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FY 2009 FOREIGN ASSISTANCE GOALS

FY 2009 was a year characterized by successes and challenges for the United States Government (USG)'s Assistance Program and for the Republic of Indonesia. Sixty years ago, Indonesia was one of Asia's poorest nations. In FY 2009, the World Bank reclassified Indonesia as a lower middle-income country. The FY 2009 global financial crisis affected the economy, but GDP growth remained close to 4 percent. Indonesia's economic successes are clearly visible in its bustling, prosperous cities. However, the economic disparities are also evident, as exemplified by 115 million Indonesians hovering on the poverty line. Half of Indonesia's young men and women live in rural villages on less than \$2 a day.

Trends in Indonesian democratization reflect a steady but gradual improvement in the effectiveness of government institutions, citizen participation, and accountability. April and July of 2009 marked the legislative and presidential elections. By all accounts, the elections proceeded in an atmosphere of healthy competition, without major violence. The acceptance of the results led to a peaceful and democratic transfer of power by the executive, and by national, provincial, and local parliaments. However, the technical capacity of many government institutions and good governance advocacy organizations remains low. Corruption remains a significant impediment to institutions of governance that should maintain higher accountability standards. A current corruption scandal could have much larger political implications.

The overall health and security of Indonesians continues to improve. Government and non-governmental institutions are better able to respond effectively to natural and man-made disasters. The country has significantly reduced child mortality and increased contraceptive coverage over the past few decades. No major outbreaks of infectious diseases, such as Avian Influenza (AI), occurred over the last year, and public awareness of disease prevention continues to increase. However, a series of destructive earthquakes during the year demonstrated Indonesia's continued vulnerability to natural disasters. Two bombings in downtown Jakarta were a stark reminder that the threat of terrorism remains. Human cases of AI are the highest in the world, and the HIV epidemic is the fastest growing in Asia. Finally, Indonesia is addressing the need to mitigate the causes of global climate change and adapt to its effects.

These successes and challenges represent opportunities. The United States and Indonesia are poised to build a stronger, more comprehensive partnership for the 21st century. The USG Foreign Assistance Program will play a significant role in forging this partnership.

HIGHLIGHTS BY PROGRAM OBJECTIVE

Conflict Mitigation and Reconciliation

In FY 2009, USG assistance supported many conflict mitigation and reconciliation activities at the national and local levels in Aceh and Central Sulawesi. By the end of this fiscal year, 74 grants were either completed or being implemented. These grants totaled nearly \$5 million.

USG support in the province of Aceh reinforced implementation of the peace process – reaching both high-level political stakeholders and affected communities at the grassroots level. More than 3,700 people have received training on conflict mitigation and resolution skills, 31 percent of whom were women. Activities in the province of Central Sulawesi continued to focus on ensuring broad-based participation in community decision-making and establishing conflict prevention expertise at the local level; with 375 people receiving training, 29 percent of them women.

Rule of Law, Human Rights, and Good Governance

Remnants of Millennium Challenge Corporation Threshold Country Program financing were utilized to expand bureaucratic reform efforts within the Supreme Court. Although work remains, the new Supreme Court leadership and the United States will continue efforts toward improving judicial governance, particularly in efficiency, technical competence, transparency, and accountability.

In late FY 2008, the United States developed a specialized anticorruption task force within the Indonesian Attorney General's Office (AGO). In FY 2009, its first year of operation, the task force brought cases against 56 corrupt officials, including two former Director Generals of the Ministry of Law. Indonesia has faced a series of terrorist acts, primarily committed by members of Jamaah Islamiyah, including two hotel bombings in July 2009. The United States initiated and developed the AGO's Terrorism and Transnational Crimes Task Force to prosecute terrorism, money laundering, cyber crimes, international property rights, and trafficking in persons (TIP) cases. In FY 2009, the USG brought 11 AGO members to the United States for a 10-day study program. The task force has now successfully prosecuted 64 terrorists, including 43 Jamaah Islamiyah members, as well as more than 90 TIP cases.

Participation of 240 legislative members and staff and 128 think tanks in USG-funded training and events improved the capacity of the House of Representatives to design and implement major budget and personnel reforms. United States assistance in policy development helped the Government of Indonesia (GOI) to adopt a new law on legislative bodies, giving greater budget and human resources authority to the national parliament. This assistance also enabled the GOI to adopt the first-ever member-drafted five-year strategic plan for parliamentary reform.

In FY 2009, the USG completed a major four-and-a-half-year program that trained 77,000 participants and 69 sub-national government units to promote more accountable, effective, and participatory local governance. End-of-project assessments conducted in 2009 found substantial increases in participatory planning and budgeting capacity in USG-assisted local governments. Data showed that participatory planning capacity in 20 jurisdictions increased from 35 percent in 2006 to 79 percent in 2009. Similar assessments in public financial management showed that local

government capacity in planning, budgeting, and asset management went from a “moderate/partially acceptable” ranking to “good/fairly acceptable.” USG assistance also improved the ability of citizens to hold their local governments accountable, with nearly 500 mechanisms available for citizens to engage their local government by the time the project was completed in 2009. In FY 2009, the USG helped 350 civil society organizations develop budget advocacy and monitoring plans for local government officials in 21 jurisdictions.

Political Competition and Civil Society

April and July of 2009 marked Indonesia’s much-anticipated legislative and presidential elections. The USG provided significant technical support that enabled the General Election Commission to ensure the integrity of election results by strengthening electoral administration procedures. Support included public relations and media outreach, acceptable ballot marking, voting simulations, and vote counting procedures.

Health

In FY 2009, the USG health program continued to focus on maternal and neonatal child health and priority infectious diseases, such as tuberculosis (TB), HIV/AIDS, and avian and pandemic influenzas (API). Despite improvements in health care, Indonesia’s health statistics are discouraging. Maternal mortality is higher in Indonesia than the regional average in southeast and east Asia, and rates of infectious disease remain high. Indonesia has the world’s third-highest rate of TB. Malaria incidence is high in eastern Indonesia. There have been more cases of avian influenza in Indonesia than in any other nation. The HIV epidemic in Indonesia is the fastest growing in Asia.

The USG contributes to reducing maternal and neonatal mortality rates by improving the quality of obstetric and newborn care services, strengthening health systems, promoting the integration of preventive activities into maternal and child health services, and advocating for increased community demand for maternal and child health services and greater involvement of civil society.

USG efforts in FY 2009 to reduce the prevalence of infectious diseases included increasing HIV/AIDS best practices interventions, strengthening TB detection and case management, and increasing avian and pandemic influenza control and prevention.

Since 2007, the focus of HIV/AIDS programming has shifted toward technical assistance and capacity building for improved clinical service provision and stronger health systems. USG HIV/AIDS assistance to Indonesia is integrated with the GOI HIV/AIDS national strategy. The USG works closely with the National AIDS Commission, and is a key partner in Indonesia’s fight against AIDS. Programs improve prevention through behavior change and link prevention to treatment, care, and clinical services in eight priority provinces.

Indonesia is addressing the growing threat of TB through its National TB Program, and is one of few nations on course to reach its TB-related Millennium Development Goals. In FY 2009, U.S. assistance built and strengthened local technical and organizational capacity. The USG also supported the initiation of Multi-Drug-Resistant TB services. Almost 300 health care providers and laboratory workers received training in TB control and prevention. Directly Observed Treatment Short course programs were established in 162 hospitals, up from 91 hospitals in 2008.

The United States is the largest donor supporting the GOI’s national strategy to control AI. The USG’s comprehensive avian and pandemic influenza program enhances and integrates surveillance and response to animal and human API outbreaks in partnership with the public and private sector.

The USG has focused its water sector assistance efforts on providing technical support to government water utilities. This assistance improves operational efficiency and creditworthiness, bringing increased funding opportunities. It also increase access to piped water for urban poor, improves watershed management for a steady supply of water, and introduces chlorine-based products for household water treatment.

Basic and Higher Education

To improve the quality of basic education, in FY 2009, the USG provided assistance to piloting the following programs: Decentralized Basic Education (DBE); Sesame Street Indonesia, the renowned television show aimed at better equipping children to start school; and Opportunities for Vulnerable Children, a program that promotes inclusive education for children with special needs. The DBE program operated in 7 provinces, and provided assistance to more than 29,101 educators, 1,271 parent-teacher associations, and 433,124 students. The project leveraged \$869,356 from the GOI, which brought the USG's school management program to 7,589 schools with non-USG funds. The USG trained GOI personnel and worked with 14 Indonesian universities, strengthening their capacity to better prepare and upgrade teachers.

Higher Education assistance to Indonesia is a multi-agency effort, and a top priority for the United States. FY 2009 was characterized by notable efforts in English language teaching and learning, support to university teacher-training centers, and the launching of a major new higher education initiative that included linkages between United States and Indonesian institutions.

Environment

In FY 2009, the USG continued to focus on watershed management and the protection of orangutan habitat, adding new activities to support the Governors of Papua and Aceh in their pro-environment development strategies. As part of its environmental intensification efforts, the USG launched a marine program to support the Coral Triangle Initiative.

The USG worked with the Ministry of Forestry and the newly formed National Watershed Forum to develop an integrated watershed management framework. This collaborative approach will stabilize water flow, and address concerns of flooding and landslides. In Aceh and Papua, USG watershed management activities facilitated the rehabilitation of 223,653 hectares (ha) of degraded land, and improved the management of 216,268 ha of biologically significant area. In Aceh, the USG's environmentally sustainable jobs creation program for ex-combatants in two post-conflict districts helped increase the incomes of 12,658 people. In Papua, the USG supported the development of a province-wide spatial plan and bio-fuel investment code for strategic land use planning and sustainable development.

USG-supported multi-stakeholder collaboration protected 3.3 million ha of forest, containing 40 percent of the orangutans found in Indonesia. This past year, USG-supported survey teams identified two new populations of orangutans in East Kalimantan and Northern Sumatra. In Sumatra, USG assistance supported the development of spatial plans and policies that protect critical habitats and support environmentally sustainable development. Six model conservation villages improved the management of a 44,918 ha area around the Leuser ecosystem, which contains the majority of orangutans in Sumatra. In Kalimantan, the USG partnered with the private sector to improve the environmental management of extractive industries.

Trade, Investment, Private Sector Competitiveness, and Agriculture

In FY 2009, the USG supported a gap assessment to determine institutional needs for training and technical assistance in export and investment. The USG then delivered training programs related to export promotion and trade-related investment. U.S. assistance is increasing the number of Indonesians capable of participating in the global economy and stimulating local economic growth. This assistance supports the GOI's development of a more robust, competitive agribusiness economy that creates work opportunities and improves citizens' welfare. Specifically, the USG provided technical assistance, training, and grants to smallholders, farmers, and fishermen. Forty-two activities in 14 provinces from Aceh to Papua demonstrate methods to increase productivity, improve quality, and facilitate access to better markets in an effort to increase income, generate employment, and generally improve welfare.

In FY 2009, 60,809 cocoa farmers (86 percent men and 14 percent women) were trained in disease mitigation, pruning, organic fertilizing, and other topics. These farmers subsequently improved overall yields and post-harvest handling practices, thereby increasing cocoa sales. Trainings and public-private partnerships with local companies created buying stations throughout Sulawesi, where farmers can sell directly to the companies and receive a premium for export quality. Many farmers have reported increases in sales of up to 100 percent. Local partner companies exported more than \$60 million worth of cocoa and purchased \$52 million from smallholders in Sulawesi in FY 2009.

Economic Opportunity

In FY 2009, the USG utilized public-private alliances to improve economic opportunity. The USG supports a Papua agricultural development effort through a partnership with PT Freeport Indonesia, implementing projects in some of the most remote regions of Indonesia. Assistance has included building an ice factory to help increase the ability of fishermen to preserve their catches, and building capacity for best agricultural practices to improve local farmer harvesting capacity and to meet international standards.