1.1.2: Percentage of GOI tenders competitively awarded in the government procurement system			
Unit of Measure: Number (percentage) of GOI large value procurement tenders that are approved by the Coordinating Ministry for Economics, Finance, and Development Supervision (EKKU)	Year *	Planned	Actual
Source: EKKU staff review all large value procurement; reports are prepared annually	Baseline 1992/93	n/a	52%
	1993/94	52%	52%
Comments: In FY94/95, the GOI achieved a significant increase in the percentage of GOI large value procurement tenders that were competitively awarded. It appears that most GOI ministries and agencies are seriously trying to apply the new procurement regulations. Difficulties in interpreting the new regulations will hopefully be overcome during the current Indonesian fiscal year, but changes in the system have led to prolonged procurement implementation. USAID/I is continuing to work with the GOI's procurement team, and other public officials, to alleviate bottlenecks in the process through intensive training using the manual developed by the Mission's ELIPS (Economic Law and Procurement Systems) project, plus intensive dialog with the procurement team on how to improve and streamline the process.	1994/95	60%	58%
	1995/96	63%	
	1996/97	65%	
	1997/98	68%	
	1998/99	71%	
* Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.	Target 1998/99	75%	

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995		
PROGRAM OUTCOME 1.1: Improved Economic Management in Key Areas				
Indicator PO1.1.3: Number of commercial laws and regulations compiled into full-text or electronic image databases and made available to the public				
Unit of Measure: The number of laws and regulations that consist of provisions of the constitution, laws passed by Parliament, government regulations, decrees, instructions, provincial government regulations and treaties with other countries	Year*	Planned	Actual	
Source: Projects/annually	Baseline 1992/93	n/a	0	
<p>Comments:</p> <p>The electronic compilation of laws, including the <i>Indonesia State Gazette</i>, proceeded ahead of schedule. During FY94/95 we were successful in transferring commercial laws and regulations signed by the President of Indonesia since 1950 into electronic form in order to allow easy retrieval. The laws and regulations were more readily available than those regulations issued by government ministries and provincial governments.</p> <p>Similar activities with regulations developed by the Ministry of Finance are continuing during this year. We fully expect to meet or exceed our expanded target of an additional 2,500 new commercial regulations compiled in electronic format in 1995/96.</p> <p>* Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>	1993/94	+100	+150	
	1994/95	+1000	+4000	
	1995/96	+2500		
	1996/97	+3000		
	1997/98	+3400		
	1998/99	+4000		
	Target 1999/00	+4500		

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995		
PROGRAM OUTCOME 1.1: Improved Economic Management in Key Areas				
Indicator PO1.1.4: Targeting of central government grants to the poorest provinces				
Unit of Measure: Percentage of INPRES aid going to the nine poorest provinces, as measured by the percentage of their population living in the poorest category of village. Data cover all Indonesian provinces except DKI Jakarta	Year*	Planned	Actual	
Source: Report issued annually by MOF with support from USAID's Municipal Finance Project. The poorest villages are classified by the GOI (approximately 10% of the population)	Baseline 1992/93	n/a	26.0%	
Comments: The Government of Indonesia has given high priority to grant more money to the poorest provinces and villages. There is a strong possibility that we will continue to exceed future year targets. * Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.	1993/94	26.5%	27.0%	
	1994/95	27.0%	28.0%	
	1995/96	27.5%		
	1996/97	28.0%		
	1997/98	28.5%		
	1998/99	29.0%		
	Target	29.5%		
		1999/00		

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995	
PROGRAM OUTCOME 1.1: Improved Economic Management in Key Areas			
Indicator PO1.1.5: Regional Development Account (RDA) loan disbursements to local governments			
Unit of Measure: Annual percentage change from previous year in the total amount of RDA loan disbursements by the Ministry of Finance to local governments	Year*	Planned	Actual
Source: BAPPENAS Urban Policy Action Plan Monitoring Indicators Report--annually	Baseline 1992/93	n/a	Rp.88.06 billion
<p>Comments:</p> <p>This percentage growth rate of 119% far exceeded the previous year's figure and the 1994/95 target. Over the long run, by initiating cost recoverable loans for environmental infrastructure, the GOI will be better able to target valuable grant resources to neediest portion of the population. The RDA disbursement in 1994/95 increased substantially due to both disbursement of the backlog of 1993/94 approved loans and disbursement of the 1994/95 allocation of RDA loans. It is expected that RDA loans will replace other types of GOI loans; i.e., Subsidiary Loan Agreement, as the primary source of local government borrowing from the GOI during Repelita VI.</p> <p>* Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>	1993/94	+8%	-12.5%
	1994/95	+12%	+ 119 %
	1995/96	+15%	
	1996/97	+20%	
	1997/98	+20%	
	1998/99	+20%	
	Target 1999/00	+20%	

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995	
PROGRAM OUTCOME 1.2: Strengthen Institutional Capacity for Economic Management			
Indicator PO1.2.1: Train Indonesians in key development institutions needed for sustainable growth			
Unit of Measure: Number of persons trained through USAID activities in Trade Implementation and Policy Program (TIPP) and Economic Law and Improve Procurement System (ELIPS) projects	Year*	Planned	Actual
Source: Compiled data from TIPP and ELIPS Projects	Baseline 1992/93	n/a	+20
<p>Comments:</p> <p>The ELIPS project put a greater emphasize on in-country training during the FY94/95 which led to a significant increased on the number of persons trained. Under the TIPP project, 19 middle-career women managers from the Ministry of Trade, the State Ministry of Women's Affairs, the Investment Approval Board, and Setkab participated in a high profile study tour to the United States. The participants were in the USA for three weeks and worked on a report relevant to their own work in policy and as a manager in Indonesia.</p> <p>* Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>	1993/94	+298	+309 (90 women)
	1994/95	+235	+280 (99 women)
	1995/96	+235	
	1996/97	+210	
	1997/98	+210	
	1998/99	+210	
	Target 1999/00	+210	

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995	
PROGRAM OUTCOME 1.2: Strengthened Institutional Capacity for Economic Management			
Indicator PO1.2.2: Participation of women (out of total trained)			
Unit of Measure: Percentage of women of all participants trained by USAID funded by Project Implementation Order/Participants (PIO/Ps)	Year*	Planned	Actual
Source: Project data for all Mission-funded training projects	Baseline US FY 1992/93	n/a	25
Comments: The Mission attained the target percentage in 1994/95. Mission continues to make special efforts; however, the pool of available women participants with skills required for training is uneven and very thin in many fields.	1993/94	26	27
	1994/95	27	27
	1995/96	27	
	1996/97	28	
	1997/98	28	
	1998/99	28	
	Target 1999/00	29	

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995		
PROGRAM OUTCOME 1.2: Strengthened Institutional Capacity for Economic Management				
Indicator PO1.2.3: Proportion of central government grants to local governments that are under "local discretion"				
Unit of Measure: Percentage. Central government grants categorized as "local discretion between sectors" are divided by the total of all central government grants and transfers	Year*	Planned	Actual	
Source: Urban Policy Action Plan Monitoring Indicators-annually	Baseline: 1992/93	n/a	20.3%	
<p>Comments:</p> <p>The absolute amount of grants to local governments under local discretion has grown every year since USAID's work in this area began in the early 1990s. However this indicator measures this amount as a percentage of all central government funds going to local governments, including development budget expenditures financed by donors and spent in the regions by central government ministries. When these kinds of loans or grants by donors increase sharply, as they have in recent years, this indicator fails to meet planned targets, even though in absolute terms it has increased considerably. The slight under performance of this indicator hides a very positive trend in the amount of grants under local discretion. The percentage increase of central government grants under local discretion from 1992/93 to 1993/94 was 16.97% and from 1993/94 to 1994/95 was 22.35%.</p> <p>Because some categories of donor loans are incorporated in revenue transfers from the GOI to local governments, USAID has worked to improve the performance of this indicator by promoting two kinds of changes in the assistance policies of other donors. First, USAID has prepared a proposal for joint donor action to support major increases in the distribution of discretionary, as opposed to earmarked, grants. The GOI agreed to present this plan to other donors for agreement and action. Second, USAID has convinced Japan and the ADB to begin channeling more of their assistance directly to local governments rather than through the development budgets of GOI ministries.</p> <p>*Unless otherwise stated, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>	1993/94	23.1%	22.3%	
	1994/95	23.5%	21.5%	
	1995/96	24.0%		
	1996/97	24.5%		
	1997/98	25.0%		
	1998/99	25.5%		
	Target 1999/00	26.0%		

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995	
PROGRAM OUTCOME 1.2: Strengthened Institutional Capacity for Economic Management			
Indicator PO1.2.4: Improved effectiveness of agribusiness associations as indicated by their ability to provide services to members and attract increasing numbers of active members			
<p>Unit of Measure: Improved effectiveness will be measured by the change in the number of active members of agribusiness associations; active membership is measured as "those members who regularly participate in association event and programs, whether or not they pay their dues" (gender disaggregated).</p> <p>Source: Data are collected by ADP during the life of the-of-project</p> <p>Comments: The actual number of active members of agribusiness associations was exceeded.</p>	Year*	Planned	Actual
	Baseline 1993/94	n/a	21,350 (0% women)
	1994/95	2,135 (4% woman)	2,679 (20% women)
	1995/96	2,135 (7% woman)	
	1996/97	3,205 (10% woman)	
	1997/98	5,335 (13% woman)	
	1998/99	3,415 (16% woman)	
	Target 1999/00	3,725 (16% woman)	

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995	
PROGRAM OUTCOME 1.2: Strengthened Institutional Capacity for Economic Management			
Indicator PO1.2.5: Adoption of innovations and best practices by institutions to increase financial services to clients in under-served areas			
Unit of Measure: Number of clients receiving loans from financial institutions in underserved areas (gender disaggregated)	Year*	Planned	Actual
Source: Microenterprise projects, semi-annually	Baseline 1992/93	n/a	0
<p>Comments:</p> <p>This activity has already shown significant achievement. The number of clients receiving loans from financial institutions that USAID projects have helped to support in underserved areas is well above both the baseline and expected levels.</p> <p>The figure for FY94/95 represent number of clients receiving loans as of December 1995. By the end of FY95/96 we will significantly exceed the target of 840 clients.</p>	1993/94	n/a	n/a
	1994/95	0 (0% women)	951 (56.3% women)
	1995/96	840 (50% woman)	
	1996/97	1500 (52% woman)	
	1997/98	2,360 (55% woman)	
	1998/99	3,120 (58% woman)	
	Target	3,380	
	1999/00	(61% woman)	

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995	
PROGRAM OUTCOME 1.3: Test Pilot Programs for Economic Growth			
Indicator PO1.3.1: Number of students employed and securing one year internships through utilization of Job Placement Centers			
Unit of Measure: Number of students obtaining professional counseling at Job Placement Centers (at 7 Sumatran Universities) operated under USAID/GOI auspices	Year*	Planned	Actual
Source: Job Placement Center Advisors, project records and Ministry of Education (General Director of Higher Education, Jakarta)--annually	Baseline 1992/93	n/a	0
<p>Comments:</p> <p>The job placement concept was foreign to the Indonesian universities, therefore the project was not too ambitious in targeting the number of people employed or securing one year internships. But as activities took place and the concept began to be understood and appreciated, more graduates and students utilized the centers. Consequently, it substantially exceeded the planned targets of 1994/95.</p> <p>* Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>	1993/94	0	4 (1 woman)
	1994/95	160	394 (118 women)
	1995/96	320	
	1996/97	640	
	1997/98	640	
	1998/99	640	
	Target 1999/00	640	

PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995		
PROGRAM OUTCOME 1.3: Test Pilot Programs for Economic Growth				
Indicator PO1.3.2: Value of signed agreements between local governments and private firms in providing urban services				
Unit of Measure: Value of signed agreements is the total value in millions of US dollars of Private Sector Participation in Urban Services (PURSE) supported public/private partnership project agreements		Year*	Planned	Actual
Source: Annual and quarterly reports of the PURSE project		Baseline 1992/93	n/a	\$0
<p>Comments:</p> <p>Very significant achievement has been showed by this activity. This figure represents public-private partnership agreements in connection with which USAID-supported projects have acted as advisors to government agencies. It also reflects USAID influence with regard to the expansion of private participation in the provision of urban environmental services. The figure for 1995/96 is well above both the baseline and expected levels. USAID works to improve GOI laws, rules, and procedures regulating public-private partnerships appears to guarantee a steadily increasing volume of such agreements. A variety of further such agreements are currently in negotiation, with USAID involvement and support.</p> <p>* Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>		1993/94	\$0	\$0
		1994/95	\$0	\$0
		1995/96	\$0	\$ 40 million
		1996/97	\$50 million	
		1997/98	\$75 million	
		1998/99	\$100 million	
		Target 1999/00	\$100 million	

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PERFORMANCE DATA TABLE FOR SO1

INDONESIA		SO Approved: May 15, 1995	
PROGRAM OUTCOME 1.3: Test Pilot Programs for Economic Growth			
Indicator PO1.3.3: Number of state-owned enterprises conducting initial public offerings			
<p>Unit of Measure: Most state-owned enterprises have been restructured as limited liability companies. USAID and a task force in the Directorate General for State Enterprises have been working to clarify procedures for public offerings by these companies. Data are cumulative number of state-owned enterprises conducting initial public offering.</p> <p>Source: The data have been initially collected by USAID under the Financial Markets Project. In the future, the Directorate General for State Enterprises and the Indonesian Capital Markets Supervisory Agency (BAPEPAM) will collect and publish the data--annually.</p> <p>Comments:</p> <p>Two further initial public offerings were completed in the very early part of FY95/96; PT Tambang Timah and PT Semen Gresik in April 1995. Another initial public offering, PT Telkom, was completed in November 1995. Private market shares for the companies were floated on Indonesian and international stock markets. PT Telkom has also privatized by entering into contracts with five private international consortia of companies to install new telephone lines and managed existing lines in selected areas.</p> <p>Another three initial public offerings, PT Krakatau Steel, PT Bank BNI 46, and PT Jasa Marga, will be completed in FY95/96. In summary, we are confident of at least a further six state-owned enterprises conducting initial public offerings as planned.</p> <p>* Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>	Year*	Planned	Actual
	Baseline 1989/90	n/a	1
	1993/94	2	0
	1994/95	4	1
	1995/96	7	
	1996/97	11	
	1997/98	16	
	1998/99	22	
	Target 1999/00	29	

SO1 REPORT CARDS

SO1.1 Improved Policies for Sustained Economic Growth

This Report Card documents 15 separate policy-based results from our SO1 assistance over the last year which have supported *Sustained Economic Growth* in Indonesia. This Report Card follows the format approved by the Bureau for SO1 reporting by USAID/Indonesia at the Strategic Objective level, and is one of three policy report cards which complement the additional 13 quantitative SO1 Program Outcome Indicators. This Report Card focuses primarily on achievements related to fiscal and monetary policy, financial and capital market development, and improved service delivery—the other two report cards focus on *Indonesian Participation in the Global Economy* and on the *Increased Maturity of the Indonesian/American Economic Relations*. This Report Card documents the very significant policy results obtained from high quality U.S. technical assistance and demonstrates that relatively small USAID investments are producing very significant results.

Fiscal and Monetary Policy

Sound fiscal and monetary policy have been key ingredients in Indonesia's economic success. At the 1995 Consultative Group Meetings, the United States and other delegations again complimented Indonesia on the sustained appropriateness of its fundamental fiscal and monetary policies. However, the management of fiscal and monetary policy in Indonesia has not been without significant problems during the last year. For example, inflation, public-sector resource mobilization and exchange rate and interest rate management have been major concerns. Indonesia successfully weathered the aftermath of the Mexican peso collapse and inflation has been contained. Nevertheless overheating of the economy remains a significant concern. Against this background Indonesian management of fiscal and monetary policy activities were significantly assisted by a number of highly successful USAID-funded activities—a number of which are highlighted below.

1. Increased Tax Collection

In the early stage of economic growth, Indonesia relied heavily on customs and excise revenues for financing government expenditures. Increased tax effort and efficiency of tax collection has now become a high priority. During 1993-95, USAID funded a three-person technical assistance team from the Internal Revenue Service (IRS) to assist in the production of substantially increased Indonesian tax revenues through: (a) development of an improved tax law (in 1994) that greatly improved tax administration in Indonesia; (b) adoption of IRS designed tax auditing procedures that encourage improved tax compliance of corporate and individual income tax; (c) IRS training on tax administration and fraud detection for several hundred members of the Indonesian Tax Department; and (d) adoption of an IRS-designed computer plan to modernize the information systems of the Indonesian Tax Department. Although the IRS team departed Indonesia permanently at the end of June 1995, their work is paying off. For example, GOI revenues from major taxes rose by 16.4 percent in the most recent Indonesian fiscal year and in the recently announced 1996/7 budget, tax revenues are projected to make a further surge and to account for 72 percent of domestic revenues.

2. Revisions of Economic Growth Estimates and Repelita Targets

A major activity under USAID'S Development Studies Project (DSP) was assistance to the Central Bureau of Statistics to improve economic statistics—especially in the manufacturing sector. These improved economic data were incorporated into the GOI input/output model and their budget forecasting model of the economy. The results of these improvements caused the GOI to announce a major revision and rebasing of the GNP statistics in 1995. The official estimate of per capita GNP was raised from \$746 to \$919 and the estimate of 1994 rate of growth of GDP from 6.8 to 7.3 percent per annum. Furthermore, in his major address on the 50th Anniversary of Indonesian Independence in August 1995, President Soeharto cited these numbers and announced that the target rates of growth for the current five-year plan would be raised from 6.25 percent per annum to 7.1 percent. The revision of statistics and subsequent revision of growth targets have also led to revision of macroeconomic forecasting, budget revisions and more realistic economic policy making. These changes are derived in large measure from USAID/I policy assistance which ended in June 1995.

3. Monetary Policy Research

During 1992-95, USAID/Indonesia provided funding for resident and short-term economic research advisors in Bank Indonesia to improve its capacity to understand and forecast key short-term economic variables related to policy making on monetary aggregates, inflation and the exchange rate. The USAID-funded long-term advisor permanently departed Indonesia in March 1995, and the USAID-funded contract ended in September 1995, however, additional short-term TA is being provided in 1996 including the introduction of a hitherto unknown technique of neural network analysis. USAID policy advisors have greatly enhanced the sophistication of Bank Indonesia analysts in understanding the issues and limits of monetary policy in an open economy. This was particularly difficult absent any long-term fiscal instruments. Advisors have also created multiple, new, prompt, indicators of current economic events. This activity has greatly improved understanding of inflation in Indonesia and significantly assisted in the design and implementation of policies for the management of inflation by Bank Indonesia. As a result: inflation rates dropped from 9.9 percent last year to 8.6 percent; Indonesia weathered the Mexico crisis without a run on the rupiah; and has widened the band in which the rupiah floats (thereby increasing the burden on potential currency speculators). USAID policy advice was influential in all these policies.

4. Stop-Out Rate Policy

During 1992-94, UNSAID funded a long-term economic advisor in Bank Indonesia under the Financial Management Project and continued to support the advisor through October 1995 under ARSSP. The advisor mobilized senior experts from the U.S. Federal Reserve System (provided on a pro bono basis) on such issues as derivatives markets and electronic transfer of funds and interbank clearing. A new derivatives regulation was issued by Bank Indonesia in January 1996. The advisor also helped senior BI staff to learn how other central banks plan, operate, and manage monetary activities through open market operations. The advisor assisted BI in establishing a partially market-determined system for issuing short debt securities modelled on the system used in the United States. The system is entirely functional. However, Bank Indonesia, driven by a desire to try and maintain monetary stability in an open economy, has still not made the complete switch to the new system and in the interim is still attempting to manage both the price and quantity of the securities it issues.

5. Cement Pricing Policy

Over the last several years, seasonal cement shortages have been acute in Indonesia. A major structural and price analysis of the cement industry was performed by USAID advisors and their counterparts. The study suggested that the regulatory system could be improved by revising the existing reference price system and removing geographic controls on the distribution of cement. The study also cited the importance of allowing unrestricted exports and imports of cement to minimize regional imbalances. As a consequence, restrictions on the importation of cement were removed, export control eased and reference price adjustments are being made. Cement availability has improved, long-term inflationary pressures have eased, and investments in the cement industry (which will ease future supplies) are being encouraged. USAID policy analysis not only prompted these policy developments but has stimulated further policy debate on overall competition policy (and the control/elimination of monopolies) in Indonesia.

Financial and Capital Market Development

Indonesian financial and capital markets are still immature. The emergence of deeper and more sophisticated markets is critical to the growing financial needs of private-sector led growth. In 1995 although stock values on the Jakarta Stock Exchange remained fairly flat, there were some notable developments in the improvement of stock market regulation, transparency, and efficiency (in which USAID was a major player). At the policy level, Indonesia made major steps in 1995 to establish a bond market and attracted record levels of direct foreign investment. Amongst major concerns in 1995 is the continuance of major weaknesses, especially in public banks, with portfolio performance. USAID has continued to help Indonesia in improving its financial and capital market policy as documented by some selected results below.

1. Bond Rating Policy

During 1995, a USAID-funded advisor to Bank Indonesia (BI) helped broker an evolving relationship between Pefindo, the new Indonesian bond rating agency (which he had earlier helped plan and organized), and Standard and Poors (S&P) to provide needed training. The advisor also assisted Pefindo in negotiations with the Asian Development Bank for technical assistance and a possible equity position in Pefindo. Pefindo's new capacity for rating of local government (including local utility) revenue bonds has already directly benefited the institutionalizing capacity for rating debt issues (public or private). As Pefindo continues to improve its capacity to rate bonds, Indonesia will increasingly finance investments by direct borrowing from domestic or international markets rather than from donor concessional financing.

2. Policy on a Secondary Mortgage Facility

Beginning in 1993, funding from ARSSP and MFP has been used to sponsor short-term technical assistance for the design of a Secondary Mortgage Facility (SMF). Following formal approval by the Minister of Finance (MOF) of the SMF proposal in mid-1995, MFP consultants prepared detailed implementation plans for creating, financing, and managing a SMF that will issue bonds to raise funds. These funds will then provide much needed long-term liquidity to mortgage originators via secured loans. The implementation plan was presented to the government in August, and preparation of a ministerial decree

institutionalizing the plan is underway in MOF. This deepening of the capital market will benefit economic growth and decrease the cost of home ownership in Indonesia to thousand of Indonesian families.

3. Capital Markets Law

Law No. 8 of 1995, signed by President Soeharto in November 1995, replaces the 1952 Bourse Law. Extensive assistance in the development of this law was provided by USAID-funded advisors under the Financial Markets project. The new law strengthens the position of securities companies, stimulates the development of money markets and mutual funds, protects investors by providing more oversight to prevent securities fraud, and improves the reliability of securities trading. This law sets the underpinnings for internationally competitive capital markets mechanisms in Indonesia which will permit funds to be raised for job creation in the formal sector.

4. New Corporation Law

Law No. 1 of 1995 was signed by President Soeharto on March 7, 1995. The GOI was assisted in the development of this law by advisors from the Economic Law and Improved Procurement Systems (ELIPS) project. This law represents a significant contribution to an improved legal framework for modern business activity in Indonesia. It provides a simple, inexpensive company formation process; allows a limited liability company to exist for an unlimited period, and provides for clear procedures for dissolution; separates management from operating control by shareholders; and provides for classes of shares. Enactment of this law makes the rapid evolution of a responsible, useful, private sector that is able to be internationally competitive much more likely.

5. Municipal Finance Policy

In 1994/5, loans from the central government's Regional Development Account (RDA) to local governments increased by 119 percent, by far the largest single annual increase in RDA's history and almost double the expected target. These cost-recoverable loans and the development of responsible loan preparation and repayment by local governments is establishing a track record which will allow local governments in the future to borrow directly from financial markets for environmental infrastructure and thereby relieve the pressure on central government for fiscal resource. The increase in RDA loans demonstrates GOI acceptance of USAID policy advice on municipal financing. In addition to removing the disbursement bottlenecks, GOI also agreed in 1995 to the USAID-designed reform of RDA to transfer lending operations to regional development banks, thereby promoting more business-like loan management and movement to full market rates. This approach was also endorsed by the Asian Development Bank in late 1995. USAID is also assisting in the design of a new ADB program that will add \$40 million in new capitalization to RDA.

6. PT Telkom and PT Timah Privatization

The privatization component of the USAID-funded Financial Markets project laid the groundwork for issuance of private market securities by Indonesia, including that of P.T. Tambang Timah and PT. Telkom during 1995. Private market shares for the companies were floated on Indonesian and international stock markets. More than half of Indonesia's high cost public debts (interest rates above 10 percent per year) will be repaid with these

funds thereby reducing Indonesia's debt management burden. PT Telkom has also been privatized by entering into contracts with five private international consortia of companies to install new telephone lines and manage existing lines in selected areas. The USAID-funded privatization component of its Financial Markets project ended in March 1995, but contributed to these achievements. Additional issuances of private market securities are anticipated both inside and outside Indonesia by Indonesian government entities that will be carried out on the same basis as PT Telekom and PT Timah over the next several years.

Improved Service Delivery

Service delivery is posing a major strain in Indonesia as the limitations of the public sector are becoming more and more apparent. Indonesian citizens' growing demands require much greater reliance on private financing and delivery of services. For example, in 1995 the scale of Indonesian public development resources for social services did not keep up with inflation. The GOI has shown greater willingness to experiment with alternative private sector mechanisms for service delivery as well as with a changing role for public sector services. USAID has continued to assist the GOI in thinking through these issues as documented by the following summaries of USAID activities.

1. Financial Policy for Education and Universal Junior Secondary

USAID funded a policy study for the Minister of Education on the full costs of the commitment of the GOI to expand compulsory basic education from six to nine years. The study made the first ever estimates of national, regional, and local costs, plus the additional costs of improving quality, equity, efficiency, and relevance of basic education. As a result of the study, the Ministry of Education has recently adopted a more realistic time frame of 15 years for the reform—rather than the 10 years they had previously announced. Faced by the high cost of implementing this, the Ministry of Education has now grasped the importance of private sector financing of education. This policy imperative was made public for the first time in the president's budget speech in January 1996.

2. Higher Education and Job Markets

In 1989, the average university graduate in Sumatra took three years to obtain permanent employment. In 1991, the Higher Education Development Support (HEDS) project set out to create pilot "Career Development/Job Placement Centers" in nine Sumatran universities. As a result of this program, by October 1995 the nine centers have been established and 296 Sumatran university students have participated in internships with local businesses. Another 295 students followed. Initially, a skeptical Ministry of Education official, who was quoted as saying "It has never been the responsibility of the university to help graduates find employment" has recently contributed \$150,000 in counterpart funds to the pilot program. Both the Asian Development Bank and the World Bank have incorporated Job Placement Centers in their own major loan schemes for Indonesian universities.

3. Microenterprise Policy

In FY95, USAID received \$3 million of microenterprise funds. Approximately \$1.5 million have been programmed for policy-base support for microenterprise development. USAID designed and funded four microenterprise policy activities during FY95, and expects to achieve significant results during FY96 and FY97. A USAID-funded microenterprise policy

team from the Asia Foundation is now being mobilized to help expand the microenterprise knowledge base, establish a network and increase participation in policy discussions. Three additional USAID-funded policy studies have also been initiated: a study of women in microenterprise trade; analysis of available microenterprise-related information from the USAID-funded Indonesian Family Life Survey; and provision of TA to the Central Bureau of Statistics (CBS) to design and carry out microenterprise survey work building on data now being gathered during the 1996 Indonesian Economic Census. As a consequence of this work, USAID expects that by 1998, Indonesia will have one of the world's richest information base and most informed policy debates on microenterprise development policy.

4. Agricultural and Food Policy

Starting in August 1994, USAID funded a three-year agricultural policy improvement program in the Ministry of Agriculture. The program provides mid-level analysts with new skills and hands-on experience in policy analysis. The program starts with a two-week short course on the use of the *Policy Analysis Matrix* and is followed by intensive field research. Working in teams, the participants then collect data, analyze them and then write a policy paper and a policy brief. The team delivers its policy brief in a formal oral presentation to the ministry's senior officials—including the minister. In 1994/5 the program trained 21 participants and produced six policy papers that were presented in August 1995. One of the policy papers entitled "The Indonesian Broiler Industry: Potential Efficiency Gains" prompted a significant policy reform in soybean feed. Other policy papers addressed policy issues related to sugar production, smallholder rubber, input pricing for the poultry industry and the low efficiency of public sector sugar mills. Twenty analysts are now in the current year-long program. Additionally, not only are research-based policy recommendations on current issues being presented to the minister, but young policy analysts are developing a ministry-wide network and a common tradition of rigorously applied policy work.

Summary

As can be seen from these selected vignettes, USAID has produced a large number of significant policy results in support of sustained economic growth in Indonesia during the past year. These results are all the more remarkable in that USAID/Indonesia only received \$500,000 in FY95 for Economic Growth over and above the ME earmark. A subjective overall Grade of 7 is assigned as a measure of both the quantity and quality of results obtained. This grade will also serve as a benchmark for next years reporting at which time USAID still expects significant policy results—although they will inevitably decline (due to major declines in Economic Growth funding and staff levels in the current and prior years).

SO1.2 Improved Policies for Increased Indonesian Participation in the Global Economy

This Report Card documents five separate policy-based results from SO1 assistance over the last year which have supported *Increased Indonesian Participation in the Global Economy*. This Report Card follows the format approved by the Bureau for SO1 reporting by USAID/Indonesia at the Strategic Objective level, and is one of three policy report cards which complement the additional 13 quantitative SO1 Program Outcome Indicators. This Report Card focuses primarily on trade policy, deregulation, and increased competitiveness issues—the other two report cards focus on *Sustained Economic Growth* and on the *Increased Maturity of the Indonesian/American Economic Relations*. This Report Card documents the very significant policy results obtained from high quality U.S. technical assistance and demonstrates that relatively small USAID investments are producing very significant policy results in Indonesia.

Indonesia and the Global Economy in 1995

Over the past year, Indonesia accelerated its drive towards greater global and regional economic integration. Both the government and private sector recognize that Indonesia cannot afford to stand on the sidelines in the age of global integration, and they increasingly view globalization as a means of strengthening Indonesia's economic competitiveness. In November 1994, at the historic APEC meeting in Bogor, Indonesia assumed bold leadership in forging a strong agreement on free trade in the Asia-Pacific region. This past year, Indonesia made one of the most ambitious "downpayments" on its commitment to APEC goals by implementing a major trade liberalization package. The most notable feature of this new package was its commitment to a pre-announced schedule of future tariff reductions, a commitment which sends definitive signals to the private sector and to the bureaucracy that the era of special protection and "high-cost" inward-looking development is over.

While progress towards greater openness and efficiency has been significant, the road ahead is not entirely smooth. Due to a boom in consumer imports as well as capital goods, this past year saw a dramatic widening in Indonesia's current account deficit. Given Indonesia's large foreign debt, the burgeoning current account deficit must be cautiously managed to prevent a crisis similar to that which occurred in Mexico one year ago. At the same time, to preserve and sustain the gains of increased trade liberalization, Indonesia's economic managers must tackle the current account problem without resorting to protectionist measures. While Indonesia's "fundamentals" remain strong, in taking on these challenges, Indonesia's economic managers will continue to benefit significantly from access to and cooperation with U.S. technical experts. Below we list some of the more notable policy and institutional development results which USAID technical assistance has been instrumental in achieving, and all of which are central to advancing Indonesia's meaningful participation in the global and regional economy.

1. May 1995 Deregulation Package

Under the Trade Implementation and Policy Program (TIPP), USAID policy advisors, together with their colleagues at the World Bank, advocated a number of trade policy reforms which were adopted in the GOI's May 1995 deregulation package. The May package not only resulted in a significant reduction in the average tariff (the first since 1991 and the largest since 1990), but it also marked an important departure from the previous

piecemeal approach to reform. The GOI committed itself to a schedule of tariff reductions, agreeing to reduce most tariffs to 5 percent by the year 2003. The package reduced tariffs on over 6,000 items, lowering the average tariff rate by approximately 5 percentage points (the unweighted average tariff rate fell from 19.5 percent to 15 percent). These tariff reductions and the commitment to implement further reductions helps maintain Indonesia's competitiveness and demonstrates the country's commitment to sustaining regional and multilateral trade reforms. In promoting across-the-board tariff reductions and specific time-tables for future reductions, USAID policy advisors played an instrumental role in informing the formulation of this historic trade deregulation package.

2. WTO and GATT Uruguay Round Agreement

USAID consultants played a pivotal role in helping their Indonesian counterparts understand the complete provisions of the Uruguay Round Agreement, and what Indonesia must do to comply fully with these provisions. Indonesia agreed to bind tariffs on 95 percent of all tariff line items, eliminate import surcharges and NTBs on bound items, and reduce agricultural tariffs by 10 percent. USAID consultants also prepared policy papers on the benefits of the Uruguay Round agreement to Indonesia, one of which helped to dispel the popular misperception that the Uruguay Round would have a negative impact on Indonesia. This work served to speed up ratification of the agreement by the Indonesian parliament. USAID consultants also conducted extensive training on the GATT/WTO and Uruguay Round agreement to mid-level officials within the Ministry of Trade. As a consequence, there now exist a solid cadre of staff with specialized knowledge and expertise on multilateral trade issues and conventions. Indonesia became a founding member of the WTO on January 1, 1995. Indonesia's participation in multilateral trade agreements is a critical means of advancing its meaningful integration into the global economy and also key to advancing trade policy reforms needed to enhance Indonesia's competitiveness. Indonesia demonstrated its commitment to sustaining the momentum of multilateral trade reform via implementation of the May deregulation package (described above). USAID technical assistance has been instrumental in supporting and strengthening Indonesia's capacity to participate effectively in the WTO and comply fully with its provisions.

3. Soybean Meal Deregulation

Over the past several years, under USAID-funded technical assistance to the Ministry of Trade and Ministry of Agriculture, a number of studies were done on the net economic welfare effect of restrictions on trade in soybeans and soybean meal. Following the opening of a large domestic soybean crushing plant in 1988, private imports of soybeans were banned and, to protect the crusher, imports of soybean meal were restricted by a licensing requirement. Studies done by the USAID consultants and their counterparts showed that the restrictions on the import of soybean meal imposed costs on the feed mill industry, poultry producers, and end consumers which far exceeded the gains to the monopoly crushing firm and the government (in the form of tariff revenue). The results of these studies were effectively communicated to policymakers, and since 1993, the restrictions have been progressively relaxed. The Minister of Agriculture recently announced that the local content restrictions protecting the domestic soybean meal producer will be abolished as of April 1, 1996. This latest deregulation constitutes an accelerated implementation of Indonesia's Uruguay Round commitment as the agreement gives Indonesia until 1998 to abolish such non-tariff barriers on agricultural imports.

4. Women's Participation in Trade Policy Administration

USAID strengthened women's capacity to administer market-oriented trade policies via a collaborative venture between two USAID activities (TIPP and GPT II), 19 mid-level female officials from the Ministry of Trade and other economic ministries participated in a program aimed at strengthening their managerial and administrative skills and enhancing their opportunities for professional advancement. The program consisted of a three-week in-country course and a three-week study program in the U.S. In addition to receiving high quality management training, participants learned about the functions and operations of international trade institutions (WTO) and U.S. trade policy institutions. The participants also completed a number of site visits and interviews with senior U.S. Government officials and policy researchers. Based on the report documenting the program and the oral report to USAID, the program was of great professional interest and value to the participants. In a debriefing given by all the women to the Secretary General of the Ministry of Trade, the Secretary General said that the Ministry of Trade would seek to expand its own support for training which advances women's professional skills development.

5. Sustaining Growth of Non-Oil Exports

USAID consultants with the Trade Policy and Implementation Program have worked with counterparts to analyze the causes of the slowdown in Indonesia's non-oil and gas (NOG) exports which began in 1993. This work has been critical in informing the government's policy response to the slowdown and in preventing retrogression of policy reforms. The analyses have shown that the slowdown is mainly attributable to the poor performance of the three largest export sectors: plywood, textiles and apparel. Other sectors, which comprise growing export shares, have fared much better. The analyses suggest that Indonesia should continue to promote policies which favor diversified labor-intensive industrial growth based on comparative advantage. The analyses also indicate areas where further deregulation is needed to sustain the growth of a diversified manufacturing base. By helping analyze export trends in a critical and systematic fashion, the work has advanced economic managers' capacity to respond rationally to changes in these trends. This work has also helped stave off interventionist responses that would have adverse long-term consequences for the nation's employment and productivity growth.

SO1.3 Increased Maturity of Indonesian American Economic Relationships

This report card is one of three SO1 Report Cards which report on results at the SO1 Strategic Objective level. It follows the format approved by the Bureau for SO1 reporting, and complements the 13 quantitative SO1 Program Outcome Indicators. The entire focus of this strategic objective is on a new activity, approved in May 1995, that represents a transition from our traditional economic growth program to a more mature, self-sustaining development cooperation effort. This report card documents the environment and the progress to date in making this transition. No USAID resources have been expended on this program; with the completion of the design of TAGS over the next eight months, however, USAID intends to transfer its entire SO1 program to TAGS and to replace all existing SO1 indicators and results packages with the TAGS framework in FY97—subject to ANE Bureau review. This report card therefore is a precursor of the more detailed reporting framework which USAID Indonesia will develop under TAGS. This report card is intended to provide USAID/W with interim information on the environment, status and results of the design process of TAGS.

1. The Changing Nature of the U.S./Indonesian Economic Growth Relationship

As a consequence of sustained economic growth over the last quarter century—due in part to U.S. past assistance in such key areas as agriculture, industry, development of financial markets and economic policy—Indonesia has transformed itself from a country poorer than Bangladesh into a significant trading partner with the United States. Indonesia is now recognized as a Big Emerging Market and one which has major new profit opportunities for U.S. businesses. *As a consequence of economic growth*, when the President of the United States visited Indonesia in November 1994 he spoke of the U.S./Indonesian bilateral relationship primarily in terms of mutual benefit and cooperation in trade and commerce, and not in terms of development assistance. *As a consequence of sustained economic growth* in Indonesia, USAID is no longer financing the construction of infrastructure in cement plants, roads and power generation but has opened the way for private investment—including U.S. businesses—into these and other sectors. *As a consequence of economic growth*, U.S. wine producers, beef rearers, and apple growers, as well as wheat and soybean growers, are developing new markets with Indonesian consumers. *As a consequence of economic growth*, U.S. service industries in banking, insurance and marketing are opening offices in Indonesia. *As a consequence of economic growth*, more Indonesian students (approximately 14,000) are studying at U.S. universities today than were financed by USAID over the last 47 years! In short, *as a consequence of economic growth*, Indonesia has dramatically altered the nature of our bilateral relationship and new opportunities now exist to transform our old development assistance relationship to one of development cooperation based on mutual advantage and equality.

For those of us who knew Indonesia in the 1960s and 1970s, it is still hard to believe that McDonald's, Planet Hollywood, Arthur Andersen, Merrill Lynch, JC Penneys, Ace Hardware and General Motors are not just household names in the U.S., but active businesses here in Indonesia! The maturation of the commercial and other linkages between the United States and Indonesia is proceeding at a rapid pace. Not only are new business partnerships being opened up but there is an ever-growing interest in new organizations and partnership arrangements. During the last year alone there was a flurry of new initiatives directed at and developing linkages with the United States: for example, an Indonesian

American Alumni Association was launched; the new U.S./Indonesian Society had its first event in Indonesia; trade delegations from Minnesota and Nebraska visited Indonesia; and a Sister Cities Mayoral Delegation came to Indonesia. Also during the last year there has been an explosion of demand in Internet linkages to and from the U.S.A., with five competing suppliers springing up. Increasing numbers of U.S. universities are recruiting students in Indonesia and offering short course and semester programs here. In short, interest in American education, business know-how, technology, ideas, information and data related to American economic management is stronger than ever and continuing to grow. This is a fertile field for enhancing and accelerating the establishment of additional, wider and self-financing linkages to support sustained economic growth.

USAID, in recognition of the dynamic and evolving economic environment in Indonesia, has initiated a major change in its development assistance strategy in support of economic growth by proposing a new Strategic Objective activity entitled *Transition Assistance for Economic Growth* (TAGS). The TAGS program is expected to come on stream in late FY96 and will only begin to produce in FY97. The program will replace the entire current portfolio in support of economic growth and put in place a mechanism which will foster sustained and self-financing expansion of access to the United States' ideas, institutions and capabilities in support of sustained economic growth.

The initial TAGS concept was approved by the Bureau in May 1995. During the last eight months the Mission has: (a) produced a preliminary concept document; (b) reorganized itself internally to create a new Mission-wide SO1 Team around TAGS; (c) conducted a wide-ranging customer survey of government, private sector and non profit entities and individuals; and (d) engaged the services of a preliminary design team.

USAID has carried out a series of formal and informal customer-focused formative interviews with more than 50 businesses, organizations (public and non-profit) and individuals to test these hypotheses and to ascertain what clients and partners saw as the economic growth priorities for a transition program. This process has also included two separate collaborations with the Kenan Institute to learn more of the specifics of the U.S./Thai Partnership program.

In the context of preparing for TAGS, USAID initiated some activities to explore and test the concept of self-financing of new development cooperation. For example, during the last two years of a technical assistance program between the Ministry of Finance and the United States Internal Revenue Service, USAID was able to persuade the GOI to fund 50 percent of the full cost (\$2 million). In a new microenterprise program with The Asia Foundation, USAID was able to encourage The Asia Foundation to successfully raise 30 percent matching funds from the business sector (including Caltex and Levi-Strauss). The ELIPS project is also designing a component to transfer, on a cost-recovery basis to the private sector, the production and distribution of the legal information system developed by the project team. In these and other ways, USAID is beginning to lay the groundwork for shifting the financial burden of supporting economic growth in Indonesia to Indonesian institutions and organizations.

Conclusion

This Report Card shows that the maturing of the economic relation between the United States and Indonesia is proceeding apace and that USAID is devoting considerable effort to the

intellectual challenge of how to seize this opportunity and to create new opportunities for sustainable development cooperation in a world of change and shrinking development assistance resources. The challenge for the Mission and the Bureau is to complete the design and make the initial commitment of resources to the effort.

PERFORMANCE DATA TABLE FOR SO2

INDONESIA		SO approved: May 15, 1995	
STRATEGIC OBJECTIVE 2: Improved Health and Reduced Fertility			
Indicator SO2.1: Total Fertility Rate: national; seven provinces - national data			
Unit of Measure: The average number of children a woman would bear during her lifetime given current age-specific fertility rates	Year	Planned	Actual
Source: Demographic and Health Survey; BKKBN service statistics	Baseline 1994	NA	2.86
<p>Comments:</p> <p>1. The seven provinces are West Java, Central Java, and East Java; North Sumatra; South Sumatra; South Sulawesi and Lampung (the most populous provinces in Indonesia and the focus of Strategic Objective program activities).</p> <p>2. See next table for provincial level Total Fertility Rate. Data provided in this table is only the national data.</p> <p>3. The next National Demographic and Health Survey is planned for 1998 or 1999. This is the only reliable source of data for the TFR (national and provincial). However, Mission will estimate TFR declines on an annual basis from BKKBN service statistics. BKKBN service statistics for the 12 month period in 1995 will not be available until 6/96.</p> <p>NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>	1995	2.81	see note 3
	1996	2.75	
	1997	2.70	
	1998	2.65	
	1999	2.58	
	Target 2000	2.50	

PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

STRATEGIC OBJECTIVE 2: Improved Health and Reduced Fertility

Indicator SO2.1: Total Fertility Rate: national; seven provinces - provincial data

Unit of Measure: The average number of children a woman would bear during her lifetime given current age-specific fertility rates	Year	Planned							Actual						
Source: Demographic and Health Survey; BKKBN service statistics (annually)	Baseline 1994	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(a)	(b)	(c)	(d)	(e)	(f)	(g)
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.17	2.77	2.22	3.88	2.87	3.45	2.92
Comments: 1. The seven provinces are: (a) West Java (b) Central Java (c) East Java (d) North Sumatra (e) South Sumatra (f) South Sulawesi (g) Lampung 2. BKKBN service statistics for the 12 month calendar year 1995 is not yet available.	1995	3.12	2.72	2.17	3.83	2.82	3.4	2.87							
	1996	3.07	2.67	2.12	3.78	2.77	3.35	2.82							
	1997	3.02	2.62	2.07	3.73	2.72	3.3	2.78							
	1998	2.97	2.57	2.02	3.68	2.67	3.25	2.73							
	1999	2.92	2.52	1.97	3.63	2.62	3.2	2.68							
	Target 2000	2.87	2.48	1.92	3.58	2.57	3.15	2.63							

Note: The next National Demographic and Health Survey is planned for 1998 or 1999. This is the only reliable data source for the TFR (national and provincial). However, Mission will estimate TFR declines on an annual basis from BKKBN service statistics. BKKBN service statistics for the 12 month period in 1995 will not be available until 6/96.

Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

STRATEGIC OBJECTIVE 2: Improved Health and Reduced Fertility

Indicator SO2.2: Syphilis prevalence rate among high risk populations in demonstration areas: male and female

Unit of Measure: Percent of high risk people with positive serology

Source: HAPP project survey (annually)

Comments:

1. Demonstration areas are initially defined as Surabaya and North Jakarta, with a third target area to be determined in year one of activity implementation.
2. High risk populations are defined as commercial sex workers, clients, and regular partners of clients.
3. The first year (1996) of HIV/AIDS activity, a survey will be conducted to determine actual baseline. No data available as of today can be used as a reliable baseline. Baseline data will be available in September 1996. Based on informal discussions, indications are that the prevalence rate is approximately 10% at this time, however, we may have to change year targets to accommodate the baseline survey findings.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1996	n/a	TBD
1997		
1998	5%	
1999		
Target 2000	2%	

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PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

STRATEGIC OBJECTIVE 2: Improved Health and Reduced Fertility

Indicator SO2.3: Maternal Mortality Ratio

Unit of Measure: Number of maternal deaths per 100,000 live births

Source: Ministry of Health's Household Health Survey in the National Social and Economic Survey (SUSENAS) (every three years)

Comments:

1. At the present time, data on Maternal Mortality Ratio is available only at the national level. The 1994 data is a BAPPENAS (National Development Planning Agency) estimate but future data will come from the National Household Health Survey (HHS).
2. Targets are intended to be nationwide as the actual is also national. MMR data is not being collected for South Kalimantan.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1992	n/a	450
1994	420	425
1995		
1996	400	
1997		
1998	350	
1999		
Target 2000	300	

PERFORMANCE DATA TABLE FOR SO2

INDONESIA		SO approved: May 15, 1995	
PROGRAM OUTCOME 2.1: Increased Use and Quality of Family Planning Services			
Indicator PO2.1.1: Contraceptive Prevalence Rate, all methods: national ; seven provinces - national data			
Unit of Measure: Percentage of married women of reproductive age (15-49) using contraceptives	Year	Planned	Actual
Source: Demographic and Health Survey (every three years) and BKKBN service statistics (annually)	Baseline 1994	n/a	54.7
Comments: 1. The seven provinces include North Sumatra and South Sumatra, Lampung, West Java, Central Java, and East Java, and South Sulawesi. 2. See next table for breakout of Contraceptive Prevalence Rate by seven provinces for 1994. 3. CPRs reported here are from Demographic and Health data (1994) since BKKBN service statistics for the 12 months of calendar year 1995 are not yet available. NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.	1995	56.2	see note 3
	1996	57.7	
	1997	59.2	
	1998	60.7	
	Target 1999	62.2	

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PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 2.1: Increased Use and Quality of Family Planning Services

Indicator PO2.1.1: Contraceptive Prevalence Rate, all methods: national; seven provinces - provincial data

Unit of Measure: Percentage of married women of reproductive age (15-49) using contraceptives	Year	Planned							Actual						
Source: Demographic and Health Survey and BKKBN service statistics (annually)	Baseline 1994	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(a)	(b)	(c)	(d)	(e)	(f)	(g)
		n/a	n/a	n/a	n/a	n/a	n/a	n/a	56.7	61.1	55.9	47	52.9	42.6	59.3
Comments: 1. The seven provinces are: (a) West Java (b) Central Java (c) East Java (d) North Sumatra (e) South Sumatra (f) South Sulawesi (g) Lampung 2. BKKBN service statistics for the 12 months of 1995 are not available yet.	1995	58.2	62.6	57.4	48.5	54.4	44.1	60.8							
	1996	59.7	64.1	58.9	50	55.9	45.6	62.3							
	1997	61.2	65.6	60.4	51.5	57.4	47.1	63.8							
	1998	62.7	67.1	61.9	53	58.9	48.6	65.3							
	1999	64.2	68.6	63.4	54.5	60.4	50.1	66.8							
	Target 2000	65.7	70.1	64.9	56	61.9	51.6	68.3							

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 2.1: Increased Use and Quality of Family Planning Services

Indicator PO2.1.2: Contraceptive Prevalence Rate, long-term methods: national; seven provinces - national data

Unit of Measure: Percentage of contracepting married women age 15-49 using long-term contraceptive methods

Source: Demographic and Health Survey, SDES project's Management Information System, and BKKBN service statistics

Comments:

1. The seven provinces include North Sumatra, South Sumatra, Lampung, West Java, Central Java, East Java, and South Sulawesi.
2. Long-term methods are here defined as: Norplant, IUDs, and male and female sterilization.
3. SDES = Service Delivery Expansion Support - a cooperative agreement with Pathfinder International, five year activity designed to increase family planning services in hard to reach areas with implementation during 1994-99.
4. See next table for the breakout of CPR of long-term methods statistics by provinces (1994).
5. CPR of long-term methods reported are based on 1994 DHS data, since SDES and BKKBN service statistics for 12 month calendar year 1995 are not yet available.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1994	n/a	35.00
1995	36	see note 5
1996	37	
1997	38	
1998	39	
Target 1999	40	

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PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 2.1: Increased Use and Quality of Family Planning Services

Indicator PO2.1.2: Contraceptive Prevalence Rate, long-term methods: national; seven provinces - provincial data

Unit of Measure: Percentage of contracepting married women of age (15-49) using long-term contraceptive methods	Year	Planned							Actual						
Source: Demographic and Health Survey; SDES project Management Information System, and BKKBN service statistics (annually)	Baseline 1994	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(a)	(b)	(c)	(d)	(e)	(f)	(g)
			n/a	26	42	42	33	35	15						
Comments:															
1. The seven provinces are: (a) West Java (b) Central Java (c) East Java (d) North Sumatra (e) South Sumatra (f) South Sulawesi (g) Lampung 2. BKKBN service statistics for the 12 months of calendar year 1995 are not available yet.	1995	27.5	43.5	43.5	34.5	36.5	16.5	26.5							
	1996	29	45	45	36	38	18	28							
	1997	30.5	46.5	46.5	37.5	39.5	19.5	29.5							
	1998	32	48	48	39	41	21	31							
	1999	33.5	49.5	49.5	40.5	42.5	22.5	32.5							
	Target 2000	35	51	51	42	44	24	34							

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 2.1: Increased Use and Quality of Family Planning Services

Indicator PO2.1.3: Discontinuation rate: national; seven provinces

Unit of Measure: Percentage of contracepting married women age 15-49, who discontinue use 12 months after start of use

Source: Demographic and Health Survey

Comments:

1. The seven provinces include North Sumatra, South Sumatra, Lampung, West Java, Central Java, East Java, and South Sulawesi.
2. Data presented here are based on 1994 Demographic and Health Survey data,
3. Since BKKBN no longer reports discontinuation rates (nationally and by province), annual data on discontinuation rates will no longer be reported. However, DHS data on discontinuation rates will be reported as available (every three-five years). The Strategic Objective team is currently investigating other indicators to measure quality of care such as complication rates, etc.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1994	n/a	26.8
1995	26	see note 3
1996	25	
1997	24	
1998	23	
1999	22	
Target 2000		

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PERFORMANCE DATA TABLE FOR SO2

INDONESIA	SO approved: May 15, 1995		
PROGRAM OUTCOME 2.2: Increased Use and Quality of STD/HIV/AIDS and Reproductive Health Services			
Indicator PO2.2.1: Adoption of risk reduction strategies in relationships by those at risk in demonstration areas			
Unit of Measure: Percent of persons age 15-49 at risk reporting use of risk reduction strategies during the most recent exposure to high risk sexual encounter with a non-regular partner	Year	Planned	Actual
Source: HAPP project data (annually)	Baseline 1996	n/a	TBD
Comments: 1. Demonstration areas are initially defined as Surabaya and North Jakarta, with a third target area to be determined in year one of activity implementation. 2. Baseline data collection will begin April 1996 and will be available in September 1996 . Baseline year is changed to 1996 because no reliable baseline data were available at the start of activity. 3. We changed the indicator definition to reflect data on other risk reduction methods and not just condom use in relations at risk. This will provide a more accurate representation of persons using risk reduction strategies. The definition of this progress indicator has also been changed to better refine the meaning of the indicator and data collected. Original definition can be found in CPS Annex A, pg. A24 4. Risk reduction strategies include condom-use, abstinence, and non-penetrative sex.	1997		
	1998	50%	
	1999		
	Target 2000	70%	
NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.			

PERFORMANCE DATA TABLE FOR SO2

INDONESIA	SO approved: May 15, 1995		
PROGRAM OUTCOME 2.2: Increased Use and Quality of STD/HIV/AIDS and Reproductive Health Services			
Indicator PO2.2.2: People at high risk correctly diagnosed and treated in STD clinics in demonstration areas: male and female			
Unit of Measure: Percent of persons with STDs aged 15-49 using project STD clinic services who receive treatment conforming to standard protocol	Year	Planned	Actual
Source: HAPP project data (annually) and survey	Baseline 1996	n/a	TBD
	1997		
	1998	40%	
	1999		
	Target 2000	50%	
<p>Comments:</p> <p>1. Demonstration areas are initially defined as Surabaya and North Jakarta, with a third target area to be determined in year one of activity implementation.</p> <p>2. Baseline data collection will begin April 1996 and will be available in September 1996. Please note that this indicator's baseline year is changed to 1996 because no reliable baseline data were available at the start of activity. Original baseline year was 1995, CPS Annex A, pg. A24.</p> <p>NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>			

PERFORMANCE DATA TABLE FOR SO2

INDONESIA	SO approved: May 15, 1995		
PROGRAM OUTCOME 2.2: Increased Use and Quality of STD/HIV/AIDS and Reproductive Health Services			
Indicator PO2.2.3: Knowledge of prevention practices in demonstration areas: male and female			
Unit of Measure: Percent of persons aged 15-49 who can correctly name at least two acceptable ways of protecting themselves from HIV infection	Year	Planned	Actual
Source: HAPP project data (annually)	Baseline 1996	n/a	TBD
Comments: 1. Demonstration areas are initially defined as Surabaya and North Jakarta, with a third target area to be determined in year one of activity implementation. 2. Baseline data collection will begin April 1996 and will be available in September 1996. Baseline year for this indicator has been changed to 1996 because no reliable baseline data were available at the start of activity. NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.	1997		
	1998	60%	
	1999		
	Target 2000	80%	

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PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 2.2: Increased Use and Quality of STD/HIV/AIDS and Reproductive Health Services

Indicator PO2.2.4: People receiving STD/AIDS counselling in demonstration areas: male and female

Unit of Measure: Percent of persons with STDs aged 15-49 attending project STD clinics areas who receive appropriate STD/AIDS counselling

Source: HAPP project studies (every other year - three times)

Comments:

1. Demonstration areas are initially defined as Surabaya and North Jakarta, with a third target area to be determined in year one of activity implementation.
2. Baseline data collection will begin April 1996 and will be available in September 1996. Baseline year for this indicator is changed to 1996 because no reliable baseline data were available at the start of activity.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1996	n/a	TBD
1997		
1998	40%	
1999		
Target 2000	50%	

PERFORMANCE DATA TABLE FOR SO2

INDONESIA	SO approved: May 15, 1995		
PROGRAM OUTCOME 2.2: Increased Use and Quality of STD/HIV/AIDS and Reproductive Health Services			
Indicator PO2.2.5: Proportion of births attended by trained health personnel in demonstration areas			
Unit of Measure: Number of pregnant women attended during delivery by trained health personnel	Year	Planned	Actual
Source: MotherCare Project data and Ministry of Health service statistics (annually)	Baseline 1996	n/a	TBD
Comments: 1. Demonstration area consists of three districts in the province of South Kalimantan. 2. Baseline data will be collected and available in 1996. Baseline year is changed to 1996 because no baseline data were available at the start of activity. 3. The term "trained health personnel" includes bidans (midwives) but not dukuns (traditional midwives). 4. Although MotherCare project activities are scheduled to end in 1997, the Strategic Objective team is considering an extension of activities through the year 2000. NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.	1997	45	see note 2
	1998	55	
	1999	65	
	Target 2000	80	

PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 2.2: Increased Use and Quality of STD/HIV/AIDS and Reproductive Health Services

Indicator PO2.2.6: Iron intake among women aged 15-49 through the use of iron supplements in OMNI demonstration areas

Unit of Measure: Percentage increase in the use of iron supplements (3000 mg iron element annually) among women 15-49 in OMNI demonstration areas

Source: OMNI Project data (annually)

Comments:

1. Demonstration areas are districts in Lombok, South Kalimantan, and East Java.
2. This is a new Program Outcome indicator to reflect our activities/intervention in micronutrients specifically iron supplements.
3. Baseline data will be available in 1996 after project survey is completed.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1996	n/a	TBD
1997	TBD	
1998	TBD	
1999		
Target 2000		

PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 2.3: Developed and Implemented National AIDS Policies

Indicator PO2.3.1: Number of national AIDS policies developed

Unit of Measure: The development of a set of national AIDS policies. Illustrative policies are policy on inter-ministerial coordination, mass media HIV/AIDS campaign policy on condom promotion, policy standards for STD diagnosis and treatment, policy on confidentiality, and policy on sero surveillance system

Source: HAPP project reports (annually), written policies by GOI, and policy statements made by members of the National AIDS Commission

Comments:

1. The source for this program outcome is added to include policy statements made by members of National AIDS Commission.
2. 1995 HIV/AIDS related policies support condom promotion as one of several risk reduction strategies and rule out euthanasia for people with HIV/AIDS.
3. The number of policies counted per year is cumulative.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual (cumulative.)
Baseline 1994	n/a	1
1995	2	3
1996	3	
1997	4	
1998	5	
1999	6	
Target 2000	7	

PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 2.3: Developed and Implemented National AIDS Policies

Indicator PO2.3.2: National Health Resources allocated to STD/HIV/AIDS activities

Unit of Measure: The amount of national resources allocated to STD/HIV/AIDS activities in millions of U.S. dollars

Source: GOI National Budget (annually)

Comments:

Within the larger context of increased government commitment, national health resources allocated to STD/HIV/AIDS activities have increased. From a baseline figure of U.S. \$2.5 million in 1994, the GOI budget for STD/HIV/AIDS activities increased to U.S. \$3.5 million in 1995, and is projected to increase more steeply to U.S. \$6.5 million in 1996 as indicated by preliminary budget figures for Indonesian FY96. Therefore, while actual results for this performance indicator (PO2.3.2) fell below the expected target for 1995, it is anticipated that the 1996 target will be exceeded. This pattern is to be expected, as counterpart funding is usually not in place until one year after project start-up, and project start-up was delayed by approximately 18 months.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1994	n/a	2.5
1995	5.0	3.5
1996	5.75	
1997	6.6	
1998	7.6	
1999	8.7	
Target 2000	10.0	

PERFORMANCE DATA TABLE FOR SO2

INDONESIA	SO approved: May 15, 1995		
PROGRAM OUTCOME 2.4: Improved Balance of Public and Private Sector Provision of Health and Family Planning Services			
Indicator PO2.4.1: Current users of modern family planning methods receiving services from the private sector			
Unit of Measure: Percentage of persons using modern family planning methods who received services from the private sector	Year	Planned	Actual
Source: Demographic and Health Survey, SDES Management Information System and BKKBN service statistics (annually)	Baseline 1994	n/a	28
Comments: 1. The wording of the indicator and the unit of measure has been changed to refine the result that we are measuring. Original wording was "percentage of people receiving services in the private sector". (CPS Annex A, pg. A26) 2. Only 1994 DHS data is reported here. BKKBN service statistics for the 12 month calendar year of 1995 are not yet available. NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.	1995	30	see note 2
	1996	31	
	1997	33	
	1998	35	
	1999	37	
	Target 2000	40	

PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 2.4: Improved Balance of Public and Private Sector Provision of Health and Family Planning Services

Indicator PO2.4.2: Current users of modern family planning methods paying for services provided by the public sector, private sector, and other sources

Unit of Measure: Percentage of current users using modern family planning methods and paying partially or fully for these services

Source: Demographic and Health Survey

Comments:

1. Data presented here are based on the 1994 Demographic and Health Survey (DHS). Data for this program outcome is not available from BKKBN service statistics. Therefore, the Mission will only report progress on it when the next DHS survey results are available in 1998 or 1999.

2. As originally presented in the Mission CPS (Annex A, pg A-31), this indicator measured users paying for services obtained only through the public sector. At the time the indicator was presented, the 1994 DHS data was not yet published, so the baseline indicator represented the Mission's best estimate of a baseline. The Mission has determined that a better indicator would be percentage of users who pay for family planning services from any source, including public, private and other. This data may be obtained from DHS data, so Mission will use the new indicator in the future. For analytic purposes, the Mission will disaggregate the results and examine trends in clients' ability to pay for services from public, private and other sources.

3. Public sector services include: government hospitals, government health centers, family planning fieldworkers, family planning mobile clinic. Private sector sources include hospital, family planning clinics, doctor, midwife, pharmacy. Other private sources include village delivery post, health post, family planning post, traditional birth attendant, friend/relative.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1994	n/a	74.3
1995	n/a	see note 1
1996	n/a	
1997	n/a	
1998	80.0	
1999	n/a	
Target 2000	85.0	

PERFORMANCE DATA TABLE FOR SO2

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 2.4: Improved Balance of Public and Private Sector Provision of Health and Family Planning Services

Indicator PO2.4.3: People covered by comprehensive managed health care services in demonstration area: male and female

Unit of Measure: Number of people covered by comprehensive managed health care system in Klaten district (defined as ASKES, ASTEK, and DS-JPKM)

Source: Insurance company records (ASKES, ASTEK) and Ministry of Health data from Klaten district Health Office (annually)

Comments:

1. We changed the wording in definition of this PO from "health insurance" to "managed health care" to better reflect our activities.
2. The district of Klaten, Central Java is the location of this integrated trial for health care financing reform.
3. Two planned targets (for 1997 and 1998) are revised upward to reflect a new marketing effort of managed health care in Klaten. Since the concept of managed health care is still new to Indonesia, this social marketing program will substantially increase membership in the managed care program, to reach 51% of the 1.2 million resident of Klaten district.
4. Activity is planned to end in 1998 resulting in no planned targets in 1999 and 2000.
5. The insurance and managed health care programs are:
 - a. ASKES, which covers civilian government employees and their dependents
 - b. ASTEK, which covers private sector employees provided by their employers
 - c. DS-JPKM, a managed health care scheme which covers communities at large, including lower income families.
6. Below target because service contracts only became operational in September 1995. It's remarkable that 165,000 people were covered in only three months! Increased targets reflect two year extension and major social marketing campaign planned.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1994	n/a	111,000
1995	197,458	165,000
1996	263,140	
1997	440,000	
1998	612,000	
1999	n/a	
Target 2000	n/a	

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA

SO approved: May 15, 1995

STRATEGIC OBJECTIVE 3: Decentralized and Strengthened Natural Resources Management

Indicator SO3.1: Policy implementation devolving to the local level

Unit of Measure: GOI approved national park management plans that include procedures for integrating provincial, regional and local governments and local communities into park planning and management

Source: Ministry of Forestry, Directorate General for Forest Protection and Nature Conservation

Comments:

Bunaken National Park management plan is the first in Indonesia to incorporate a viable process for community participation in park management which distributes equitably the benefits of its development.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1993/94	n/a	0
1994/95	1	1
1995/96	4	
1996/97	7	
1997/98	10	
1998/99	12	
1999/00	14	
Target 2000	14	

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA		SO approved: May 15, 1995				
STRATEGIC OBJECTIVE 3: Decentralized and Strengthened Natural Resources Management						
Indicator SO3.2: Local communities actively participating in natural resources planning and management						
Unit of Measure: a) Decrees issued, or type of legal instrument(s) approved, and b) Number of hectares covered by stewardship agreements		Year	Planned		Actual	
Source: Ministry of Forestry		Baseline 1994/95	a	b	a	b
			n/a	n/a	0	0
Comments:		1995/96	2	5,000	2	1,689
- 1,674 ha approved for local community management in and around Kerinci-Seblat National Park in Sumatra.		1996/97	4	10,000		
- 15 ha approved for local community management of mangrove forest in Deli Serdang, North Sumatra.		1997/98	6	15,000		
NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.		1998/99	8	20,000		
		1999/00	10	25,000		
		Target 2000	10	25,000		

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA

SO approved: May 15, 1995

STRATEGIC OBJECTIVE 3: Decentralized and Strengthened Natural Resources Management

Indicator SO3.3: NGOs strengthened to promote improved natural resources management

Unit of Measure: Number of NGOs

Source: Mission

Comments:

NGOS were strengthened through partnerships, information sharing, training, technical assistance, and project implementation funding.

NOTE: Planned results have been adjusted upwards based on baseline established this year.
Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1995/96	n/a	22
1996/97	27	
1997/98	31	
1998/99	37	
1999/00	42	
Target 2000	42	

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA		
SO approved: May 15, 1995		
STRATEGIC OBJECTIVE 3: Decentralized and Strengthened Natural Resources Management		
Indicator SO3.4: Natural resource-based industries using "best practices" for land-use management and production processes		
Year	Planned	Actual
Baseline 1993/94	n/a	0
1994/95	0	0
1995/96	50,000	
1996/97	100,000	
1997/98	125,000	
1998/99	150,000	
1999/00	200,000	
Target 2000	200,000	

Unit of Measure: Volume (cubic meters) of wood certified each year

Source: Ministry of Forestry and the Eco-labeling Institute

Comments:

The Indonesian Eco-labeling Institute was established in 1995. Two studies have been undertaken to evaluate the viability of eco-labeling policies and assess alternative eco-labeling systems. The discussion and results of the studies will contribute substantially to the eco-labeling system that the GOI has committed to implementing in 1996.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 3.1: Greater Stakeholder Participation in Decisions About the Planning, Management, Use, and Monitoring of Natural Resources

Indicator PO3.1.1: Tested traditional forest areas and integrated conservation and development concepts for community management of forest and of coastal and marine resources

Unit of Measure: a) Number of documented areas that are secured, and b) Number of hectares secured

Source: Reports and discussion with the donor community and GOI ministries

Comments:

Mission has designed several activities to test community management concepts. These will be implemented with the GOI, NGOs and other donor partners under NRM II, starting in 1996.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned		Actual	
	a	b	a	b
Baseline				
1993/94	n/a	n/a	0	0
1994/95	0	0		
1995/96	2	2,000		
1996/97	4	10,000		
1997/98	6	15,000		
1998/99	8	20,000		
1999/00	10	25,000		
Target 2000	10	25,000		

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 3.1: Greater Stakeholder Participation in Decisions About the Planning, Management, Use, and Monitoring of Natural Resources

Indicator PO3.1.2: Established models for enhancing community participation in management planning and implementation for selected national parks

Unit of Measure: Number of national parks successfully incorporating communities into park planning and management.

Source: Ministry of Forestry, Directorate of Nature Conservation and Protection

Comments:

Bunaken National Park has successfully incorporated local communities into the planning process, and management activities have just begun.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1993/94	n/a	0
1994/95	1	1
1995/96	4	
1996/97	7	
1997/98	10	
1998/99	12	
1999/00	14	
Target 2000	14	

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 3.1: Greater Stakeholder Participation in Decisions About the Planning, Management, Use, and Monitoring of Natural Resources

Indicator PO3.1.3: Determined the biological and technical feasibility of enterprise-oriented approaches to community-based sustainable management of forest and marine resources

Unit of Measure: Number of models (a) tested and (b) found successful after three years for enterprise-oriented approaches to community-based NRM management

Source: Mission

Comments:

Two of these models are supported by the Natural Resources Management Project and seven are supported by the Biodiversity Conservation Network.

NOTE: Original measure has been improved by adding (b) to show success of model testing. Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned		Actual	
	(a)	(b)	(a)	(b)
Baseline 1993/94	n/a	n/a	0	0
1994/95	2	0	9	0
1995/96	5	0		
1996/97	8	1		
1997/98	10	3		
1998/99	12	5		
1999/00	15	8		
Target 2000	15	8		

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 3.1: Greater Stakeholder Participation in Decisions About the Planning, Management, Use, and Monitoring of Natural Resources

Indicator PO3.1.4: Implemented agricultural practices based on an agro-ecosystem approach fostered by Integrated Pest Management. (IPM)

Unit of Measure: (a) Area of paddy field, where the IPM agro-ecosystem approach are implemented (thousand ha), and (b) Decrease in pesticide use Indonesia (tons/year) due to implementation of IPM approach.

Source: (a) Integrated Pest Management Training Project monitoring, and (b) Sample surveys to be conducted bi-annually

Comments:

- 415,000 rice farmers have been trained in the Farmer Field Schools to implement IPM techniques.

- It was found in the "Impact of IPM Training on Farmer's Behaviour" study, that after participation in the training, farmers will reduce pesticide application by 42.5 kg/ha/year while maintaining their rice production stable.

- The project mid-term review recommended a reduction of project districts from nine to six to focus on quality training in the key rice producing areas. The GOI disagreed with this approach deciding instead to increase their contribution for 1996/97 to U.S. \$6.3 million, three times the contribution for 1995/96.

NOTES: Unit of measure has been shifted from per hectare changes to total area increase and pesticide reduction to show magnitude of changes.

Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned		Actual	
	a	b	a	b
Baseline				
1992/93	n/a	n/a	120	5,100
1993/94	190	8,000	145	6,100
1994/95	300	12,750	210	9,000
1995/96	400	17,000	240	10,200
1996/97	510	21,000	-	-
1997/98	600	25,000	-	-
1998/99			-	-
1999/00			-	-
Target 2000	600	25,000		

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 3.2: Increased Conservation and Pollution Reduction by Natural Resource-Based Industries

Indicator PO3.2.1: Increased incentives for secondary and tertiary processing of higher value, less polluting forest products

Unit of Measure: Ratio of change value of wood furniture produced to value of plywood exports

Source: Ministry of Forestry, Ministry of Finance and trade associations of furniture and plywood producers

Comments:

The Mission has decided to drop indicator PO3.2.1. This measure was not meaningful because outside forces (i.e. the collapse of plywood prices and exports during the last year) have driven this ratio way beyond what was anticipated from USAID policy reforms. The Mission's view is that two other indicators adequately cover this PO.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1994/95		
1995/96		
1996/97		
1997/98		
1998/99		
1999/00		
Target 2000		

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA		SO approved: May 15, 1995	
PROGRAM OUTCOME 3.2: Increased Conservation and Pollution Reduction by Natural Resource-Based Industries			
Indicator PO3.2.2: Adoption of pollution prevention technologies among natural resource-based industries			
Unit of Measure: Number of new technologies to reduce industrial pollution adopted	Year	Planned	Actual
Source: Mission projects and USAEP	Baseline 1995/96	n/a	0
	1996/97	5	
	1997/98	9	
	1998/99	15	
	1999/00	20	
	Target 2000	20	
Comments: Activities under this PO started in 1994/95, and results are expected beginning next year. NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.			

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA
SO approved: May 15, 1995

PROGRAM OUTCOME 3.2: Increased Conservation and Pollution Reduction by Natural Resource-Based Industries

Indicator PO3.2.3: Strengthened partnerships among the GOI, the private sector, and communities for local and regional environmental impact planning and monitoring

Unit of Measure: Number of partnerships		
Year	Planned	Actual
Baseline 1994/95	n/a	0
1995/96	2	
1996/97	4	
1997/98	6	
1998/99	8	
1999/00	10	
Target 2000	10	

Comments:
 Activities for this PO begin in 1996 under NRM II funding.
 NOTE: This indicator moved from PO 3.3.2 in Annex A of the CPS because it is a more appropriate measure under PO 3.2. Planned results have been changed using baseline just established in 1994/95.
 Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 3.3: Improved Policy Development and Implementation

Indicator PO3.3.1: Strengthened networks for natural resources policy and law reform

Unit of Measure: Number of policy working groups including universities and NGOs established in ministries concerned with natural resources management.

Source: Mission

Comments:

Five policy working groups were established in the Ministry of Forestry to promote improved production, processing and conservation policies. One policy working group was established with BAPPENAS (Ministry of Planning), the Ministry of Industry and BAPEDAL (Environmental Protection Ministry) for cleaner industrial pollution; and one was established between many ministries for global climate change.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1993/94	n/a	0
1994/95	5	7
1995/96	6	
1996/97	7	
1997/98	8	
1998/99	9	
1999/00	10	
Target 2000	10	

**Please note that Indicator PO3.3.2 of the CPS
Annex A has been moved to PO3.2.3 because it is a
more appropriate measure under PO3.2.**

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA		SO approved: May 15, 1995	
PROGRAM OUTCOME 3.3: Improved Policy Development and Implementation			
Indicator PO3.3.3: Increased women leaders in all aspects of natural resources management			
Unit of Measure: Number of women in workshops, seminars, training programs		Year	Planned
Source: Mission, NGO grantees and contractors		Baseline 1994/95	Actual
<p>Comments:</p> <p>The figures incorporate data from Cleaner Industrial Production, Integrated Pest Management, NGO strengthening activities, Indonesian Biodiversity Foundation and NRM Project.</p> <p>NOTES: The planned results have been adjusted upward using a new baseline established in 1994/95. Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.</p>			110
		1995/96	200
		1996/97	300
		1997/98	400
		1998/99	500
		1999/00	600
		Target 2000	600

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA		SO approved: May 15, 1995			
PROGRAM OUTCOME 3.3: Improved Policy Development and Implementation					
Indicator PO3.3.4: Improved information sharing on environmental issues					
Unit of Measure: a) Number of environmental newsletters produced, and b) Number of natural resources seminars held annually	Year	Planned		Actual	
Source: Ministries concerned with natural resources management; NGOs; and donor groups	Baseline 1994/95	a	b	a	b
		n/a	n/a	5	35
Comments: - Newsletters were produced by the NRM and IPM projects. - Seminars were sponsored by NRM Project, IPM Project, Indonesian Biodiversity Foundation and Cleaner Industrial Production Project. NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.	1995/96	6	40	19	36
	1996/97	7	45		
	1997/98	8	50		
	1998/99	9	55		
	1999/00	10	60		
	Target 2000		10	60	

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 3.4: Strengthened Institutional Capacity for Biodiversity Conservation

Indicator PO3.4.1: Established sustainable support for private biodiversity institutions

Unit of Measure: Number of private sector institutions

Source: Mission, reports from NGOs and Indonesian Biodiversity Foundation

Comments:

The Indonesian Biodiversity Foundation (KEHATI) was established by a \$16.5 million endowment from USAID/I in 1995.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1994/95	n/a	0
1995/96	1	1
1996/97	2	
1997/98	3	
1998/99	4	
1999/00	5	
Target 2000	5	

PERFORMANCE DATA TABLE FOR SO 3

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 3.4: Strengthened Institutional Capacity for Biodiversity Conservation

Indicator PO3.4.2: Strengthened environmental NGOs carrying out research, public awareness, policy studies and other activities to support biological diversity

Unit of Measure: Number of NGOs

Source: Mission

Comments:

These include World Education, CARE, WWF, KEHATI, PACT, TNC, CI, Kelola, Gusumi, IDT, B&CC and LATEN.

NOTE: The planned results have been adjusted upward using the new baseline established in 1994/95. Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year	Planned	Actual
Baseline 1994/95	n/a	12
1995/96	13	
1996/97	15	
1997/98	17	
1998/99	20	
1999/00	22	
Target 2000	22	

PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

STRATEGIC OBJECTIVE 4: Strengthened Urban Environmental Management

Indicator SO4.1: Increased access by urban populations to clean water

Unit of Measure: Percent of total urban population served by local water treatment and piped distribution

Source: Ministry of Public Works, Ministry of Home Affairs

Comments:

This SO indicator has increased every year since the initiation of USAID programs in this sector in 1988. The 1993/94 increase has been the sharpest ever, because of increases in intergovernmental loan and grant funding for urban environmental infrastructure. Both loans and grants continue to be high priority areas of USAID technical assistance.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year*	Planned	Actual
Baseline 1993/94	n/a	40%
1994/95	40%	44.9%
1995/96	41%	
1996/97	43%	
1997/98	45%	
1998/99	47%	
1999/00	49%	
Target 2000	49%	

PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

STRATEGIC OBJECTIVE 4: Strengthened Urban Environmental Management

Indicator SO4.2: Reduced industrial pollution emissions

Unit of Measure: Number of factories in targeted sectors whose environmental performance meets or is better than the government's requirements for the discharge of pollutants

Source: BAPEDAL (Environmental Impact Management Agency)

Comments:

The 1995 target was missed by 7% but USAID expects future targets will be met. The GOI's environmental rating system, which uses color codes to signify degrees of compliance with GOI environmental standards, is designed to provide incentives to environmentally friendly companies and disincentives to polluting ones. In 1995, the first year of the program, 213 companies voluntarily participated in the program. Of this total, 93 met government standards and five failed to meet those standards. Another 115 companies were considered at the margin of meeting the standards and are likely to be able to meet standards with minimal additional improvements.

Note that the time period for this indicator has been changed from GOI fiscal years to calendar years, to be consistent with the timing and time coverage of GOI announcements of results under the rating system. Future year targets have also been revised, based on GOI experience with the program in its first year and expected GOI funding in future years for these types of company assessments. No baseline was originally established for this indicator; one is included here.

Year	Planned	Actual
Baseline 1994	n/a	0
1995	100	93
1996	160	
1997	220	
1998	280	
1999	340	
2000	400	
Target 2000	400	

PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

STRATEGIC OBJECTIVE 4: Strengthened Urban Environmental Management

Indicator SO4.3: Increase in the environmentally sound production and use of energy

Unit of Measure: Megawatts (MW) of installed generating capacity using renewable energy resources

Source: Ministry of Mines and Energy, National Electric Company, ADB, World Bank reports

Comments:

This target has been met and shows promise of continued achievement. Due in large part to USAID policy guidance, the use of renewable energy resources for electricity generation is increasing rapidly. The most recent power plant completed using renewable energy resources is the Gunung Salak Unit #1, which added total installed generating capacity using renewable energy sources by 55 MW. Other new facilities are now being completed.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year*	Planned	Actual
Baseline 1993/94	n/a	3,399
1994/95	3,430	3,454
1995/96	3,500	
1996/97	3,560	
1997/98	3,660	
1998/99	3,750	
1999/00	4,000	
Target 2000	4,000	

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PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 4.1: Adoption of New Policies and Practices to Facilitate Decentralized Financing of Urban Environmental Infrastructure

Indicator PO4.1.1: Increased access by local governments to grant funding from the central government

Unit of Measure: Share of all SDO and INPRES grants received by local governments

Source: Bureau for Regional Finance Analysis, Ministry of Finance; BAPPENAS (Planning Ministry)

Comments:

This target has been met, but the indicator remains volatile because of occasional increases in grant funding for provincial governments, not identified as "local" governments for the purpose of this analysis. In 1995, for the first time since USAID assistance began in this sector, the GOI has fully accepted extensive USAID recommendations for targeting grants more directly at local governments. The GOI has formally begun to solicit funding from other donors to continue and extend the comprehensive USAID-supported reform agenda. Note that the baseline for this indicator has been moved back two years to better reflect the impacts of USAID technical assistance in this area, which began in 1991. The planned levels have also been rescheduled to reflect a more precise presentation of this indicator's likely progress.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year*	Planned	Actual
Baseline 1991/92	n/a	50%
1994/95	55%	57%
1995/96	55.8%	
1996/97	56.5%	
1997/98	57.3%	
1998/99	58.1%	
1999/00	59%	
Target 2000	59%	

PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 4.1: Adoption of New Policies and Practices to Facilitate Decentralized Financing of Urban Environmental Infrastructure

Indicator PO4.1.2: Increased access by local governments to development credit provided by or through central government intermediaries

Unit of Measure: Total loan disbursements to local governments and local public utilities from SLAs, RDI, and RDA in billions of rupiah

Source: Directorate of Subsidiary Loan Management, Ministry of Finance

Comments:

This indicator has registered the biggest single increase in resources made available to local governments for urban environmental infrastructure. It has already reached levels not originally expected until after the turn of the century. The indicator is especially sensitive to the considerable success of USAID/I's recent efforts in helping the GOI reform its system for environmental infrastructure loans to local governments. Note that the baseline value has been shifted back one year because GOI officials found an error in the original figure and are now recalculating it. The new baseline better reflects the beginning of USAID activity in this area.

This indicator has been volatile in the past, and there still is no final decree reforming RDA (although it should appear soon). These targets will be maintained for another year and then be reassessed.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year*	Planned	Actual
Baseline 1991/92	n/a	228
1994/95	280	442
1995/96	300	
1996/97	320	
1997/98	340	
1998/99	360	
1999/00	380	
Target 2000	380	

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PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 4.1: Adoption of New Policies and Practices to Facilitate Decentralized Financing of Urban Environmental Infrastructure

Indicator PO4.1.3: Value of signed agreements between local governments and private firms in providing urban services

Unit of Measure: Total value in millions of U.S. dollars of PURSE-supported public/private partnership project agreements

Source: Project reports

Comments:

This target has been exceeded. This figure represents public-private partnership agreements in connection with which USAID-supported projects have acted as advisors to government agencies. It also reflects USAID influence with regard to the expansion of private participation in the provision of urban environmental services. The figure for 1995/96 is well above both the baseline and expected levels. USAID work to improve GOI laws, rules, and procedures regulating public-private partnerships appears to guarantee a steadily increasing volume of such agreements. A variety of such agreements are currently in negotiation with USAID involvement and support.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year*	Planned	Actual
Baseline 1992/3	n/a	0
1993/94	0	0
1994/95	0	0
1995/96	0	\$40 M
1996/97	\$50M	
1997/98	\$75M	
1998/99	\$100M	
1999/00	\$100M	
Target 2000	100M	

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PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 4.2: Wider adoption of improved practices in urban environmental infrastructure service provision

Indicator PO4.2.1: Increased access by urban households to wastewater disposal and treatment facilities

Unit of Measure: Total number of households served

Source: Ministry of Public Works, Ministry of Home Affairs

Comments:

This indicator is being dropped for two reasons: (1) After an extensive investigation, the data used to prepare the initial baseline for this indicator now appears impossible to collect annually in a cost-effective fashion; other available data sources have proven to be incomplete and unreliable; and (2) the number of sewer connections no longer reflects the thrust of USAID work in this sector, which now focuses primarily on water, an activity covered adequately by other, existing indicators.

Year	Planned	Actual
Baseline	n/a	

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PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 4.2: Wider adoption of improved practices in urban environmental infrastructure service provision

Indicator PO4.2.2: Increased efficiency of local water utility management

Unit of Measure: Percentage of water lost

Source: Ministry of Public Works, Ministry of Home Affairs

Comments:
 The target for this indicator has been met (note that for these numbers, smaller is better). This indicator measures water treated and distributed by local water utilities, but not accounted for, because of leakage, theft, or administrative error. It is a standard measure of the degree of efficiency and effectiveness with which local water utilities provide their services to urban residents. The value of this indicator is calculated for 14 key utilities that have received USAID assistance. With USAID support and encouragement, the government initiated in 1995 a nationwide program to address unaccounted for water, to be funded by the Asian Development Bank.
 NOTE: Planned targets have been adjusted to better reflect GOI, ADB, and USAID goals in this area. Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year*	Planned	Actual
Baseline 1993/94	n/a	40%
1994/95	35%	34%
1995/96	33%	
1996/97	32%	
1997/98	31%	
1998/99	30%	
1999/00	30%	
Target 2000	30%	

PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 4.2: Wider adoption of improved practices in urban environmental infrastructure service provision

Indicator PO4.2.3: Strengthened ability of local governments to manage their affairs in a business-like fashion

Unit of Measure: Real per capita own source revenues (in 1983/4 constant Rp/capita)

Source: Bureau for Regional Finance Analysis, Ministry of Finance

Comments:

This target has been met, largely because of increased administrative efficiency at the local level rather than because of increased tax rates or user charge tariffs. This increased efficiency is due in part to USAID/I efforts to improve local administrative capabilities through training and technical assistance. Further gains are expected as the GOI implements already agreed to USAID recommendations regarding local property tax revenue generation. This indicator has been adjusted slightly to show real per capita increases in OSR rather than OSR as a percentage of total local revenues. This latter indicator tends to show deceptive decreases as the GOI increases discretionary grant funding to local governments, something that USAID strongly supports.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year*	Planned	Actual
Baseline 1991/92	n/a	9,893
1993/94	10,736	11,868
1994/95	11,273	
1995/96	11,837	
1996/97	12,429	
1997/98	13,050	
1998/99	13,703	
Target 2000		

PERFORMANCE DATA TABLE FOR SO 4

INDONESIA		SO approved: May 15, 1995	
PROGRAM OUTCOME 4.3: Adoption by Government and Industry of Policies and Procedures to Reduce Industrial Damage to the Environment and Promote Cost-Effective Use of Clean, Renewable Energy			
Indicator PO4.3.1: Wider adoption of clean industrial technology			
Unit of Measure: Number of firms implementing results of technology audits for practices as well as investment in selected sectors	Year*	Planned	Actual
Source: BAPEDAL (Environmental Impact Management Agency)	Baseline 1994	n/a	5
Comments: This target has been met. USAID has helped increase the number of firms now implementing the results of technology assessments. In 1994/95, assessments were conducted at six metal finishing plants and one flexible packaging plant—more than the expected total of five firms. NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.	1994/95	5	7
	1995/96	10	
	1996/97	15	
	1997/98	20	
	1998/99	25	
	1999/00	30	
	Target 2000	30	

PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 4.3: Adoption by Government and Industry of Policies and Procedures to Reduce Industrial Damage to the Environment and Promote Cost Effective Use of Clean, Renewable Energy

Indicator PO4.3.2: Strengthened skills of key personnel in clean industrial production

Unit of Measure: Number of local consulting firms with key personnel trained in clean industrial production techniques

Source: BAPEDAL (Environmental Impact Management Agency)

Comments:

This indicator measures the number of local consulting firms strengthened by personnel training in assessments of clean industrial production, as designed and implemented with USAID assistance. For 1994/95, the expected targets were met, with 17 Indonesian engineers/consultants (including five persons from four local engineering/consulting firms) trained. In addition, a number of workshops were conducted for various industry groups, involving over 240 participants.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year*	Planned	Actual
Baseline 1994	n/a	0
1994/95	3	4
1995/96	5	
1996/97	8	
1997/98	10	
1998/99	14	
1999/00	18	
Target 2000	18	

PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 4.3: Adoption by Government and Industry of Policies and Procedures to Reduce Industrial Damage to the Environment and Promote Cost-Effective Use of Clean, Renewable Energy

Indicator PO4.3.3: Increased use of technologies and practices that promote efficient energy use

Unit of Measure: Number of firms implementing results of energy audits for practices as well as investment in targeted sectors

Source: Ministry of Mines and Energy, National Electric Company, ADB, World Bank reports

Comments:

This target has been met. While the GOI's national program for energy conservation is beginning to show results, obstacles abound. In an expanding economy, emphasis is placed on adding production capacity in order to generate cash flows, and less priority is given to investments in efficiency improvements. Other problems include poor public awareness, a lack of standards, and low levels of appropriate expertise. The GOI hopes to reduce nationwide energy consumption by 15 percent by the year 2010, but this target may be overly ambitious.

In order to promote achievement of this target USAID/I is facilitating (1) training for industry personnel, design engineers, and consultants, (2) pilot projects, and (3) funding and implementation of additional energy audits.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year*	Planned	Actual
Baseline 1993/94	n/a	2
1994/95	5	5
1995/96	10	
1996/97	15	
1997/98	20	
1998/99	25	
1999/00	40	
Target 2000	40	

PERFORMANCE DATA TABLE FOR SO 4

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 4.3: Adoption by Government and Industry of Policies and Procedures to Reduce Industrial Damage to the Environment and Promote Cost-Effective Use of Clean, Renewable Energy

Indicator PO4.3.4: Strengthened government policies and procedures for promoting efficient energy use

Unit of Measure: Electricity intensity (per capita electricity input) in relation to GDP output (KWH/\$1000 GDP)

Source: Ministry of Mines and Energy, Central Bureau of Access, National Electric Company, ADB, World Bank reports

Comments:

This target has been met. This indicator tracks overall efficiency in electrical power consumption by monitoring "electricity intensity," defined as the ratio of electricity input to GDP output (kwh/\$1000 of GDP). GDP is projected to expand from 6% to 7% annually throughout the reporting period. The GOI has set a target of reducing growth in electric power consumption from 15% per year experienced over the past 15 years to 12% annually over the next five years. A lower than planned ratio of electric power consumption to GDP reflects a reduction in the growth of electric power consumption. USAID will contribute to increased energy efficiency by assisting in the privatization of the national electric utility, PLN, reducing reliance on self-generation of electricity by industry, and accelerating energy conservation programs. Note that a new unit of measure has been substituted for that shown in the CPS to more accurately reflect the fact that USAID-funded assistance in the sector will focus on the generation and use of electricity.

NOTE: Unless stated otherwise, all annual data are based on the Indonesian fiscal year which runs from April 1 - March 31.

Year*	Planned	Actual
Baseline 1993/94	n/a	298
1994/95	300	296
1995/96	306	
1996/97	317	
1997/98	328	
1998/99	339	
1999/00	354	
Target 2000	362	

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA

SO approved: May 15, 1995

STRATEGIC OBJECTIVE 5: Increased Effectiveness of Selected Institutions Which Promote Democracy

Indicator SO5.1: Increased NGO impact on government policy formulation

Unit of Measure: Number of times that the activities of grantee NGOs have a measurable impact on the formulation of government policy

Source: NGO reports

Comments:

When baseline figures were established, activities funded under both SID and SDI projects were used. The "actual" figure notes on these tables reflect activities under amended SID grants only. The "actual" figures do not take into account SDI grants, since they were not funded or implemented in USG FY95. The disparity between the baseline and "actual" figures is expected to diminish as activities are funded under the SDI project in USG FY96.

Year	Planned	Actual
Baseline 1994	n/a	20
1994/95	20	19
1995/96	30	
1996/97	35	
1997/98	40	
1998/99	45	
1999/00	50	
Target 2000	50	

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 5.1: Increased NGO Advocacy for Democratic Participation

Indicator PO5.1.1: Increased public awareness of NGO activities through publication of independent articles reported in the Indonesian media

Unit of Measure: Number of independent articles about grantee NGO activities reported in the Indonesian media. Articles can be favorable or not.

Source: NGO records and semi-annual reports

Comments:

- Public awareness of the activities of the advocacy groups has increased over the last year as there has been increased discussion about the role of these NGOs in the democratic development in Indonesia. The NGOs have become much better at public relations and the written media has been willing to highlight their activities and increasingly approach the NGOs for their analysis of changes in GOI policies. In politically sensitive East Timor, newspapers have been able to write about the work of NGOs, as a direct result of grantee lobbying to the Governor and the military. The media includes television, radio and the written media.

NOTE: SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.

Year	Planned	Actual
Baseline 1994	n/a	275
1994/95	*	369
1995/96	370	
1996/97	380	
1997/98	390	
1998/99	400	
1999/00	410	
Target 2000	1,950	

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 5.1: Increased NGO Advocacy for Democratic Participation

Indicator PO5.1.2: Increased NGO mobilization of public opinion through surveys and publications

Unit of Measure: Number of (a) surveys and (b) publications that mobilize public opinion that are organized by grantee NGOs, regardless of funding source

Source: NGO records and semi-annual reports

Comments:

Grantee NGOs have managed to mobilize public opinion by publishing pamphlets highlighting the facts of several notable legal cases in the last year, regular consumer magazines and bulletins giving an alternative view to the official press statements and updating environmental issues. One grantee also translated, printed and distributed five international authors' writings on democracy and human rights. AAFLI also mobilized workers' opinions in a survey, by asking 150,000 of them relevant questions about their current working conditions. Almost 60% of the workers were women. The results will also be published in the future.

NOTE: SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.

Year	Planned		Actual	
	(a)	(b)	(a)	(b)
Baseline 1994	n/a	n/a	8	30
	*	*	8	66
1994/95	*	*	8	66
1995/96	16	35		
1996/97	16	45		
1997/98	20	40		
1998/99	20	40		
1999/00	25	45		
Target 2000	25	45		

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA	SO approved: May 15, 1995				
PROGRAM OUTCOME 5.1: Increased NGO Advocacy for Democratic Participation					
Indicator PO5.1.3: Increased and more effective NGO advocacy campaigns in the areas of human rights, environment, labor, women's issues and independent media					
Unit of Measure: (a) Number of effective advocacy campaigns in the specified areas, initiated by targeted NGOs. "Effective" will mean that the advocacy reaches the target audience and is responded to. N.B. This counts campaigns, not activities. (b) Number of campaigns addressing women's issues.	Year	Planned		Actual	
Source: NGO records and semi-annual reports	Baseline 1994	(a)	(b)	(a)	(b)
		n/a	n/a	20	1
<p>Comments:</p> <p>NGO advocacy campaigns have become more effective. A number of grantee NGOs have helped rural and indigenous people retain the right to their land. In some cases they have networks formed to coordinate the environmental, socio-economic and legal aspects of the campaigns. Other villagers have been represented in campaigns to prevent industrial environmental pollution, and ensure fair compensation for damages. Grantees have negotiated land deals with GOI and World Bank on behalf of farmers faced with the construction of dams on their lands.</p> <p>NOTE: SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.</p>	1994/95	*	*	22	5
	1995/96	30	4		
	1996/97	30	4		
	1997/98	32	5		
	1998/99	32	5		
	1999/00	35	5		
	Target 2000	159	23		

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA		SO approved: May 15, 1995			
PROGRAM OUTCOME 5.1: Increased NGO Advocacy for Democratic Participation					
Indicator PO5.1.4: Increased civic education programs concerning citizen's rights					
Unit of Measure: (a) Number of civic education programs concerning citizen's rights; (b) Number of civic education programs addressing women's concerns		Year	Planned		Actual
Source: NGO records and semi-annual reports		Baseline 1994	(a)	(b)	(a) (b)
			n/a	n/a	40 8
Comments:		1994/95	*	*	59 11
<p>There have been an increased number of civic education programs involving labor rights workshops, land rights seminars, community and labor leadership, para-legal training, responsible media reporting for school students, and grassroots environmental analysis for indigenous villagers.</p> <p>NOTE: SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.</p>		1995/96	65	14	
		1996/97	75	17	
		1997/98	80	19	
		1998/99	80	20	
		1999/00	80	20	
		Target 2000	80	20	

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA	SO approved: May 15, 1995				
PROGRAM OUTCOME 5.1: Increased NGO Advocacy for Democratic Participation					
Indicator PO5.1.5: Increased dialogue between GOI and NGOs and between GOI and communities					
Unit of Measure: (a) Number of formal meetings between GOI representatives and NGOs at appropriate provincial and national levels. Formal NGO meetings that are initiated by NGO or GOI and are dialogues will be counted. (b) Number of formal consultative meetings between communities and a GOI representative organized by the grantee NGOs. Only formal community meetings organized by the grantee NGOs will be counted.	Year	Planned		Actual	
Source: NGO records and half yearly reports	Baseline 1994	(a)	(b)	(a)	(b)
		n/a	n/a	65	20
Comments: With their improved national stature, grantee NGOs have increased dialogue with the GOI, through parliamentary hearings. Grantee NGOs have also promoted dialogue between GOI representatives and the community, by helping the community meet with local Environment Protection commissions, hosting regular "meet-the customer" forums for PLN, the national electricity company and TELKOM, the national telephone company, and open community forums with industrialists and loggers discussing pollution, development and land rights. NOTE: SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.	1994/95	*	*	99	87
	1995/96	100	30		
	1996/97	120	40		
	1997/98	130	50		
	1998/99	140	50		
	1999/00	150	55		
	Target 2000	640	225		

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA					SO approved: May 15, 1995								
PROGRAM OUTCOME 5.1: Increased NGO Advocacy for Democratic Participation													
Indicator PO5.1.6: Increased community participation in politically sensitive areas													
Unit of Measure: (a) Number of self-help groups such as LSMs or credit groups established and assisted by grantee NGOs; (b) Percentage of memberships of groups which are female; (c) Number of opportunities for increased equity in participation; (d) Number of opportunities for women					Year	Planned				Actual			
Source: NGO records and half yearly reports					Baseline 1994	(a)	(b)	(c)	(d)	(a)	(b)	(c)	(d)
						n/a	n/a	n/a	n/a	13	25%	82	21
Comments:					1994/95	*	*	*	*	107	43%	New	New
<p>In politically sensitive provinces it is very difficult for NGOs to advocate for increased democracy. NGO's have formed and trained community income generation, or micro-credit self-help groups in Aceh, East Timor and Irian Jaya. The units of measurement (c) and (d) have been introduced this year to more fully encapsulate the performance indicator. In East Timor the military is very suspicious of any NGO which forms community groups. Democracy activities are restricted to creating opportunities for individuals so they might participate in the socio-economic development of the area. These opportunities vary from NGO to NGO.</p> <p>NOTE: SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.</p>					1995/96	40	35%						
					1996/97	45	40%						
					1997/98	50	45%						
					1998/99	55	50%						
					1999/00	55	51%						
					Target 2000	245	51%						

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA		SO approved: May 15, 1995				
PROGRAM OUTCOME 5.2: Increased Activities that Promote Respect for Rule of Law						
Indicator PO5.2.1: Increased monitoring by NGOs of corruption, abuse of power and collusion						
Unit of Measure: (a) Number of cases of corruption, abuse or collusion reported by NGOs to the public or appropriate government representative; (b) Number of cases reported that are targeted against women		Year	Planned		Actual	
Source: NGO records and half yearly reports		Baseline 1994	(a)	(b)	(a)	(b)
			n/a	n/a	35	2
Comments:		1994/95	*	*	18	0
Five grantees monitored corruption and abuse of power. They have exposed officials and businessmen in such areas as misuse of money deposited for the annual Haaj to Mecca, misuse of forestry funds, misuse of forestry permits, collusion between local officials and businessmen over labor abuses, environmental pollution and issuance of licenses. Human rights abuses were also reported to both the local and international press by grantee NGOs.		1995/96	45	7		
The SO5 team feels that these targets will be met because all activities accomplished by grantees are monitored, not just USAID/I funded activities. For example, if ASIA foundation, Consumers, or WALHI report corruption/collusion/abuse against women through activities funded independently or through other donors, we still count these activities under our monitoring system. We analyze the "advocacy" actions in toto - not merely from a USAID funded perspective.		1996/97	50	8		
NOTE: SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.		1997/98	55	9		
		1998/99	60	10		
		1999/00	60	12		
		Target 2000	270	46		

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 5.2: Increased Activities that Promote Respect for Rule of Law

Indicator 5.2.2: Increased opportunities for awareness of existing laws through selected institutions

Unit of Measure: (a) Number of publications of laws by NGOs in media available to the public or relevant professional associations; (b) Number of laws published by governmental institutions available to the public or relevant professional associations; (c) Number of people attending seminars publicizing laws, organized by grantee NGOs, focusing on consumer, environmental, labor, land, and civil rights; (d) Number of females attending above seminars; (e) Number of enquiries by the representatives at the DPR Research and Information Center (P3I)

Source: (a-d) NGO records and half yearly reports; (e) Library's records

Comments:

There has been an increased public awareness of laws and regulations. There have been seminars and workshops on agrarian law, environmental law, traffic law, real estate law and labor laws for the public at all levels. In several cases the workshops were disbursed by the military. Forty women members of a provincial parliament were given a refresher course on legislation. There were two Women and Labor Law Conferences sponsored by AAFLI. Grantees have published relevant laws affecting the public in their regular magazines. The House of Representatives Research Center has been able to respond to an increasing number of requests for information regarding past and future legislation. Indonesian laws and regulations are being transferred to electronic media to allow judges, lawyers, civil servants, law schools, the NGOs and the general public unprecedented access to these laws. To date 6,500 laws and regulations have been standardized, indexed and distributed on CD disks, in cooperation with the GOI.

NOTE:

SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.

Year	Planned					Actual				
	(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	(e)
Baseline 1994	n/a	n/a	n/a	n/a	n/a	8	6000	850	150	5
1994/95	*	*	*	*	*	7	6500	407	120	51
1995/96	35	6500	950	190	300					
1996/97	40	7000	950	285	350					
1997/98	45	7500	1000	400	400					
1998/99	45	7500	1000	450	450					
1999/00	45	7500	950	475	450					
Target 2000	210	7500	4850	1800	1950					

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 5.2: Increased Activities that Promote Respect for Rule of Law

Indicator 5.2.3: Increased legal proceedings, initiated by selected NGOs that encourage the consistent enforcement of existing laws

Unit of Measure: (a) Number of legal proceedings initiated by selected NGOs on behalf of marginalized groups and individuals (e.g., women, laborers, indigenous groups, poor, and children); (b) Number of legal proceedings on behalf of women

Source: NGO records and half yearly reports

Comments:

The Legal Aid Institute, a national NGO with branches in most provinces, handled 1,500 cases to encourage the consistent enforcement of the law. The cases principally concerned civil and political rights (40%), labor rights (27%) and land rights (16%).

NOTE: SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.

Year	Planned		Actual	
	(a)	(b)	(a)	(b)
Baseline 1994	n/a	n/a	500	75
1994/95	*	*	1509	228
1995/96	600	75		
1996/97	650	111		
1997/98	700	126		
1998/99	700	133		
1999/00	700	140		
Target 2000	3350	606		

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 5.2: Increased Activities that Promote Respect for Rule of Law

Indicator 5.2.4: More active and effective lobbying by NGOs to ensure that laws are evenly enforced across all sectors of society

Unit of Measure: (a) Number of planned lobby campaigns organized by grantee NGOs that encourage the enforcement of laws protecting the marginalized groups or individuals, irrespective of outcome; (b) Number of planned lobby campaigns that address women's issues

Source: NGO records and half yearly reports

Comments:

When baseline figures were established, activities funded under both SID and SDI projects were used. The "actual" figure notes on these tables reflect activities under amended SID grants only. The "actual" figures do not take into account SDI grants, since they were not funded or implemented in USG FY95. The disparity between the baseline and actual figures is expected to diminish as activities are funded under the SDI project in USG FY96.

Year	Planned		Actual	
	(a)	(b)	(a)	(b)
Baseline 1994	n/a	n/a	90	30
1994/95	*	*	53	0
1995/96	110	35		
1996/97	120	40		
1997/98	120	40		
1998/99	120	40		
1999/00	120	40		
Target 2000	590	195		

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PERFORMANCE DATA TABLE FOR SO 5

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 5.2: Increased Activities that Promote Respect for Rule of Law

Indicator 5.2.5: More alternative dispute resolution mechanisms and increased usage

Unit of Measure: (a) Number of new alternative dispute resolution mechanisms initiated by selected institutions; (b) Number of dispute resolution initiated with existing targeted alternative dispute resolution mechanisms, by selected grantee NGOs

Source: NGO records and half yearly reports

Comments:

Three grantees started to promote the use of alternative dispute resolution mechanisms in the areas of labor, environment and land disputes. Last year there was a National Labor Arbitration Conference and two Arbitrators' Training Workshops to promote alternative labor dispute resolution. Two grantees acted as the mediators in environmental pollution and land compensation disputes.

NOTE: SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.

Year	Planned		Actual	
	(a)	(b)	(a)	(b)
Baseline 1994	n/a	n/a	1	1
1994/95	*	*	6	3
1995/96	2	30		
1996/97	3	30		
1997/98	3	30		
1998/99	3	30		
1999/00	3	30		
Target 2000	14	150		

PERFORMANCE DATA TABLE FOR SO 5

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 5.3: Enhanced Capacity, Reliability, and Responsiveness of Selected NGOs

Indicator PO5.3.1: Increased economic independence and autonomy of NGOs

Unit of Measure: (a) Number of grantee NGOs where USAID contribution is less than 25% of the actual annual revenue

Source: NGO records and half yearly reports

Comments:

When baseline figures were established, activities funded under both SID and SDI projects were used. The "actual" figure notes on these tables reflect activities under amended SID grants only. The "actual" figures do not take into account SDI grants, since they were not funded or implemented in USG FY95. The disparity between the baseline and actual figures is expected to diminish as activities are funded under the SDI project in USG FY96.

Year	Planned		Actual	
	(a)	(b)	(a)	(b)
Baseline 1994	n/a	n/a	50	5
1994/95	*	*	11	7
1995/96	60	7		
1996/97	65	12		
1997/98	70	14		
1998/99	70	16		
1999/00	70	18		
Target 2000	70	18		

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PERFORMANCE DATA TABLE FOR SO 5

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 5.3: Enhanced Capacity, Reliability, and Responsiveness of Selected NGOs

Indicator PO5.3.2: Strengthened and more NGO networks at local, national and international level

Unit of Measure: (a) Number of networks established by grantee NGOs linking three or more other NGOs in Indonesia; (b) Number of existing networks used by grantee NGOs at provincial, national or international level

Source: NGO records and half yearly reports

Comments:

Grantees have either formed or joined global, national and provincial networks to disseminate knowledge and coordinate their multifaceted skills needed to advocate successfully. USG FY95 saw an increase in the number of NGO consortiums formed to consolidate lobbying as a more forceful body.

NOTE: SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.

Year	Planned		Actual	
	(a)	(b)	(a)	(b)
Baseline 1994	n/a	n/a	7	25
1994/95	*	*	18	32
1995/96	15	35		
1996/97	8	50		
1997/98	8	60		
1998/99	5	70		
1999/00	5	75		
Target 2000	41	75		

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PERFORMANCE DATA TABLE FOR SO 5

INDONESIA

SO approved: May 15, 1995

PROGRAM OUTCOME 5.3: Enhanced Capacity, Reliability, and Responsiveness of Selected NGOs

Indicator PO5.3.3: Strengthened management and planning capabilities of grantee NGOs

Unit of Measure: (a) Number of NGO staff trained, both internally and externally, in management and planning; (b) Number of women trained, as (a); (c) Number of Indonesian NGOs that have complete documented and operating management systems, including financial, information, procurement, personnel, decision making and communications

Source: NGO records and half -yearly reports

Comments:

Two thirds of the grantees not only have their own advocacy program but also train other NGOs to become more capable and reliable.

NOTE: SO was designed during USG FY95 and grants not obligated until late in the fiscal year. Hence, no activities planned for USG FY95.

Year	Planned			Actual		
	(a)	(b)	(c)	(a)	(b)	(c)
Baseline 1994	n/a	n/a	n/a	115	40	7
1994/95	*	*	*	413	142	8
1995/96	140	56	15			
1996/97	120	54	20			
1997/98	140	70	25			
1998/99	120	60	28			
1999/00	110	55	31			
Target 2000	630	295	31			

ANNEX C

SO2 TRANSITION PLAN UPDATE

ANNEX C SO2 TRANSITION PLAN UPDATE

This annex provides additional details on the SO2 (HPN) transition planning exercise which is discussed briefly in the main body of the R4 (Part III.A. Strategic Objective Changes/Refinements and Status of Transition Planning, page x).

Activities Completed To Date

1. Population Cooperating Agencies (CAs) Meeting

A Cooperating Agencies meeting among the population and family planning CAs was held in Jakarta in September 1995 to examine issues surrounding the achievement of USAID/I's Strategic Objective No2, "Improved Health and Reduced Fertility" and to elicit CA input for the development of the transition or phase-out plan for the population sector within the next five to eight years. Several program areas were discussed at length, including: long-term method training; voluntary sterilization; quality of care; private sector support and health care financing; community-based distribution in rural areas; midwife service delivery; and family planning services for young couples. Summaries of the technical discussions are available in the report, "USAID/Indonesia Population and Family Planning Cooperating Agencies Meeting" (September 1995).

2. Transition Framework Report

During September 1995, USAID/I and a team of technical professionals from G/PHN/POP, including Elizabeth Maguire, assisted USAID/I in developing a framework for transition in the PHN sector in Indonesia. A report was prepared and circulated within G/PHN and ANE. The framework proposed a "phased phase-out" approach to the sector, and identified activity areas for phase-out immediately (within the next year), in the short-term (2-3 years), medium-term (4-5 years), or long-term (beyond five years). Given the complexity of the program and the numerous issues which have been raised, the report focused on the population subsector. It was recognized at the time the report was prepared that further analysis of the health and nutrition subsectors was needed. This was subsequently done by the Mission. See the report for additional information, "A Transition Framework for Population, Health and Nutrition Assistance in Indonesia" (October 1995).

3. Meetings held with Beneficiaries, Donors, and Customers

Several introductory meetings have been held with GOI counterparts from the Ministry of Planning, the Ministry of Population and the Ministry of Health to inform them about USAID/I's plans to phase-out of the PHN sector. Preliminary agreement has been reached with the GOI on major program areas to emphasize during the next five-eight year period. However, additional meetings will be necessary to come to agreement on specific objectives, activities, and particularly benchmark indicators.

In addition, several preliminary meetings have been held with other bilateral and multilateral donors working in the PHN sector in Indonesia to discuss USAID/I's transition plans. Assistance in this effort was provided by ANE. A report on these initial efforts is available, "USAID/Indonesia PHN Transition Planning: Meetings with Donors" (December 1995). These meetings have been very useful for setting the stage for further analyses and mobilization of donor support.

A number of activities have been initiated to involve customers in the planning process and to elicit feedback from customers on the quality of services provided in USAID/I programs. These will be identified in detail in the Mission's Customer Survey Plan (CSP), which will be completed by April 1996 (for Washington reference, copies will be available with the USAID/Indonesia Desk Officer).

4. Detailed Transition Plans Received from Cooperating Agencies

So far, two population CAs (JHPEIGO and JHU/PCS) have submitted draft transition plans to USAID Indonesia, which identify objectives, key activities, timelines, and budgets. All PHN CAs have been asked to submit such plans which will be valuable input for the Mission's own HPN transition plan.

Implementation Plan for Completion of Transition Plan (Next Steps)

1. Additional Input from Government of Indonesia

As discussed above, several additional meetings will to be held with key GOI counterparts in the Ministry of Planning, the Ministry of Health and the BKKBN to reach agreement on activities to be conducted during the transition period, benchmark indicators, and proposed budget levels. Proposed date: before February 28, 1995.

2. Input from other Donors

USAID/I is planning to continue its review of other donor support in the PHN sector. A comprehensive meeting will be held with other major donors (JICA [i.e., Japan's Common Agenda efforts with USAID in the PHN sector], AUSAID, France, Germany, World Bank, ADB, UNDP, UNICEF and UNFPA). The purpose of this meeting will be to identify areas for coordination, collaboration, leveraging, and possible transfer of support for key activities.

Proposed date: by March 15, 1996.

3. Additional Input from Cooperating Agencies

USAID/I is expecting to receive transition strategies from a number of key Cooperating Agencies: AVSC, Pathfinder International (SDES program), Population Council,

MotherCare, AIDSCAP and OMNI. In addition, critical technical questions which arose during the CAs meetings need to be addressed and resolved. Of particular concern is the extent of support required for voluntary sterilization, quality of care, midwives, private sector delivery, and rural community-based distribution of private contraceptives .

The OPTIONS II project is conducting a series of policy analyses on the dynamics of family planing demand and creating client-oriented services, and on market segmentation and effective resource allocation issues. These policy analyses were funded through a buy-in to the OPTIONS II and must be completed by the end of March since that project is ending. Proposed date for resolution of outstanding issues: March 30, 1996.

4. G/PHN Worldwide Transition Benchmarks and Monitoring Systems

USAID/I understands that a Sustainability Working Bureau within G/PHN is developing a series of program sustainability indicators and a sustainability index. The Mission would be pleased to incorporate such indicators into its transition planning process when available. Timeframe: TBD by G/PHN.

5. Customer Survey Plan

The SO2 team in USAID/I will be preparing a Customer Survey Plan as part of the Mission's overall CSP, per guidance provided by ANE and PPC. This survey plan will contain the following elements: identification of SO2 customers and beneficiaries; on-going and planned quantitative and qualitative research on customers; and a plan for involving customers in program design, monitoring and evaluation. Proposed completion date: April 1996.

6. Draft PHN Transition Plan

Since the USAID/I HPN transition plan is a collaborative effort among USAID/I, ANE, and G/PHN, as well as the GOI, the Mission has requested technical assistance from both ANE and G/PHN. The activities identified above should provide all of the necessary background and input material for a team to write the plan itself. Timeframe for drafting: March 1-March 22, 1995.

7. Final Transition Plan submitted to USAID/W for Review and Approval

The reporting cable from the April 1995 Country Program Strategy review (STATE 122711, dated May 19, 1995) called for the HPN transition plan to be reviewed in USAID/W along with "the next Action Plan review in 1996". It was assumed that this would occur (now in the context of the R4) a year hence, i.e., April or May 1996, and plans to develop the HPN transition plan were made accordingly. When the Mission was given an R4 review date of February 20-23 and an R4 submission deadline of January 29, 1996, it was pointed out that, among other complications, this HPN transition plan would not be finalized by that early

date. Mission has proceeded as originally planned. Proposed submission date: May 1996.

Once the Transition Plan has been approved, all current PHN CAs will be invited to participate in semi-annual "mini-PHN CAs meetings" in collaboration with the appropriate Results Package team(s). This replaces separate Population and Health/Nutrition CAs meetings and will focus CAs on integrated implementation and accomplishments as well as reporting regularly against their results-oriented workplans.

ANNEX D

**INITIAL ENVIRONMENTAL
EXAMINATIONS**

INITIAL ENVIRONMENTAL EXAMINATION

- (A) PROGRAM COUNTRY: Indonesia
- (B) ACTIVITY: Natural Resources Management (NRM) II
- (C) FUNDING: \$50 Million
- (D) PERIOD OF FUNDING: FY 1996 - 2003
- (E) STATEMENT PREPARED BY: Alfred Nakatsuma
Rural Environmental Management
(REM) Office
- (F) ENVIRONMENTAL ACTION RECOMMENDED:
 - (1) Categorical exclusion for technical assistance and training
 - (2) Negative determination for NGO grants
 - (3) Environmental Management Plan

(G) ENVIRONMENTAL OFFICER CLEARANCE: _____
Alfred Nakatsuma
Environmental Officer
USAID/Indonesia

(H) DECISION OF USAID/INDONESIA DIRECTOR

APPROVED: _____

DISAPPROVED: _____

DATE: _____

(I) DECISION OF ANE ENVIRONMENTAL OFFICER

APPROVED: _____

DISAPPROVED: _____

DATE: _____

A. Activity Description

The NRM II activity will support the implementation and monitoring of the Mission's Strategic Objective No. 3, "Decentralized and strengthened natural resources management" and the three program outcomes that had been specified for that SO.

1. Greater stakeholder participation in decisions about the planning, management and monitoring of natural resources. Under this component, TA, training and NGO grants will be financed to:
 - a) Test "traditional forest areas" and "integrated conservation and development" (ICAD) concepts for conserving forest and coastal and marine resources to meet livelihood needs of local communities while providing incentives for long-term, sustainable use.
 - b) Establish models for enhancing community participation in management planning and implementation for selected national parks (forest and marine), for conserving biodiversity while addressing the livelihood of local communities.
 - c) Determine the biological and financial feasibility of enterprise-oriented approaches to community-based sustainable management of forest and marine resources.
2. Increased conservation and pollution reduction by natural resource-based industries. Under this component, TA, training and NGO grants will be financed to:
 - a) Demonstrate technologies for more efficient resource use under sustainable management (i.e. community based fire control, low impact harvesting techniques, environmentally-sound logging road/bridge design and construction, and other methods for improved management of natural production forests).
 - b) Increase environmental awareness and technical knowledge among industries in targeted sectors, as well as among environmental service organizations including NGOs, universities, associations, foundations, consulting firms, etc.
3. Improved policy development and implementation. Under this component, TA, training and NGO grants will be financed to:
 - a) Strengthen networks for natural resources policy and law reform. Better linkages of government with universities and NGOs will assist the National Development Planning Commission (BAPPENAS) and the

Ministry of Environment Inter-Ministerial Policy Working Groups as well as key Ministry policy groups on important issues.

- b) Establish pilot demonstrations for strengthened decentralization through local level partnerships among government, private sector, and local communities concerning better management of natural resources.
 - c) Strengthen local and regional environmental impact planning and monitoring by integrating EIA capacity building with the testing of integrated conservation and development models.
 - d) Improve environmental information sharing and public education on natural resources management including advocacy for greater participation of women in all areas of natural resources management.
4. Strengthened institutional capacity for biodiversity conservation. Under this component, TA, training and NGO grants will be financed to:
- a) Establish sustainable support for private biodiversity conservation institutions.
 - b) Strengthen environmental NGOs both technically and in terms of administration and management, particularly for increasing public awareness and community involvement in biological diversity conservation.

B. Identification and Evaluation of Environmental Impact

NRM II is designed to provide the GOI, NGOs and communities with the tools and skills to improve natural resource-related policies and to implement sustainable, environmentally sound natural resource management practices. It is mainly an institutional strengthening and human resource development program designed to strengthen pro-environmental governmental and non-governmental organizations at a decentralized level to support local communities so that biodiversity conservation, environmental protection and natural resource management activities can be executed effectively.

There will be no support for any activity resulting in deforestation, and (unlike NRM I) no direct intervention in forest management practices with the private sector. Conversely, it is designed to support policy and fieldwork resulting in conservation of forest resources. It is designed to support policy and fieldwork resulting in the conservation of coral reefs and mangroves. It is designed to support policy and fieldwork

resulting in lower levels of pollution from natural resource based industry in rural areas.

C. Recommended Environmental Action

The following environmental management plan is proposed for NRM II:

- I) It is recommended that technical assistance and training be subject to a categorical exclusion in accordance with AID Regulation 216.2(c)(2)(i) based on the fact that the technical assistance and training do not include activities directly affecting the environment (such as construction of facilities, etc.). To the contrary, as discussed in B above, the proposed program will enable local governments to work with communities to avoid, treat or minimize negative environmental impacts.
- II) It is recommended for NGO grants that a negative determination be approved because such grants, for the purpose described above, will not have a significant negative effect on the environment. Normally, such grants exceeding \$500,000 would be reviewed for BEO concurrence, but due to the knowledge that such grants would not result in negative environmental impact, Mission requests a negative determination.
- III) USAID/Indonesia commissioned an environmental assessment of NRM I in late 1992, in which numerous recommendations were made to improve the project's implementation and to mitigate potentially adverse environmental impacts. In response to these recommendations, the Mission prepared an Environmental Action Plan in June 1993 that provides a summary of the EIA recommendations. In 1994, ANE Bureau identified seven priority issues from this Environmental Action Plan, indicating the EIA's key recommendations. The Mission Environmental Officer has reviewed the status of implementation of these recommendations, and has determined that each of them has either been implemented, or is expected to be implemented before the 8/97 PACD of NRM I.

Though NRM II will be different than NRM I, (no direct support for timber concessions, greater NGO support, greater emphasis on human resource and institutional development, and decentralized implementation), it is expected that it will continue support for key NRM I activities in forest and marine resource management. For this reason, Mission proposes to implement for NRM

II the key recommendations identified by the ANE Bureau in NRM I:

1. Strict adherence to Section 118(c)(14)(A) of the US Foreign Assistance Act, prohibiting any assistance for the procurement or use of logging equipment absent a favorable environmental assessment or for other actions which significantly degrade tropical forests.
2. Support national level analyses of the Ministry of Forestry's policies on industrial timber plantations.
3. Emphasis on interventions related to the management of protected areas should be placed on activities promoting the active participation of community members in park planning and preparation for roles in park management.
4. Support national level analyses related to the legal status of communities within national parks, with special attention to the status of island residents within marine protected areas.
5. Support national level analyses of the Bina Desa program and its current field experiences.
6. The program should be oriented toward facilitating the involvement of other institutions as planners and implementors (vs. direct implementation), and should promote the participation of NGOs as well as partnerships between the GOI, NGOs and communities.
7. The program should support studies of social and ecological dynamics to support community NRM efforts.

In summary, the environmental management plan for NRM II will include: 1) a categorical exclusion for technical assistance and training, 2) a negative determination for grants to NGOs, and 3) will implement the recommendations listed above. It is recommended that this environmental management plan be approved for NRM II, and no further environmental review be required for this project. NRM II interventions are not expected to have a significant adverse effect on the environment. To the contrary, the proposed program will enable local governments, NGOs and communities to avoid, treat or minimize negative environmental impacts.

INITIAL ENVIRONMENTAL EXAMINATION

- (A) PROGRAM COUNTRY: Indonesia
- (B) ACTIVITY: Transition Assistance for Growth Support (TAGS)
- (C) FUNDING: \$25 Million
- (D) PERIOD OF FUNDING: FY 1996 - 2002

- (E) STATEMENT PREPARED BY: Alfred Nakatsuma
Rural Environmental Management
(REM) Office
- (F) ENVIRONMENTAL ACTION RECOMMENDED: Categorical exclusion in
accordance with AID
Regulation 216 Section
216.2 (c) (2) (i)

- (G) ENVIRONMENTAL OFFICER CLEARANCE: _____
Alfred Nakatsuma
Environmental Officer
USAID/Indonesia

- (H) DECISION OF USAID/INDONESIA DIRECTOR
APPROVED: _____
DISAPPROVED: _____
DATE: _____

- (I) DECISION OF ANE ENVIRONMENTAL OFFICER
APPROVED: _____
DISAPPROVED: _____
DATE: _____

A. Activity Description

Transition Assistance for Growth Support (TAGS) will support the Mission's Strategic Objective No. 1: "Sustained Economic Growth in the Transition from Economic Development Assistance to Development Cooperation." This activity will change Indonesia from traditional reliance on long-term technical assistance to a more sustainable institutional basis for economic collaboration between interested parties in the United States and Indonesia. The project will initially provide short-term technical assistance which will provide transitional assistance from our current portfolio of classic TA projects. This short-term assistance will "protect our past investments" by sustaining momentum in key policy areas in which USAID has an unfinished agenda and provide support for other resource programming, such as the HG program. However, activity resources will increasingly be provided for the development of new programming mechanisms and fostering self-declared interests in building sustainable linkages between US and Indonesian organizations. These organization could include professional associations (e.g. Indonesian Economics Association, National Standards Institute, agribusiness associations) universities and research centers, NGOs, private sector and public sector organizations (e.g. Bank Indonesia, BAPEPAM). USAID will provide support assistance to the development of linkages in which USAID resources are facilitating and not sustaining. Support for travel, seminars, consultancies and the like will be provided to organizations which can identify development partners in the United States who have a mutual long term interest. TAGS will target key resources to "spark" the development of these new linkages between organizations and institutions in a growing network of Indonesian-American exchanges and linkage arrangements in the area of economic management. It will provide seed money - but not recurrent costs - for new and innovative activities.

TAGS will also finance the creation of a prototype Indonesian American Economic Commission which would provide a bilateral umbrella for those linkages that desire to come under it.

B. Identification and Evaluation of Environmental Impact

TAGS will provide institutional linkages between organizations in the area of economic management. It is expected to have no environment impact.

C. Recommended Environmental Action

It is recommended that the proposed program be subject to a categorical exclusion in accordance with AID Regulation 216 Section 216.2 (c) (2) (i), based on the fact that the technical assistance will not include activities directly affecting the environment (such as construction of facilities, etc.).

INITIAL ENVIRONMENTAL EXAMINATION

- (A) PROGRAM COUNTRY: Indonesia
- (B) ACTIVITY: Coordinated Local Environmental Networks (CLEAN)
- (C) FUNDING: \$35 Million
- (D) PERIOD OF FUNDING: FY 1996 - 2003
- (E) STATEMENT PREPARED BY: Joel Kolker, Director
Regional Housing and Urban
Development Office for East Asia
- (F) ENVIRONMENTAL ACTION RECOMMENDED:
- (1) Categorical exclusion in accordance with AID Regulation 216 Section 216.2(c)(2)(i); and,
 - (2) Environmental review and approval by the Mission for grants under \$500,000 to PVOs, community groups, universities, business associations, and other NGOs, and BEO concurrence in future for grants for \$500,000 or more.
- (G) ENVIRONMENTAL OFFICER CLEARANCE: _____
Alfred Nakatsuma
Environmental Officer
USAID/Indonesia
- (H) DECISION OF USAID/INDONESIA DIRECTOR
- APPROVED: _____
- DISAPPROVED: _____
- DATE: _____
- (I) DECISION OF ANE ENVIRONMENTAL OFFICER
- APPROVED: _____
- DISAPPROVED: _____
- DATE: _____

A. Activity Description

CLEAN is a \$35 million activity whose goal is to strengthen urban environmental management in Indonesia. The purpose of CLEAN is to provide an organizational and financial umbrella for technical assistance, training, and grants related to comprehensive management of the urban environment, including clean industrial and energy production, in selected cities and industrial sectors.

CLEAN will provide technical assistance to local governments and communities to help them (1) understand the need to address urban environmental management in a systematic, comprehensive fashion, and address the causes of environmental degradation (such as human, solid and industrial waste), rather than focusing on exclusively on effects (such as poor water quality); (2) identify lowest-cost, appropriate technological approaches for the management of human and solid waste, the control of industrial emissions, and the production of clean energy; (3) identify institutional and policy changes necessary for local and community leaders to deal with the entire water cycle, the looming problem of industrial pollution, clean, renewable energy, as well as pricing and cost recovery issues; (4) identify specific management and financing strategies that allow solutions to be implemented by leaders of local government, residential and business communities.

Participating groups will be chosen from among candidate government and non-government institutions involved in urban environment, energy and industrial sectors. Sustainable management of the urban environment cannot be achieved without (1) community understanding of the nature, severity and danger of the environmental contamination involved, and (2) community participation in planning, management, and financing of related infrastructure services. Planning, management and financing of urban environmental services can be only carried out in a cost effective manner if the entire urban environment is addressed in a consolidated, integrated fashion. For example, unless sewerage can be linked to water supply (or some similar service for which charges are feasible), cost recovery issues cannot be adequately addressed. Municipalities also must be able to exercise considerable administrative autonomy to set prices, retain staff, borrow, and generally provide environmental services in a business-like fashion.

Project outcomes will be achieved via the establishment of an informal series of local environmental action networks, made up of representatives of local and community government, NGOs, community groups, and local businesses, as well as technically trained local consultants. Local officials from neighboring communities may be recruited to help deal with cross-jurisdictional issues related to industrial pollution. These networks are associations of stakeholders and beneficiaries

informally organized on the basis of common interest (rather than on the basis of political or professional affiliations). With support from CLEAN results packages, these groups will address the need to develop community action plans, management systems, financing packages, and local personnel training plans, all necessary for the design, construction, and on-going management of systems essential for effective, comprehensive urban environmental management of the causes of urban environmental pollution.

The grant component of CLEAN is intended to strengthen community and private sector participation in alleviating the constraints in the urban environmental, energy and industrial pollution sectors. The purpose of the grants is to support efforts by local governments, NGO's, universities, business groups, and community organizations to improve urban environmental management. These efforts will complement USAID's ongoing policy work which is primarily centered in the central government. The grants will offer an opportunity to test implementation of many of the policy reforms which are being pursued under the program. Grant proposals will be competitively sought from these organizations and reviewed in light of their expected results, the cost effectiveness of the proposal, the replicability of their intent and their consistency with the overall CLEAN objectives.

B. Identification and Evaluation of Environmental Impact

While grants will be given only to PVOs, community groups, business associations, and other NGOs, technical assistance will be given to central and municipal government officials. The technical assistance will support policy and institutional changes which will increase the authority delegated to local officials and community leaders to address urban environmental problems. Through this assistance, it is expected that selected government and non-government sectors will be able to improve the management of the urban environment and promote cleaner industrial practices and more efficient energy production.

C. Recommended Environmental Action

The following environmental management plan is proposed for the CLEAN project:

- I) It is recommended that technical assistance and training be subject to a categorical exclusion in accordance with AID Regulation 216 Section 216.2(c)(2)(i), based on the fact that the technical assistance and training do not included activities directly affecting the environment (such as

construction of facilities). To the contrary, the proposed program will enable local governments and communities to avoid, treat or minimize negative environmental impacts.

II) It is recommended for NGO grants:

- a) Pursuant to 22 CFR 216.4, as clarified by GC/ANE to the ANE Bureau Environmental Officer in January 1995, the Mission has authority to approve environmental threshold decisions for PVO grants with total life of funding of less than \$500,000.
- b) Grants to NGOs other than PVOs for the purposes described above are not expected to have a significant negative effect on the environment. Nevertheless, in the same manner as for grants to PVOs under \$500,000, the Mission will review and approve environmental threshold decisions for grants to NGOs other than PVOs with a total life of funding of less than \$500,000.
- c) NGO grants exceeding \$500,000 will be required to undergo environmental review and BEO concurrence, in accordance with AID regulation 216.

I.E.E. MATRIX

Project Number & Title	Date of Authorization	Project Assistance Compl. Date	Life of Project Funds \$ 000	Environmental Actions	Status
SO1					
357 - Agriculture & Rural Sector Support Project (ARRSP)	08/28/87	08/26/97	100,000	Categorical exclusion	No further action
353 - Rural Roads Maintenance Systems (RRMS)	07/29/87	08/31/96	39,720	Environmental Analysis included in PPA amendment dated 11/4/94	No further action
368 - Agribusiness	09/27/91	09/30/97	20,000	1) Categorical exclusion 2) Negative determination	No further action No further action
328 - General Participant Training II (GPT II)	05/05/83	06/30/96	49,706	Categorical exclusion	No further action
358 - Higher Education Development Support (HEDS)	06/20/90	07/31/96	20,000	Categorical exclusion	No further action
SO2					
354 - Health Sector Financing (HSF)	02/08/88	03/31/96	15,000	Categorical exclusion	No further action
355 - Private Sector Family Planning (PSF)	08/10/89	12/31/95	20,000	Categorical exclusion	No further action
380 - HIV/AIDS Prevention Project (HAPP)	05/16/94	04/30/00	20,000	1) Categorical exclusion 2) Env'tl assessment	No further action EA completed and approved 5/16/94. Recommendations are being executed on schedule, and are expected to be completed by PACD.
SO3					
362 - Natural Resource Management (NRM)	07/27/90	07/31/97	20,500	1) Categorical exclusion 2) Negative determination 3) Env'tl assessment	No further action No further action Approximately 80% of EA recommendations have been implemented, and the remainder are expected to be finished by PACD.
384 - Indonesian Biodiversity Foundation	03/23/95	03/29/05	19,000	Categorical exclusion	No further action
SO4					
365 - Municipal Finance	08/30/88	09/30/98	15,000	Negative determination	No further action
373 - Private Sector Participation in Urban Services (PURSE)	09/30/91	09/30/98	15,000	1) Categorical exclusion 2) Deferral of environmental review for pilot/demonstration projects	No further action Environmental reviews being carried out, as appropriate.
SO5					
364 - Strengthening Institutional Development (SID)	03/12/91	09/30/97	31,000	1) Categorical exclusion 2) Env'tl review to be carried out for appropriate grants	No further action Reviews have been carried out as appropriate.
385 - Strengthening Democratic Initiatives (SDI)	06/01/95	09/30/00	30,000	Categorical exclusion	No further action
372 - Economic Law & Improved Procurement Systems (ELIPS)	08/21/91	08/31/97	18,000	Categorical exclusion	No further action

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ANNEX E
BUDGET TABLES

TABLES E.1. - E.5.

**Table E.1.
ALL RESOURCES TABLE
USAID/Indonesia
FY97-98 R4
(\$000)**

Funding Category	FY 1996	FY 1997		FY 1998	
		Base	Base - 20%	Base - 10%	Base -30%
Sustainable Development					
Economic Growth (incl. AIDS & Health)	9,487	13,998	11,381	11,589	9,668
Of which: Field Support	1,000	300	240	1,080	840
Child Survival/Disease	2,450	3,950	2,360	2,025	920
Of which: Field Support	1,050	2,350	920	2,025	920
Basic Education	0	0	0	0	0
Of which: Field Support	0	0	0	0	0
Population	8,962	17,371	14,514	14,174	10,135
Of which: Field Support	1,940	7,893	5,036	5,384	3,090
Environment	18,986	22,706	18,164	22,434	17,894
Of which: Field Support	*3,100	3,800	3,100	3,800	3,100
USAEP (non add)	(800)	(800)	(800)	(450)	(450)
Democracy	6,158	5,045	4,037	6,541	5,532
Of which: Field Support	0	0	0	0	0
Total	46,043	63,070	50,456	56,763	44,149
Other					
Housing Guaranty	25,000	25,000	25,000	25,000	25,000
Housing Guaranty Credit Subsidy	3,200	3,000	3,000	3,000	3,000
ECA**	0	0	0	0	0
GRAND TOTAL ***	74,243	91,070	78,456	84,763	72,149

* Does not include \$1.3 million FY 95 carry over Energy Initiative Funds.

** Mission realized ECA has not yet been approved, and may not be approved. However, USAID/I wishes to emphasize its outstanding ECA request for:

- a. Health Care Financing, under SO2, \$4.50 million loan;
- b. Local Government Bond, under SO4, \$50 million loan and \$3.75 million grant.

*** Does not include USAEP of 800 in FY96 and FY97; and 450 in FY98.

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TABLES E.1. - E.5.

**Table E.2.
FUNDING SCENARIOS BY OBJECTIVE
USAID/Indonesia
FY97 - 98 R4
(\$000)**

OBJECTIVE	FY 1996	FY 1997		FY 1998	
		Base	Base - 20%	Base -10%	Base - 30%
Strategic Objective 1					
Sustained Economic Growth in the Transition from Economic Development Assistance to Development Cooperation					
Development Assistance Funds:	7,037	6,676	5,541	5,109	3,973
Total SO 1:	7,037	6,676	5,541	5,109	3,973
Strategic Objective 2*					
Improved Health and Reduced Fertility					
Development Assistance Funds:	13,862	28,643	22,714	22,679	16,750
Total SO 2:	13,862	28,643	22,714	22,679	16,750
Strategic Objective 3					
Decentralized and Strengthened Natural Resources Management					
Development Assistance Funds:	9,900	11,353	9,082	11,217	8,947
Regional USAEP/BCN Management	50	50	50	50	50
Regional USAEP/BCN Grants	750	750	750	400	400
Total SO 3:	10,700	12,153	9,882	11,667	9,397
Strategic Objective 4*					
Strengthened Urban Environmental Management					
Development Assistance Funds:	9,086	11,353	9,082	11,217	8,947
Housing Guaranty	25,000	25,000	25,000	25,000	25,000
Housing Guaranty Credit Subsidy	3,200	3,000	3,000	3,000	3,000
Regional USAEP (non add)**	(250)	(250)	(250)	(250)	(250)
Total SO 4:	37,286	39,353	37,082	39,217	36,947
Strategic Objective 5					
Increased Effectiveness of Selected Institutions which Support Democracy					
Development Assistance Funds:	6,158	5,045	4,037	6,541	5,532
Total SO 5:	6,158	5,045	4,037	6,541	5,532
GRAND TOTAL ***	75,043	91,870	78,256	85,213	72,599

* Mission realized ECA has not yet been approved, and may not be approved. However, USAID/I wishes to emphasize its outstanding ECA request for:

- a. Health Care Financing, under SO2, \$4.50 million loan;
- b. Local Government Bond, under SO4, \$50 million loan and \$3.75 million grant.

** In-kind contributions

*** Includes USAEP of 800 in FY96 and FY97; and 450 in FY98.

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TABLES E.1. - E.5.

Table E.3.
REGIONAL AND GLOBAL FIELD SUPPORT
USAID/Indonesia
FY97 - 98 R4

Mission Strategic Objective	Field Support: Activity Title & Number	Priority	Duration	Estimated Funding (\$000)							
				FY 1996		FY 1997				FY 1998	
				Obligated by:		FY 1997 Base Obligated by:		FY 1997 Base - 20% Obligated by:		FY 1997 Base - 30% Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO1: Sustained Economic Growth in the Transition from Economic Development Assistance to Development Cooperation	No Global Field Support requirements.			---	---	---	---	---	---	---	---
SO2: Improved Health and Reduced Fertility	936-3062 SDES	Medium-high	3 years 1996-1998	7,022	---	9,478	---	9,478	---	7,045	---
SO2: Improved Health and Reduced Fertility	936-3023 Demographic and Health Survey	Medium-high	2 years 1997-1998	---	---	---	943	---	754	---	660
SO2: Improved Health and Reduced Fertility	936-3024 Population Technology	Medium-high	2 years 1997-1998	---	---	---	150	---	---	---	---

TABLES E.1. - E.5.

**Table E.3.
REGIONAL AND GLOBAL FIELD SUPPORT
USAID/Indonesia
FY97 - 98 R4**

Mission Strategic Objective	Field Support: Activity Title & Number	Priority	Duration	Estimated Funding (\$000)							
				FY 1996		FY 1997				FY 1998	
				Obligated by:		FY 1997 Base Obligated by:		FY 1997 Base - 20% Obligated by:		FY 1997 Base - 30% Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO2: Improved Health and Reduced Fertility	936-3030 ASIA Operations Research	Medium-high	3 years 1996-1998	---	200	---	1,000	---	400	---	---
SO2: Improved Health and Reduced Fertility	936-3041 Family Health International	Medium-high	1 year 1996	---	50	---	---	---	---	---	---
SO2: Improved Health and Reduced Fertility	936-3046 Population Research Bureau	Medium-high	1 year 1996	---	50	---	---	---	---	---	---
SO2: Improved Health and Reduced Fertility	936-3052 JHU/Population CS	Medium-high	3 years 1996-1998	---	700	---	2,000	---	1,600	---	1,050

TABLES E.1. - E.5.

**Table E.3.
REGIONAL AND GLOBAL FIELD SUPPORT
USAID/Indonesia
FY97 - 98 R4**

Mission Strategic Objective	Field Support: Activity Title & Number	Priority	Duration	Estimated Funding (\$000)							
				FY 1996		FY 1997				FY 1998	
				Obligated by:		FY 1997 Base		FY 1997 Base - 20%		FY 1997 Base - 30%	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO2: Improved Health and Reduced Fertility	936-3054 Michigan Fellow	Medium-high	3 years 1996-1998	---	100	---	100	---	142	---	100
SO2: Improved Health and Reduced Fertility	936-3056 PROFIT	Medium-high	3 years 1996-1998	---	240	---	300	---	240	---	---
SO2: Improved Health and Reduced Fertility	936-3068 AVSC	Medium-high	3 years 1996-1998	---	300	---	400	---	---	---	---
SO2: Improved Health and Reduced Fertility	936-3069 JHPIEGO	Medium-high	2 years 1997-1998	---	---	---	2,000	---	1,500	---	980

TABLES E.1. - E.5.

Table E.3.
REGIONAL AND GLOBAL FIELD SUPPORT
USAID/Indonesia
FY97 - 98 R4

Mission Strategic Objective	Field Support: Activity Title & Number	Priority	Duration	Estimated Funding (\$000)							
				FY 1996		FY 1997				FY 1998	
				Obligated by:		FY 1997 Base		FY 1997 Base - 20%		FY 1997 Base - 30%	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO2: Improved Health and Reduced Fertility	936-3070 Western Cons. Fellow	Medium-high	1 year 1996	---	100	---	---	---	---	---	---
SO2: Improved Health and Reduced Fertility	936-3078 POLICY	Medium-high	3 years 1996-1998	---	200	---	1,000	---	400	---	300
SO2: Improved Health and Reduced Fertility	936-5966 Mothercare	Medium-high	3 years 1996-1998	---	900	---	1,700	---	770	---	770
SO2: Improved Health and Reduced Fertility	936-5972 AIDSCAP	Medium-high	3 years 1996-1998	---	400	---	300	---	240	---	840

TABLES E.1. - E.5.

**Table E.3.
REGIONAL AND GLOBAL FIELD SUPPORT
USAID/Indonesia
FY97 - 98 R4**

Mission Strategic Objective	Field Support: Activity Title & Number	Priority	Duration	Estimated Funding (\$000)							
				FY 1996		FY 1997				FY 1998	
				Obligated by:		FY 1997 Base		FY 1997 Base - 20%		FY 1997 Base - 30%	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO2: Improved Health and Reduced Fertility	936-5974.13 PHAR	Medium-high	1 year 1996	---	600	---	---	---	---	---	---
SO2: Improved Health and Reduced Fertility	936-6004.08 JHU HE & CS Fellows Program	Medium-high	3 years 1996-1998	---	150	---	150	---	150	---	150
SO2: Improved Health and Reduced Fertility	936-6006 BASICS	Medium-high	2 years 1997-1998	---	---	---	500	---	0	---	0
	Total SO2			7,022	3,990	9,478	10,543	9,478	6,196	7,045	4,850

TABLES E.1. - E.5.

**Table E.3.
REGIONAL AND GLOBAL FIELD SUPPORT
USAID/Indonesia
FY97 - 98 R4**

Mission Strategic Objective	Field Support: Activity Title & Number	Priority	Duration	Estimated Funding (\$000)							
				FY 1996		FY 1997				FY 1998	
				Obligated by:		FY 1997 Base		FY 1997 Base - 20%		FY 1997 Base - 30%	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO3: Decentralized and Strengthened Natural Resources Management	936-4111 CGIAR	Medium-high	2 years 1996-1997	---	---	---	200	---	---	---	---
SO3: Decentralized and Strengthened Natural Resources Management	936-5518 Coastal Resource Management	Medium-high	3 years 1996-1998	---	1,000	---	1,500	---	1,000	---	1,000
SO3: Decentralized and Strengthened Natural Resources Management	936-5554 Cons. for Biodiversity	Medium-high	3 years 1996-1998	---	2,000	---	2,000	---	2,000	---	2,000
SO3: Decentralized and Strengthened Natural Resources Management	499-0015.97 USAEP/BCN Management	Medium-high	3 years 1996-1998	---	50	---	50	---	50	---	50

TABLES E.1. - E.5.

**Table E.3.
REGIONAL AND GLOBAL FIELD SUPPORT
USAID/Indonesia
FY97 - 98 R4**

Mission Strategic Objective	Field Support: Activity Title & Number	Priority	Duration	Estimated Funding (\$000)							
				FY 1996		FY 1997				FY 1998	
				Obligated by:		FY 1997 Base Obligated by:		FY 1997 Base - 20% Obligated by:		FY 1997 Base - 30% Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO3: Decentralized and Strengthened Natural Resources Management	499-0015.97 USAEP/BCN Grants	Medium-high	3 years 1996-1998	---	750	---	750	---	750	---	400
Total SO3				0	3,800	0	4,500	0	3,800	0	3,450
SO.4: Strengthened Urban Environmental Management	936-5734 Energy Training	Medium-high	3 years 1996-1998	---	100	---	100	---	100	---	100
SO.4: Strengthened Urban Environmental Management	498-0015.97 USAEP (non add, in-kind contribution)	Medium-high	3 years 1996-1998	---	(250)	---	(250)	---	(250)	---	(250)

TABLES E.1. - E.5.

**Table E.3.
REGIONAL AND GLOBAL FIELD SUPPORT
USAID/Indonesia
FY97 - 98 R4**

Mission Strategic Objective	Field Support: Activity Title & Number	Priority	Duration	Estimated Funding (\$000)							
				FY 1996		FY 1997				FY 1998	
				Obligated by:		FY 1997 Base Obligated by:		FY 1997 Base - 20% Obligated by:		FY 1997 Base - 30% Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO4: Strengthened Urban Environmental Management	Housing Guaranty Credit Reserves	Medium-high	3 years 1996-1998	---	3,000	---	3,000	---	3,000	---	3,000
	Total SO4			0	3,100	0	3,100	0	3,100	0	3,100
SO5: Increased Effectiveness of Selected Institutions which Support Democracy	No Global Field Support requirements.			---	---	---	---	---	---	---	---
GRAND TOTAL*				7,022	10,890	9,478	18,143	9,478	13,096	7,045	11,400

*Includes Regional USAEP

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TABLES E.1. - E.5.

**Table E.4.
Staff Requirements (FY 1996)
USAID/Indonesia
FY97-98 R4**

Staff	Strategic Objective 1 Econ. Growth	Strategic Objective 2 POP & Health	Strategic Objective 3 Natural Res. Mgt	Strategic Objective 4 Urban Env. Mgt	Strategic Objective 5 Democracy	Other Support Office*	Total Staff by Class
1) USDH	4	3	4	3	2	12	28
2) FSN (OE)	1	2	7	5	6	24	45
2) FSN (TF)	8	6	7	1	3	57	82
FSN (Program)				1			1
3) PSC (OE)						1	1
3) PSC (TF)							0
3) PSC(Program)	1		1	1	2	2	7
TCN(OE)						1	1
TCN(TF)							0
TCN(Program)						1	1
Total Staff by Objective	14	11	19	11	13	98	166

* Support Office includes Director's Office, Controller's Office, Program and Project Support (PPS), Executive Office(EXO) & Contracting Management Office(CM)
None of the Support Office personnel have been included in the Strategic Objective staff.

- 1) USDH includes an IDI and RHUDO personnel
- 2) FSN includes FSN DH and PSC
- 3) PSC includes USPSC only

TABLES E.1. - E.5.

Table E.5.	
Operating Expense Requirements	
USAID/Indonesia	
FY97-98 R4	
OE/Trust Funded Levels by	
Major Function Code	FY1996
U100 USDH	697.8
U200 FN Direct Hire	895.7
U300 Contract Personnel	1,329.2
U400 Housing	880.3
U500 Office Operations	914.8
U600 NXP	265.4
Total Mission-Funded OE	4,983.2
...Of which Trust Funded	1,600.0