

**RESULTS REVIEW AND RESOURCE REQUEST  
(R4)**

**FY 2000**

**USAID/INDONESIA**

April 1998

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## PART I: OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

Through the first three quarters of FY97 Indonesia, still untouched by the “Asian Flu” that was to infect the entire region, made rapid strides towards becoming a newly industrialized country (NIC) by 2020. Progress towards all five Strategic Objectives (SOs) met or exceeded expectations as the broad development context in Indonesia remained consistent with Mission assumptions. Of the 13 Performance Indicator Measurements (PIMs) used to monitor progress towards achievement of the SOs, 11 met or exceeded targets. Of the 107 total PIMs used in the Mission’s five SOs, 76 met or exceed targets, 14 fell below targets, and data was not available for 17.

Until June, economic growth remained close to 8% and inflation below 5%. Annual per capita income peaked at over \$1,000 and the official poverty level fell to under 14%. The international trade regime continued to improve as the Government of Indonesia (GOI) reduced barriers to free and open trade, fulfilling increased commitments to World Trade Organization (WTO) and Asian Pacific Economic Cooperation (APEC) policies. U.S.-Indonesia imports-exports increased by 14% and U.S. investment in Indonesia by 23%. Prior to the crisis, Indonesia’s economic performance was considered among the top in the developing world.

Civil society institutions manifested increases in influence on GOI policy formation. Non-governmental organizations (NGOs), as lead actors in Indonesian civil society, however, continued to be severely constrained by law and practice from organizing Indonesian citizens to participate in political life. The May 1997 national elections were not an expression of democratic choice by Indonesians. The enabling environment necessary (e.g. basic liberties and freedoms of association, assembly, speech, and press) was largely circumscribed by the GOI and the Military.

Increasing responsibility for the management of natural resources (NRM) was devolved to the local level. However, heavily protected industries continued to operate in an environment where extensive and uncontrolled natural resource exploitation remained a central element in Indonesia’s economic development. The onset of El Nino, the irresponsible management of forestry concessions, and subsequent forest fires and drought, impeded progress towards efficient resource management and illustrated how vulnerable Indonesia’s natural resources are in the current political economy.

Municipal government provision of effective service delivery was enhanced as the GOI followed through on commitments to transfer public works funding to the local-level. Coordination of international donor and GOI funding increased local government ability to raise capital essential for urban infrastructure. Although the management of urban infrastructure continued to improve, the pace did not correspond with increasing pressures of urban growth and migration.

The capacity of the public and private health sector to generate quality family planning and health information, products and services responsive to consumer needs and quality continued to

make strides. GOI commitment to health sector reform resulted in the implementation of a national STI/HIV/AIDS strategy and a dramatic increase in funding to combat the disease. The use of modern contraceptives increased while fertility rates continued to decline. Private sector sources of family planning effectively reduced the GOI fiscal burden on these services while increasing their availability. GOI commitment to privately managed health care necessary to reduce fiscal burdens and improve access to medical care, however, was not matched by actions.

### **Indonesia's crisis**

The last quarter of FY97 brought the most severe economic and political crisis Indonesia has faced in over 30 years along with drought and intense fires. While this reduced the SOs' progress in the fourth quarter, overall progress was not significantly affected. However, these events have changed Mission assumptions on Indonesia's future economic political and economic viability.

After three decades of 8% annual growth, the next two years are expected to be negative. The currency, the Rupiah, has depreciated over 75% since July against the U.S. dollar. Inflation has surged to double digits and contraction of the economy this year could be more than 5%. Of the approximately 150 companies listed on the Jakarta stock exchange only 12 are considered solvent. Indonesia's external debt is now over 100% of export earnings and private debt is estimated at \$74 billion. The GOI's failure to send signals of consistent commitment to implement steps supported by the IMF necessary to solve the economic problems resulted in diminished confidence in the economy and government. This resulted in continued downgrading by major international credit rating agencies.

This is already having a profound impact on the living standards of Indonesia's population, in particular on the poor. Because of the rapid economic downturn, 10% to 15% of the 90 million-strong workforce are expected to be unemployed by mid-1998. Indonesian yearly per capita income may drop 40% from 1997 levels and the number living in poverty could increase to 30 million.

Rapid declines in living standards and lack of confidence in the GOI's ability to deal with the crisis led to a number of demonstrations and riots. During the presidential elections, which assured President Soeharto a seventh consecutive term, rights of assembly were further curtailed while increased military presence and maneuvers were used to demonstrate the military's resolve to intervene to "ensure national integrity."

The market basket for basic foods has increased by more than 30% over the past year. The price shock of imported foods has been partially absorbed by importing them at half the market rate for rupiah.

The health sector is severely affected by the economic downturn. Shortages on essential medicines and contraceptives are already evident while the cost of others has increased by as much as 500%.

Indonesia has also been severely affected by El Nino weather patterns. Crop reductions are

compounding difficulties for the poor in obtaining food staples. The fires have burnt an area larger than the state of Wyoming, and continue to burn. No near-term relief for either disaster is foreseen.

As impacts of the crisis are only beginning to surface, performance narrative is based primarily on progress prior to its onset. In this changed environment, the Mission believes most of the current SOs remain valid. However, the situation merits a reexamination of the USAID/Indonesia assistance strategy and resources supporting it. Changes in specific technical approaches, related terms of reference and levels of efforts will be necessary, as will adjustments to the RFs and some PIMs. USAID/Indonesia is already demonstrating the flexibility of U.S. support by responding with timely assistance to the crisis while examining other areas where an U.S. comparative advantage would have the greatest impact. For more detailed analysis of USAID/Indonesia's response to the crisis, please refer to Section II part 2 *Progress Towards Objectives: Expected Progress through 2000 and Management Actions*. The accompanying document, USAID Strategic Response to the Economic and Political Crisis in Indonesia, should be reviewed along with the R4.



## **Part II: Progress Towards Objectives**

### **A. Performance Analysis**

Expected progress towards achievement of the SO was exceeded. Of the four SO-level PIMs, three exceed targets. The economy continued to open, as evidenced by a 14% increase in U.S. Indonesian trade, and PIMs captured that progress. This is the first year of reporting on this results framework and no long-term trends are yet available.

Positive results were achieved against a macroeconomic background that dramatically changed over the course of the year. As recently as July 1997, amid tangible signs of the economic crisis in Thailand, the GOI was being congratulated on its outstanding record of macroeconomic management and poverty reduction. Shortly thereafter, the onset of the currency crisis began. The macroeconomic outlook turned very bleak.

#### **IR1.2 Improved Policies and Practices to Promote Increased Openness to International Trade and Investment**

Progress towards achievement of this IR was exceeded. Of the four PIMs used to monitor progress toward achievement of the IR, 75% exceeded targets. Three exceeded targets and one target was not met.

Average import tariffs, export restrictions, and adoption of key enactments progressed faster than anticipated. It is clear USAID-funded activities played an important role in helping Indonesia meet its commitments to WTO and APEC. In spite of strong internal lobbying in the GOI, USAID technical assistance helped win the case for continued openness in the external sector.

USAID/Indonesia had direct policy input in preparing the reduction of tariff line items. More than 90% of USAID-funded advisor recommendations were acted upon and eight export restrictions were reduced. Nine more reductions are scheduled to become effective in 1998. With USAID assistance, an Intellectual Property Rights law was passed. Although violations were still problematic, the climate improved because of the law's existence, and awareness was raised. Simplification of the palm oil tax from a trigger mechanism to an *ad valorem* tax, was partially the result of assistance in setting up a commodities exchange.

Although reductions in the number of non-tariff barriers fell short by two, the number continued to decline from the 1995 level of 148, and the GOI committed itself to remove an additional seven in 1998. USAID/Indonesia worked with the Ministries of Agriculture and Industry and Trade to demonstrate the deleterious effects of these barriers on trade and investment.

#### **IR1.2 Improved policies and practices to promote strengthened domestic economic competition**

Expected progress towards achievement of this IR was met. Of the five PIMs used to monitor progress toward achievement of the IR, two exceeded targets, and data for three were not available.

A primary Mission vehicle for addressing domestic economic competition, the Partnerships for Economic Growth (PEG) activity, did not begin as anticipated. Consequently, data for PIMs: 1.2.1 *Reduced concentration ratio within major sectors of the Indonesian economy*; 1.2.2 *Reduced distribution costs*; and 1.2.3 *Simplified government approval process to start up a new business* were not available for the reporting period. These data will be available for the next reporting period.

The application of Indonesia's economic laws and regulatory environment showed signs of improvement as the utilization of CD-ROMs increased. As potential beneficiaries became accustomed to the ease and availability of the relevant law texts on CD-ROMs, usage increased. Against a baseline of 11,000, users increased to 49,000 in 1996 to over 58,000 in 1997. This exceeded the target of 53,900. Examples of how CD-ROM usage improved transparency included:

- A mining company operating in a remote area was audited and fined for not paying taxes in accordance with the regulations set forth by the Directorate General of Taxation (DGT). The firm protested because it had met exemption requirements according to a law published in Business News. The publication of the law was incomplete and GOI officials were able to check the law's exemption criteria on CD-ROM. As a result, it was determined the firm did not meet the three requirements for exemption.
- A law firm was fined for unpaid company taxes by the DGT. Upon request for the regulations, the owner was informed by the DGT that a copy was not available. The firm's staff was able to utilize CD-ROM to review the tax regulations referred to by the DGT. Nothing was mentioned in the regulations which required the company to pay and the fine was subsequently revoked.
- The Governor of W. Java Province was asked to comment on a suggestion made by the former Minister of Environment on forming a new province. The suggestion was to form three W. Java cities into a new province. Through CD-ROM, GOI officials identified an existing law which clearly prohibited forming or expanding new provinces in W. Java.

Increases in Loan Portfolio Guaranty (LPG) bank lending of 9.8% exceeded targets. Small and micro firms benefited from increases in available finance such, as the three-year increase of over 115 trillion rupiah in LPG bank lending.

## **B. Expected Progress through FY 2000 and Management Actions**

The current economic crisis will have profound impacts on this objective. The effect of IMF agreements on international trade is likely to accelerate the achievement of results. Reduction of tariff rates, non-tariff barriers, and export restrictions are all covered by IMF agreements. It is possible that targets expected by FY01 may be reached by FY00 and possibly FY99. However, these IR-level reforms will not necessarily bring about the increase in trade previously expected until the financial and banking systems have returned to a sound footing and investor confidence has been restored. There may be reluctance on the part of the GOI to meet all targets as outlined in the current IMF agreement. In order to assist the GOI in implementing the agreement, continued Mission assistance in structural adjustments is warranted through 2001. However, emphasis on international trade in the SO strategy will decline in the future given the likely acceleration of progress sparked by IMF reform.

The impact of the crisis and subsequent IMF agreements on IR1.2 *Improved Policies and Practices to Promote Strengthened Domestic Economic Competition*, is much less clear. The IMF program targets deregulation of a number of specific domestic monopolies and restrictive marketing arrangements including cement, paper, plywood, cloves, and key food products (BULOG - the National Logistics Agency). It also calls for the removal of restrictions on intra- and inter-regional trade and the prohibition of local taxation on export goods. In nearly all cases, the GOI has taken regulatory steps to meet IMF agreements. But in many cases, the GOI has also indicated reluctance to operationalize these decrees either because of continuing pressure from monopoly interests or, in the case of BULOG, because of the economic crisis and drought impact on food prices and availability.

The overall downturn in trade and domestic market activity is expected to hit women disproportionately. In the formal sector, women factor heavily as workers in export-oriented industries which have experienced massive lay-offs and closures. Informal-sector industries (such as small-holder pottery) in which women are heavily engaged have already been decimated. Women petty traders, who according to the Mission's recently completed Women in Trade study, had less access to credit than their male counterparts even before the crisis hit. They will be hard-pressed to compete with the increasing number of men entering these trades. Unfortunately, employment generating projects being initiated by the GOI and multinational donors are primarily in construction and are not likely to reach women.

Although much less certain than international trade, it is likely that progress towards the IR will remain on track in 1999. It is unlikely that achievement of this IR will be met by the current SO completion date of September 2001. Continued USAID/Indonesia support to the GOI on implementing decrees and maintaining forward motion on domestic deregulation is warranted. Additionally, the IMF agreements do not address the need for a rules-based system designed to assure public monopoly is not recreated in private form. Greater focus is needed on this issue, which is linked to USAID/Indonesia's interest in increased access for smaller businesses to markets and capital.

The current crisis also dictates the Mission reallocate resources away from the two results packages to support other immediate economic requirements. In the Mission's phase-out plan,

necessary results were narrowed to international trade and domestic economic competition. However, weaknesses in the financial system have been brought to the fore by the current crisis. Many other donors, including the WB, the ADB and the IMF, have brought major resources to bear on the finance problem and the related issues of fiscal and monetary policy. The Mission's original position was that such resources were sufficient. The seriousness of the situation and the priority which these issues command now dictate a role for USAID/Indonesia. With USAID/Washington concurrence, the Mission has already diverted resources to bank and financial reform, and improvements in fiscal and monetary policy. These changes require the SO strategy be rewritten, reorganized and reprioritized once conditions stabilize. Given the presence of other major donors in this area, the Mission will coordinate carefully with the donors and craft results congruent with its modest means.

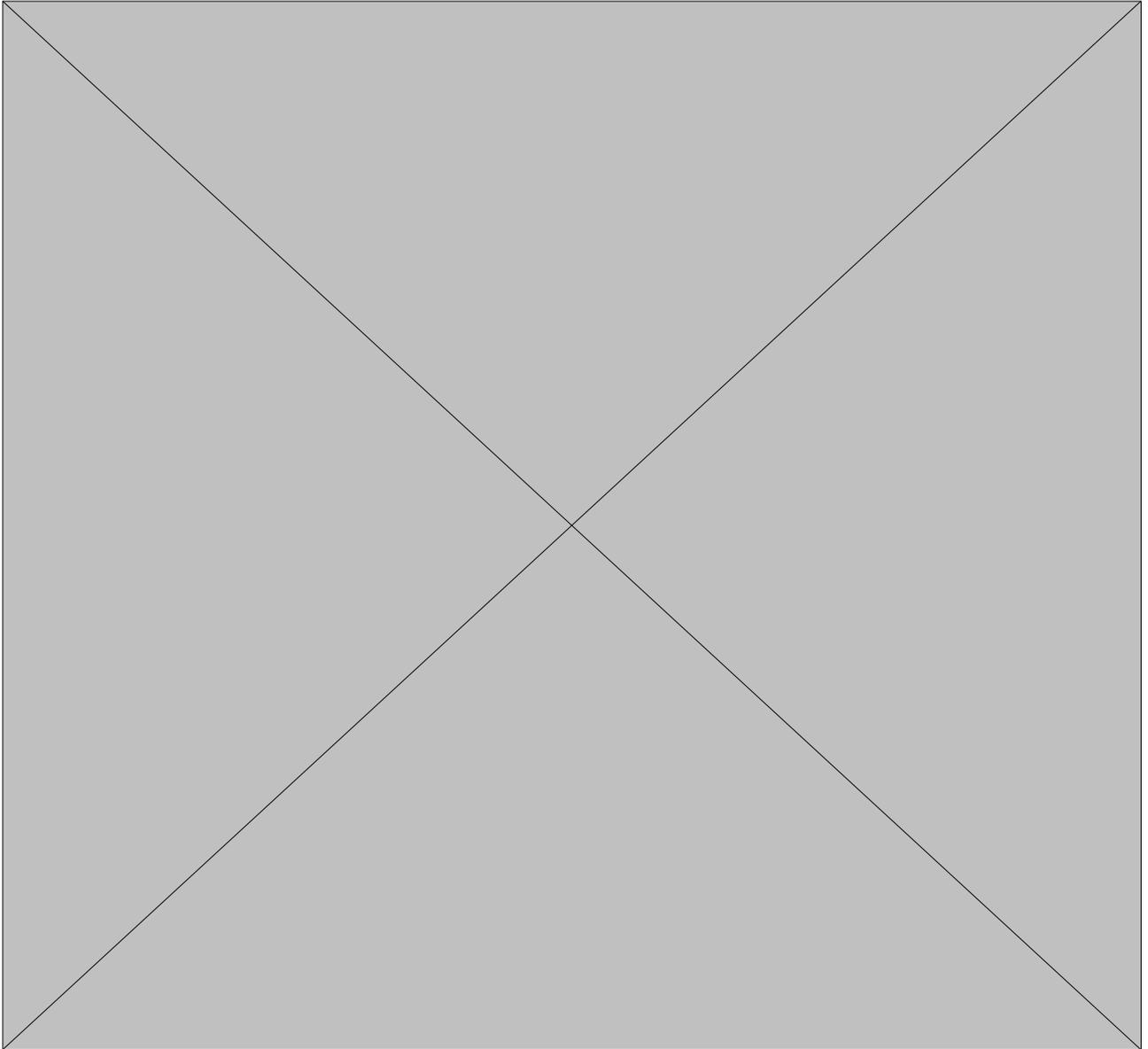
The time it will take Indonesia to overcome its most serious economic crisis since the 1960's is not clear. The structural reforms agreed to by the GOI and IMF are of a magnitude that accomplishing many of them will likely extend beyond the current three year lives of the IMF package and USAID/Indonesia strategy. It is clear that assistance in economic reform will be necessary beyond the planned September 2001 phase-out date. The need for USAID resources in this area will extend beyond that date but it is not currently possible to accurately estimate the duration.

The crisis also requires a shift in implementation tactics. The phase-out strategy aimed at strengthening linkages between U.S. and Indonesian economic research and development organizations to foster a continuing flow of intellectual capital on economic issues between the two countries beyond USAID assistance. The current need for direct GOI action, however, necessitates greater emphasis on policy-focused technical assistance to the GOI to deal with banking, finance, fiscal, monetary and structural issues. The Mission will not completely abandon efforts to strengthen U.S.-Indonesian linkages as it fosters extra-governmental demand for reform.

A number of changes to the management contract are required. The phase-out date of September 2001 should be extended. It is currently not possible to set a new target date. Funding should be increased to approximately \$31 million through 2001, and allowances made for additional funding in at least FY02 and FY03. There is a need for an expansion and reordering of priorities in the SO framework which allow for work in key crisis related areas: banking and financial reform and fiscal and monetary policy.

Once immediate crisis conditions stabilize, the Mission's strategy will be rewritten. This rewrite will be informed by at least two evaluations: one will focus on USAID structural reform activities in the Ministry of Industry and Trade and the other on discovering and implementing means to overcome barriers to the expansion of small businesses in Indonesia.

## **C. Performance Indicators**



**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** (SO level indicator)

**INDICATOR SO 1.1:** Increased value of Indonesia - U.S. non-oil trade

**UNIT OF MEASURE:** Percent annual growth of value of non-oil exports and imports between Indonesia and the U.S..

**SOURCE:** Central Bureau of Statistics (CBS), *International Trade Statistics*; Annual

**INDICATOR DESCRIPTION:** The percentage increase in the value of the sum of non-oil exports and imports between Indonesia and the U.S. is a measure of openness to trade for both countries.

**COMMENTS:**

Reporting year June/July - due to data availability.

This reflects the continuing openness of trade between the two countries. The steps taken to liberalize trade in Indonesia - reducing tariffs, removing non-tariff barriers and export restrictions - plus the various enactments such as the intellectual property rights law have contributed to the strengthening of ties between the two countries as evidenced by the 14% increase in trade. These are areas in which USAID activities are directly involved.

1997 Target exceeded: 187%

YEAR	PLANNED	ACTUAL
1995/96	N/A	11
1996/97	7.5	14
1997/98	7.5	

	1998/99	7.5	
	1999/00	7.5	
	2000/01 (T)	7.5	

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** (SO level indicator)

**INDICATOR SO 1.1:** Increase value of U.S. foreign direct investment to Indonesia

**UNIT OF MEASURE:** The percentage increase of U.S. actual foreign direct investment in Indonesia.

**SOURCE:** US Department of Commerce, Survey of Current Business. Annual.

**INDICATOR DESCRIPTION:** The percentage increase of U.S. investment is a measure of openness to investment in Indonesia

**COMMENTS:**

Because of data availability reported data is lagged one year. Actual U.S. Foreign Direct Investment shown is expected to increase at an average annual rate forecast over the period; however, actual data are erratic, and data for one year may deviate markedly from the trend.

1997 Target exceeded: 192%

YEAR	PLANNED	ACTUAL
1995 over 1994 (B)	N/A	44.3
1997 (96)	12.0	23
1998	12.0	
1999	12.0	

	2000	12.0	
	2001 (T)	12.0	

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** (SO level indicator)

**INDICATOR SO 1.3:** Increased value added of small and medium manufacturing firms in total manufacturing output

**UNIT OF MEASURE:** The percentage increase of total value added from small and medium sized firms defined as firms with less than 500 employees.

**SOURCE:** Central Bureau of Statistics, *"Industrial Statistics"* and *"National Account Statistics"* - Annual

**INDICATOR DESCRIPTION:**

This data will be collected from the survey of large and medium sized manufacturing firms plus reported value added for small and micro sized firms as well. The hypothesis is that as domestic competition increases, this sector will benefit the most.

**COMMENTS:**

Because of data availability, reported data has one year lag.

Value added by small and medium manufacturing firms increased by 23.9% far in excess of the planned value of 10%. We have been supporting the GOI's continuing interest in this sector by providing input into the GOI policy decision making apparatus on partnerships, illegal levies and contributions, and in assisting in the development of a network of small business development centers.

1997 Target exceeded: 239%

YEAR	PLANNED	ACTUAL
1994 over 1993 (B)	N/A	7.5
1997 (96)	10.0	23.9
1998	10.0	
1999	10.0	

	2000	10.0	
	2001 (T)	10.0	

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** (SO level indicator)

**INDICATOR SO 1.4:** Financial sustainability of the U.S. - Indonesian Partnerships for Economic Growth (PEG)

**UNIT OF MEASURE:** Share of funds and in-kind contributions by parties other than USAID to the total activities' budget of the PEG. Unit of measurement : Percentage .

	YEAR	PLANNED	ACTUAL
<b>SOURCE:</b> Annual report of the PEG management entity	1997 (B)	N/A	0
<b>INDICATOR DESCRIPTION:</b> The PEG management entity will establish an MIS to collect this data from established partnerships.	1997	30.0	
<b>COMMENTS:</b>  Activity has not started so data is not available.	1998	35.0	
	1999	40.0	
	2000	45.0	
	2001 (T)	50.0	

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 1.1:** Improved Policies and Practices to Promote Increased Openness to International Trade and Investment

**INDICATOR IR 1.1.1:** Lower average (unweighted) import tariff rate

**UNIT OF MEASURE:** Unweighted average import tariff rate. Percentage.

	YEAR	PLANNED	ACTUAL
<b>SOURCE:</b> The Trade Implementation and Policy Project (TIPP) working with the Ministry of Industry and Trade (MOIT) will collect this data until activity completion. Thereafter, responsibility for data collection will be assigned to the contractor responsible for administering PEG. Annually.	1995 (B)	N/A	14.6
<b>INDICATOR DESCRIPTION:</b> Figure is calculated based on tariff data compiled by TIPP until August 1997, and the PEG contractor thereafter. Decreases in the average tariff reflect improvements.	1996	14.0	13.5
<b>COMMENTS:</b> Reductions in import tariffs were announced in July 1997. Advisors under the Trade Implementation Policy Project (TIPP) had direct input in preparing the list of tariff commodity lines that were to be reduced. More than 90% of the suggested lines were reduced and consequently, the average tariff in 1997 is now 11.8% versus a planned 13%. This activity continues to achieve directly attributable results.	1997	13.0	11.8
	1998	12.0	
	1999	11.0	
1997 Target exceeded: 110%	2000	10.0	
	2001 (T)	10.0	

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 1.1:** Improved Policies and Practices to Promote Increased Openness to International Trade and Investment

**INDICATOR IR 1.1.2:** Reduction in number of non-tariff barriers

**UNIT OF MEASURE:** Number of cumulative commodities subject to restrictive import licenses. With addition of a narrative footnote or appendix describing qualitative changes.

**SOURCE:** TIPP/MOIT will be responsible for data collection until its activity's completion. PEG contractor will be responsible for data collection thereafter. Annually

**INDICATOR DESCRIPTION:**

Baseline data based on updated changes in listing of restrictive import licenses.

**COMMENTS:**

The number of NTBs reduced falls short of the planned target by two. There are still 134 NTBs in force against a planned 132. However, plans are already established for removing 7 others in 1998. These cover wheat/wheat flour, garlic and soybeans. While these agreements are built into the current IMF reform package, our TIPP advisors and the Stanford activity with the Ministry of Agriculture have been working over an extended period of time to demonstrate the deleterious effects of these barriers on the welfare of Indonesia's communities.

1997 Target not met: 99%

YEAR	PLANNED	ACTUAL
1995 (B)	N/A	148
1996	140	135
1997	132	134
1998	130	
1999	123	
2000	116	
2001 (T)	109	

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 1.1:** Improved Policies and Practices to Promote Increased Openness to International Trade and Investment

**INDICATOR IR 1.1.3:** Reduction in number of export restrictions

**UNIT OF MEASURE:** Number of annual reduction of commodities subject to export bans, export taxes, and restrictive supervision. With addition of a narrative footnote or appendix describing qualitative changes. Annual reduction.

**SOURCE:** TIPP/MOIT will be responsible for data collection until its activity's completion. PEG contractor will be responsible for data collection thereafter. Annually

**INDICATOR DESCRIPTION:**

Baseline data is based on updated changes in number of export restrictions.

**COMMENTS:**

Nine additional export restriction will be effective in 1998

on the export of stainless steel, copper, and brass. In addition the export tax of palm oil was reduced and simplified. The previous tax was a trigger mechanism i.e. the amount of the tax was contingent on the price of palm oil. It has now been changed to a simple *ad valorem* tax. The tax is a fixed percentage of the selling price. This has a direct connection with the plan to institute a commodities exchange in Indonesia. Palm oil will be the first commodity traded. This activity was supported by USAID-funded ELIPS project and consultants provided a report showing how the existence of the trigger price tax mechanism would negatively impact the ability to undertake futures in palm oil. A prohibitive tax on rattan webbing was also removed. This was directly a result of presentations made to GOI's Team Tariff in March 1997.

1997 Target exceeded: 350%

YEAR	PLANNED	ACTUAL
1995 (B)	N/A	
1996	2	3
1997	2	7
1998	2	
1999	2	
2000	2	
2001 (T)	2	

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States  
**APPROVED:** 07/11/96 **COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 1.1:** Improved Policies and Practices to Promote Increased Openness to International Trade and Investment

**INDICATOR IR 1.1.4:** Adoption of key government enactments which facilitate foreign trade and investment

**UNIT OF MEASURE:** Number of key enactments adopted or formally modified by the government.

	YEAR	PLANNED	ACTUAL
<b>SOURCE:</b> ELIPS Project will be the source of data until 1998. PEG contractor will be responsible after 1998. Annual	1995 (B)	N/A	
<b>INDICATOR DESCRIPTION:</b> Number of increase of key new laws and regulations, as well as significant and relevant Presidential and Ministerial Decrees, adopted or formally modified by the government.	1996	2	2
<b>COMMENTS:</b> The four enactments are: 1. A law enacting a commodities exchange to facilitate palm oil trading which will allow producers to hedge against the risks in dealing with commodities. Small holders account for 22% of palm oil production. 2. Intellectual Property Rights Law - while IPR violations are still problematic, the existence and occasional enforcement have certainly improved the climate for IPR. USAID assisted with drafting and an implementation and enforcement workshop. 3. & 4. Two deregulation packages - July 1997 and November 1997. These are administrative mechanisms used to announce binding changes in economic regulation policy.	1997	2	4
	1998	2	
	1999	2	
	2000	2	
1997 Target exceeded: 200%	2001 (T)	2	

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 1.2:** Improved Policies and Practices to Promote Strengthened Domestic Economic Competition

**INDICATOR IR 1.2.1:** Reduced concentration ratio within major sectors of the Indonesian economy

**UNIT OF MEASURE:** The concentration ratio refers to the average concentration ratio across major sectors of the Indonesian economy. This ratio is inversely related to Indonesia's competitiveness. The higher the ratio, the less competitive the domestic market.

**SOURCE:** A specific study of concentration ratio. Annual.

**INDICATOR DESCRIPTION:**

The concentration ratio is a four-firm concentration ratio of 11 major sectors, including automobile, noodle, cooking oil, soft-drinks, and furniture which was surveyed in 6 cities (Jakarta, Surabaya, Bandung, Pekanbaru, Palembang, and Balikpapan). See "*Indonesia: Distribution Cost Study*", by Anggito Abimanyu for the World Bank.

**COMMENTS:**

Planned targets were changed on the basis of the results obtained from the baseline study. The data is the latest available - 1995. The ratio was in the range 95 - 12 from 12 industries. The average is reported

Data not available.

YEAR	PLANNED	ACTUAL
1993 (B)	N/A	
1997	50.25	N/A
1998	49.24	
1999	48.25	
2000	47.28	
2001 (T)	46.33	

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 1.2:** Improved Policies and Practices to Promote Strengthened Domestic Economic Competition

**INDICATOR IR 1.2.2:** Reduced distribution costs

**UNIT OF MEASURE:** Percentage of distribution costs to consumer price.

	YEAR	PLANNED	ACTUAL
<b>SOURCE:</b> A specific study on distribution system. Annual	1995 (B)	N/A	6.85
<b>INDICATOR DESCRIPTION:</b> Distribution costs represent the transaction costs between producers and consumers - both the total trade margin and the accrued transport costs. Distribution costs = warehouse costs + transportation costs + insurance costs. Distribution costs are an average of percentage of combined warehousing, insurance, and transportation costs to retail price of 11 major sectors, including automotive, instant noodle, cooking oil, soft-drink, and furniture which has been surveyed in 6 cities (Jakarta, Bandung, Surabaya, Semarang, Palembang, and Balikpapan).	1997	18.36	N/A
	1998	17.99	
<b>COMMENTS:</b> Planned targets were changed on the basis of a baseline study based on the latest available data - 1996.	1999	17.40	
	2000	17.00	
	2001 (T)	16.50	
Data not available.			

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 1.2:** Improved Policies and Practices to Promote Strengthened Domestic Economic Competition

**INDICATOR IR 1.2.3:** Simplified government approval process to start up a new business

**UNIT OF MEASURE:** Months

**SOURCE:** A specific study on government approval process to start up a new business. Annual

**INDICATOR DESCRIPTION:** Government approval process to start up a new business refers to the bureaucratic steps required by all levels of government to start up a new business in selected major Indonesian cities, including Jakarta.

**COMMENTS:**

A baseline survey shows that there are 13 major steps required to establish a new firms which can take up to 14 months to complete.

Data not available.

YEAR	PLANNED	ACTUAL
1997		14
1998		
1999		
2000		
2001		

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 1.2:** Improved Policies and Practices to Promote Strengthened Domestic Economic Competition

**INDICATOR IR 1.2.4:** Improved transparency of Indonesia's economic law and regulatory environment

**UNIT OF MEASURE:** Usage of laws and regulations, including laws passed by parliament; government regulations; provincial government regulations; and treaties with other countries. Number of people who utilize the CD-ROMs.

	YEAR	PLANNED	ACTUAL
<b>SOURCE:</b> ELIPS Project. Annual	1995 (B)	-	11,000
<b>INDICATOR DESCRIPTION:</b> Annual survey which tracks the use by customers of the electronic data bases and other sources of information measuring the regulatory environment for domestic competition.	1996	49,000	49,000
<b>COMMENTS:</b> Against a baseline of an estimated 11,000 users of the CD-ROMs provided under the auspices of the law information component of ELIPS, users increased to 49,000 in 1996 and over 58,000 in 1997. As users have become accustomed to the ease and ready availability of the texts of the relevant laws, usage increased. It provides critical information on laws in such a way that permits confidence in the statement that there continues to be improved transparency in Indonesian law and regulatory environment which benefits both the government and the community.	1997	53,900	58,080
	1998		
	1999		
	2000		
	2001		
1997 Target exceeded: 108%			

**OBJECTIVE 1:** Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States

**APPROVED:** 07/11/96

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 1.2:** Improved Policies and Practices to Promote Strengthened Domestic Economic Competition

**INDICATOR IR 1.2.5:** Increased bank lending to small and micro firms

**UNIT OF MEASURE:** Increased value of lending to small and micro-firms, with special emphasis on increased lending in the outer Islands (other than Java and Bali), through a Global Bureau loan guarantee program.

**SOURCE:** USAID's Loan Portfolio Guarantee program (LPG). Annual

**INDICATOR DESCRIPTION:**

Value in trillions of Rupiah.

**COMMENTS:**

There has been a change in the baseline and planned target. The GOI has determined that previous funds - (SBPU) can no longer qualify as funds that are counted as being lent to the small and micro sector. SBPUs are commercial paper traded among banks and were considered part of the KUK target (an instrument which would allow banks that did not have access to the KUK customers to channel excess funds to those banks which did not have enough funds for on-lending). The figures for 1995 and 1996 were changed to reflect the new regulation and to retain the validity of year to year comparison. The measures are still consistent.

1997 Target exceeded: 102%

YEAR	PLANNED	ACTUAL
1995	N/A	1,267
1997	1,368	1,392
1998	1,461	
1999	1,534	
2000	1,610	
2001	2,560	

Strategic Objective 2:  
**INCREASED EFFECTIVENESS OF SELECTED INSTITUTIONS  
 WHICH PROMOTE DEMOCRACY**

<b>Result</b>	<b>Name</b>	<b>Rating</b>	<b>Evaluation Findings *</b>
SO	Increased Effectiveness of Selected Institutions which Promote Democracy	Exceeded	
IR	Increased NGO Advocacy for Greater Democratic Participation	Exceeded	
IR	Increased Activities that Promote Further Respect for Rule of Law	Met	
IR	Enhanced Capacity, Reliability, and Responsiveness of Selected NGOs	Exceeded	
<b>Percent Funding Through NGOs and PVOs:      FY98 <u>91%</u>    FY99 <u>93%</u>    FY00 <u>100%</u></b>			

\* Due to the crisis in Indonesia, the status of Mission evaluations and corrective actions are discussed in part II *Progress Towards Objectives*

## **II. Progress Towards Objectives**

### **A. Performance Analysis**

Expected progress towards this objective was exceeded. NGO impact on GOI policies occurred at least 45 times, 10 (or 28%) more than the target. Since inception in FY95, SO level progress was 41% greater than anticipated (81 policy gains accomplished versus 65 planned). All three IRs and 27 of the 34 individual performance indicator measurements (PIM) exceeded plans.

Although civil society became more assertive and influential with the GOI, no significant reform occurred in the fundamental shape, general operation and broad composition of Indonesia's political system and state institutions. The U.S. State Department's *Report on Human Rights Practices for 1997*, Freedom House Indices on economic, civil and political liberties, and Transparency International's rankings on corruption, all confirmed that Indonesia remains strongly authoritarian with extensive military involvement in politics, a judiciary subordinated to the executive and pervasive corruption throughout government. Basic human rights were severely circumscribed, especially freedoms of assembly, association and speech. The tightly controlled May 1997 national elections denied citizens democratic change in government. In the remote provinces where separatist movements were active, East Timor, Irian Jaya and Aceh, resentment against GOI policies and military abuses among indigenous peoples was high. While conditions for democracy were clearly not in place, USAID-assisted NGOs exposed constraints and provided remedies for Indonesia to make small steps towards an open, free society. Although modest, USAID democratization assistance to advocacy NGOs: a) remained the largest of any donor operating in Indonesia; b) gave cover for other donors to become active in governance and democratization issues; and c) tangibly demonstrated to Indonesian civil society and the GOI U.S. commitment to democratic reform in Indonesia.

#### **IR2.1 Increased NGO advocacy for greater democratic participation**

Expected progress under this IR was exceeded. All 13 PIMs used to measure this IR met or exceeded targets. Throughout the year, except for the month surrounding national elections, community groups, USAID-supported NGOs and elements of the print media pressed the limits imposed on civil society by the GOI.

Progress was due to an increase in thoughtful NGO advocacy campaigns and civic education, coupled with the print media's willingness to publish well-researched articles about NGOs and the fundamental political issues they address. PIMs 2.1.3. and 2.1.4., which capture advocacy and community education efforts, exceeded targets threefold. PIM 2.1.1., media articles, surpassed the planned level by nearly 400%, and 2.1.2., surveys and publications, by 225% over last reporting period. For example, through a well coordinated campaign with other NGOs and the press, a consumer's association convinced the GOI to eliminate an unauthorized tax on television use and unsanctioned transaction fees to underwrite the costs of the South East Asian games.

USAID activities in the politically sensitive provinces of Irian Jaya, East Timor and Aceh resulted in indigenous communities having better control over their economic well-being and

more opportunities for employment and training. PIMs 2.1.6. (a) and (b), which focus on the formation of community groups and economic progress, exceeded plans by 1,000% and 100% respectively. Civic education programs and dialogues among various religious groups concerning the importance of maintaining a democratic secular state were initiated by 12 NGOs closely affiliated with both of the large Muslim mass organizations, Nahdlatul Ulama (NU) and Muhammadiyah. Progress on women's issues and interests exceeded expectations under PIMs 5.1.3. and 5.1.4., advocacy campaigns and civic education, while PIM 5.1.5., dialogues, kept pace. Under PIM 5.1.6., essentially an indicator for sensitive areas, women's issues lagged behind overall indicator progress, but was on target. The significant gains in women's issues from FY96 to FY97 were due to grantees becoming more effective and the Mission's heightened attention to performance.

## **IR2.2 Increased Activities that Promote Further Respect for the Rule of Law**

Expected progress towards achievement of this IR was met. Nine (or 69%) of the 13 PIMs met or exceeded targets. However, as four PIMs fell short of expectations, this IR was the least successful within the SO framework.

IR progress suffered where success was dependent upon actions (direct or indirect) by the GOI such as lobbying, implementation of existing alternative dispute resolution mechanisms (ADR), and the application of research and analysis by parliament to promulgate laws. PIMs 5.2.2. (a), law publication, 5.2.2. (e), parliamentary use of research, 5.2.4., legal lobbying, and 5.2.5. (b), use of existing ADR, all fell short of plans. On the other hand, USAID-assisted NGOs reported over 1,100 instances (400 more than projected) of corruption, abuse or collusion to the public and/or GOI representatives (PIM 5.2.1.). These data further substantiated the conclusion noted above that more space for civil society to operate. PIM 5.2.3. again exceeded target, 1,161 legal cases were undertaken against 900 forecasted. Increases in exposing extra-legal activities and attempts to ensure that laws are applied through legal defense at trials provided an essential foundation for gains in reforming Indonesia discredited legal structures.

IR progress was further affected through a growing frustration of working within the present legal system to highlight inefficiency and corruption among many elements of civil society. As time progressed, this trend became even more exaggerated.

## **IR2.3 Enhanced Capacity, Reliability and Responsiveness of selected NGOs**

Expected progress towards achievement of this IR was exceeded. Six (or 86%) of the seven PIM exceeded targets.

Results for financial independence and a widening funding base for key NGOs remained mixed. USAID/Indonesia continued as the predominant donor for far too many NGOs. Although improvements were made over last fiscal year, only 50 of 60 expected NGOs had total budget contributions from USAID/Indonesia of 25% or less (PIM 5.3.1. (a)). Moreover, this is the second consecutive year where progress failed to meet plan. More NGOs did, however, receive funding from a broader group of donors. PIM 5.3.1. (b), NGOs with five or more donors,

modestly exceeded target with 15 NGOs meeting this financial criteria versus an estimate of 12. This confirmed that more donors followed USAID/Indonesia's lead and provided grants to advocacy NGOs. It also underscored that while the donor base expanded, so did NGO program and budget needs. The use of new and existing NGO networks continued to grow domestically and internationally. The internet was a particularly powerful tool in these accomplishments. PIMs 5.3.2. (a) and (b), new and existing NGO networks, leaped ahead of target levels by 700% and 200%, respectively. Increased worldwide attention to Indonesia and its problems and opportunities also facilitated networking actions. Training proceeded as planned (PIMs 5.3.3. (a) and (b)), with women's participation greater than expected but less than that of men. Staff professionalism and reliability grew as training investments began to pay off.

While relatively weak compared to other countries with a similar level of economic development, Indonesian NGOs made strides towards this IR by improving internal systems and management practices, which in turn, underpinned gains toward the other two IRs.

## **General**

During FY97 the Mission conducted a comprehensive performance audit and RF review of the SO. An independent audit determined that NGO-generated performance information, which formed much of the basis for this report, was not "unqualifiedly reliable... for ensuring data validity across all respective indicators." On the other hand, there was "no evidence to suggest that grantees were not capable of developing fully credible systems (with guidance), nor to suggest that grantee self-monitoring is anything but a good idea." As a result, USAID/Indonesia supplied training to grantees to improve cost-effective, mutually useful performance monitoring techniques. The Mission thoroughly analyzed the RF for internal consistency, IR linkages, and PIM clarity and appropriateness. While the conceptual review and experience confirmed several changes would improve RF utility, the Mission decided to leave the framework unchanged as:

- Proposed RF modifications would be time consuming to finalize and approve;
- The overall management effectiveness of the SO and Results Package teams would not be enhanced substantially due to the changes; and
- The Mission believed it best to stick with and test rigorously a fundamentally sound RF with consistent data from which a valid trend might be developed.

## **B. Expected Progress through FY 2000 and Management Actions**

The justification that authoritarianism provides a more stable base for sustained economic growth is now widely challenged throughout Asia and within Indonesia. Indonesia still must, however, implement sweeping financial reforms through an authoritarian government dominated by the military and widely perceived as a major contributor to and beneficiary of many of the practices it now must overturn. The rupiah currency crisis and attendant inflation, government budgetary retrenchment in response to the IMF agreement, and drought and accompanying forest fires, will together generate severe economic hardship and exacerbate political tension in the coming years.

This situation could motivate the GOI to move in one of two directions. If the GOI decides to loosen its hold on the political system in exchange for broad public support of greater economic austerity, it could pave the way for a more open political order. However, if the GOI views dissent and criticism as a threat to national stability, it could result in even more political control. USAID/Indonesia is already fully positioned to respond to contingencies flowing from most political scenarios.

NGOs face what appears to be mounting Indonesian military (ABRI) pressure. This pressure, along with a desire to be responsive to basic societal needs, has NGOs moving emphasis away from political activities to issues in the economic sphere. This is a time-tested, short-term strategy frequently employed by Indonesian pro-reform NGOs. It is important to note that several employees of USAID-assisted NGOs were illegally detained or treated poorly by military and police authorities. This is an indication that human rights issues may increase substantially.

At the most fundamental level USAID assistance will ensure that civil society development continues and key human rights, advocacy and economic research NGOs are supported during a period of severe economic downturn and political uncertainty. USAID/Indonesia will work closely with existing and new grantees:

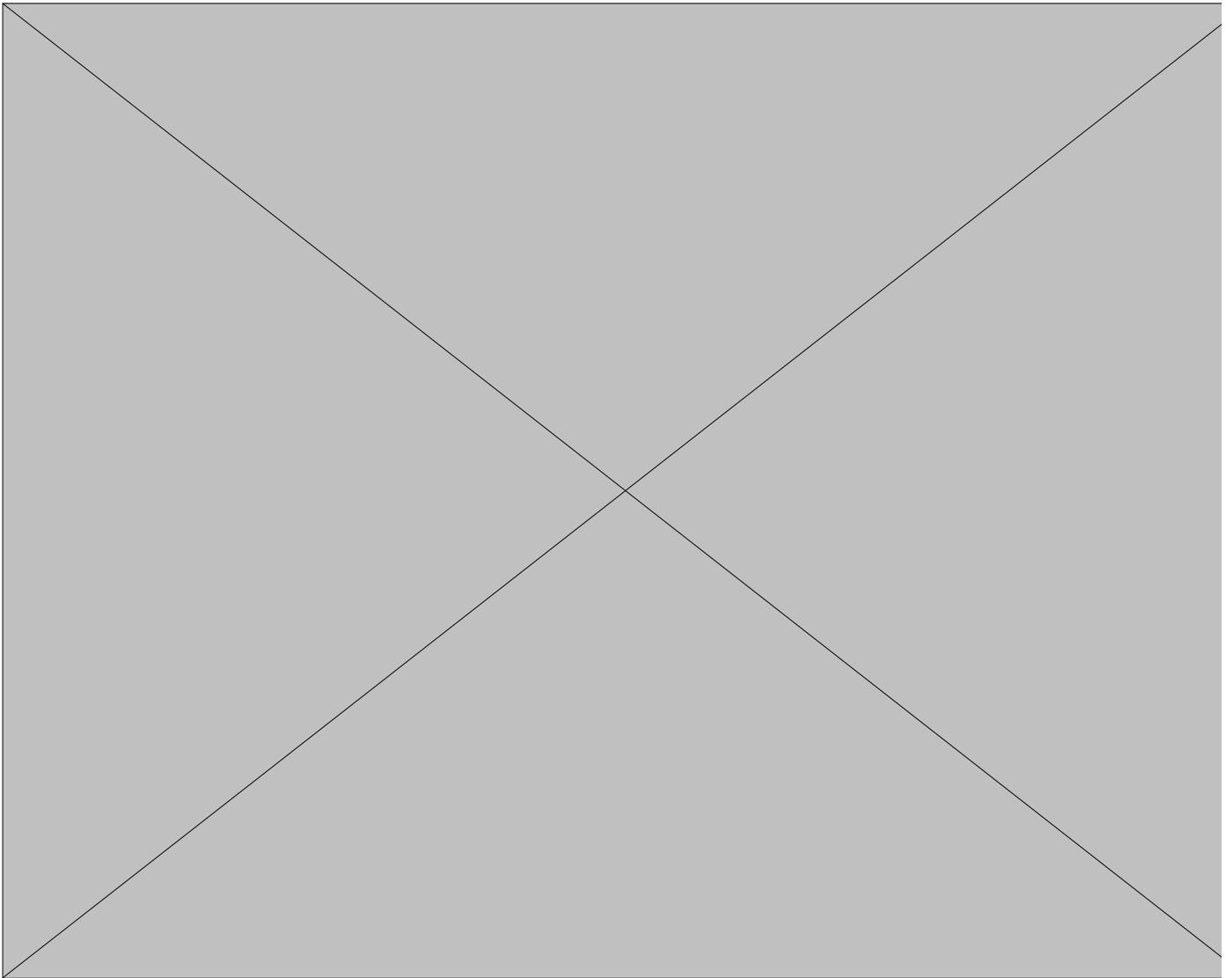
- to ensure they are as programmatically responsive to the crisis as possible; and,
- to analyze the joint effects of the Rupiah depreciation and inflation on grant budgets and financial operations.

USAID/Indonesia will not only continue to invest in strengthening secular and Muslim NGOs to advocate for responsible political reform and to protect human rights, but will respond to other elementary forces having major impacts on the growth of good governance and democratic practices. USAID/Indonesia will support NGO initiatives to develop a program between NGOs and the military to facilitate dialogue on important political and economic issues which Indonesia is now or about to encounter. Economic think tanks and academic organizations seeking to monitor implementation of economic reforms with an obvious connection to better governance will also be financed under this SO. Opportunities to deepen and expand journalism training will be pursued in order that improved transparency in decision-making may occur as accountability increases. Despite regular analyses, USAID/Indonesia has not identified any state institutions, aside from the National Human Rights Commission, committed sufficiently to reform to warrant direct and substantial assistance at this time.

The economic crisis could give rise to opportunities to connect economic restructuring and financial accountability efforts with governance issues in the broader political realm. Close coordination between activities supporting this SO and those supporting economic restructuring will strengthen the Mission's efforts to take advantage of new opportunities to positively influence Indonesia's political economy.

The role of civil society will be more important during political and economic uncertainty. Without additional resources, the Mission is programmatically and administratively deficient to responsibly increase democracy and governance activities of greater complexity and sensitivity. The SOT is responsible for the management of 20 to 25 direct grants, a large institutional contract, 45 sub-grants and the development of approximately seven new activities each fiscal year. The core team consists of one and one-half full-time USDH, a democracy fellow and five Foreign Service Nationals (FSN).

## **C. Performance Indicators**



**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

APPROVED: 15/05/1995

COUNTRY/ORGANIZATION: USAID/Indonesia

**INTERMEDIATE RESULT:** (SO Level Indicator)**INDICATOR SO 2.1:** Increased NGO impact on government policy formulation**UNIT OF MEASURE:** Number of times that activities of grantee NGOs have a measurable impact on the formulation of government policy**YEAR****PLANNED****ACTUAL****SOURCE:** NGO reports/USAID RP2 Team assessment.

1994 (B)

N/A

20

**INDICATOR DESCRIPTION:** In FY97, this indicator was independently examined by external evaluators including a highly respected U.S.-trained Indonesian political scientist.

1994/95

19

**COMMENTS:**

Increases in the number of times, USAID-supported non-governmental organizations (NGOs) had a measurable impact on the formulation of Government of Indonesia (GOI) policy again in year two. During FY 1997, impact on the formulation of government policy occurred 45 times (versus 39 in the baseline year, FY 1996), exceeding the target of 35 by 29%. Twenty-eight policy impacts were at the national level and 17 at the provincial level. NGOs achieved important successes in economic liberalization (especially critical because of the economic contraction) labor rights, and in fighting corruption. Policy interventions were concentrated in human/labor/women rights (53%); the environment (24%); and economic development (11%).

1995/96

30

39

1996/97

35

45

1997/98

40

1998/99

45

1999/00

50

1997 Target exceeded: 129%

2000 (T)

200

Status of Indicator: 40% of year 2000 target.

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

APPROVED: 15/05/1995

COUNTRY/ORGANIZATION: USAID/Indonesia

**INTERMEDIATE RESULT 2.1:** Increased NGO Advocacy for Greater Democratic Participation**INDICATOR IR 2.1.1:** 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.

YEAR

PLANNED

ACTUAL

SOURCE: NGO records and semi-annual reports.

1994 (B)

N/A

275

INDICATOR DESCRIPTION: Articles may or may not be favorable.

1994/95

369

**COMMENTS:**

Sixteen NGO grantees contributed to this indicator; the two most active were the Indonesian Legal Aid Foundation (LBHI) and the Asia Foundation (TAF). Because of aggressive public relations campaigns, a willingness by the press to publish articles on NGOs and a growing interest by the general public in following such stories, public awareness of NGO activities increased by 470%. Despite increased acceptance by the public, the government remains suspicious to the point of open hostility towards advocacy NGOs and their activities.

1995/96

370

1,059

1996/97

380

1,785

1997/98

390

1998/99

400

1999/00

410

1997 Target exceeded: 470%

Status of Indicator: 146% of year 2000 target

2000 (T)

1,950

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 2.1:** Increased NGO Advocacy for Greater Democratic Participation

**INDICATOR IR 2.1.2:** Increased NGO mobilization of public opinion through surveys and publications

**UNIT OF MEASURE:** Number of (a) surveys and (b) publications that mobilize public opinion and are organized by grantee NGOs, regardless of funding source.

**SOURCE:** NGO records and semi-annual reports.

**INDICATOR DESCRIPTION:**

Surveys and publications that mobilize public opinion.

**COMMENTS:**

This indicator has two measures: a) surveys and b) publications. Progress in making surveys was excellent reaching 163% of FY 1997 target. The GOI continues to be politically sensitive to NGO activity. More accurate targeting of funds to specific activities improved indicator performance. Led by the Institute for Human Resources and Development (LP3ES) and Consumers' Affairs Foundation (YLKI), most NGOs met or exceeded survey goals.

Publications achieved 253% of FY 1997 targets. The Institute for Free Flow Information (ISAI) continues to publish a highly popular series of twelve books about the current socio-political situation. Four books sold out their original press run of 3,000 and another run of 3,000 copies was published. During the second press run, one book was banned nationally while another has encountered banning problems in Central Java because of opposition from the military.

1997 Target exceeded: a) 163%, and b) 253%

	YEAR	PLANNED		ACTUAL	
		(a)	(b)	(a)	(b)
1994 (B)		N/A	N/A	8	30
1994/95				8	66
1995/96		16	35	8	42
1996/97		16	45	26	114
1997/98		20	40		
1998/99		20	40		
1999/00		25	45		
2000 (T)		97	205		

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 2.1:** Increased NGO Advocacy for Greater Democratic Participation

**INDICATOR IR 2.1.3:** Increased and more effective NGO advocacy campaigns in the areas of human rights, environment, labor, women's issues and independent media

**SOURCE:** NGO records and semi-annual reports.

**YEAR**

**PLANNED**

**ACTUAL**

**UNIT OF MEASURE:** (a) Number of effective advocacy campaigns in specified areas, initiated by targeted NGOs; (b) Number of campaigns addressing women's issues.

(a)

(b)

(a)

(b)

**INDICATOR DESCRIPTION:** Indicator measures campaigns, not activities.  
"Effective" means the advocacy reaches and is responded to by the target audience.

1994 (B)

N/A

N/A

20

1

**COMMENTS:**

1994/95

22

5

In FY 1997, actual results of indicator exceed target by 347%. Women issues exceeded the target by ten-fold. Twelve NGOs met or exceeded FY 1997 targets. Only one (YPMD) fell below planned target.

1995/96

30

4

87

8

Six NGOs drafted gender advocacy campaign plans which exceeded target by 1350%. FY 1997 obligations targeted NGOs with concrete

1996/97

30

4

104

54

1997/98

32

5

1998/99

32

5

1997 Target exceeded: a) 347%, and b) 1350%

1999/00

35

5

Status of Indicator: 120% advocacy campaigns and 270% advocacy campaigns addressing women's issues of year 2000 target

2000 (T)

159

23

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

APPROVED: 15/05/1995

COUNTRY/ORGANIZATION: USAID/Indonesia

**INTERMEDIATE RESULT 2.1:** Increased NGO Advocacy for Greater Democratic Participation**INDICATOR IR 2.1.4:** Increased civic education programs concerning citizens' rights**UNIT OF MEASURE:** (a) Number of civic education programs concerning citizen's rights; (b) Number of civic education programs addressing women's concerns.**SOURCE:** NGO records and semi-annual reports.**INDICATOR DESCRIPTION:** Civic education programs concerning citizen's rights and addressing women's issues.**COMMENTS:**

Greater knowledge of civil rights is allowing the general population to participate more actively in civil society. Reflecting improved targeting of funding, civic education results were 255% of the FY 1997 target. 191 civic education programs were conducted by NGOs, 75 were planned.

Women's civic education programs exceeded LEX 1997 target by 312%. This was the result of increased targeting. A number of additional

NGOs became actively involved in developing women's programs. The Indonesian Women's Association for Justice (APIK) and Solidaritas Perempuan (SP) were especially effective.

1997 Target exceeded: a) 255%, and b) 312%

Status of Indicator: 64% civic education and 67% civic education addressing women's issues of year 2000 target.

	YEAR	PLANNED		ACTUAL	
		(a)	(b)	(a)	(b)
	1994 (B)	(a)	(b)	(a)	(b)
		N/A	N/A	40	8
	1994/95			59	11
	1995/96	65	14	51	7
	1996/97	75	17	191	53
	1997/98	80	19		
	1998/99	80	20		
	1999/00	80	20		
	2000 (T)	380	90		

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 2.1:** Increased NGO Advocacy for Greater Democratic Participation

**INDICATOR IR 2.1.5:** 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; (b) Number of formal consultative meetings between communities and a GOI representative organized by the grantee NGOs.

**SOURCE:** NGO records and semi-annual reports.

**INDICATOR DESCRIPTION:**

(a) At the national level only meetings with senior members of the Ministry are counted. At the provincial level only meetings with Department Chiefs or higher are counted.

(b) Only formal community meetings organized by grantee NGOs are counted. These meetings are with GOI officials at the appropriate level down to "bupati" level.

**COMMENTS:**

Despite difficulties in Indonesia's current political environment, in FY 1997 NGOs became more pro-active in seeking dialogue with the GOI. Typically each NGO had dialogue at national, provincial and local levels with senior officials on legislation, presidential decrees,

ministerial decrees, executive orders, and administrative regulations. Thus, results exceeded targets for both GOI-NGO dialogue and GOI-community by about 220% .

**COMMENTS:**

Despite difficulties in Indonesia's current political environment, in FY 1997 NGOs became more pro-active in seeking dialogue with the GOI. Typically each NGO had dialogue at national, provincial and local levels with senior officials on legislation, presidential decrees,

ministerial decrees, executive orders, and administrative regulations. Thus, results exceeded targets for both GOI-NGO dialogue and GOI-community by about 220% .

1997 Target exceeded: a) 222%, and b) 220%

1997 Target exceeded: a) 222%, and b) 220%

Status of Indicator: 76% NGO-GOI dialogue and 65% GOI-community dialogue of year 2000 target.

YEAR	PLANNED		ACTUAL	
	(a)	(b)	(a)	(b)
1994 (B)	(a)	(b)	(a)	(b)
	N/A	N/A	65	20
1994/95			99	87
1995/96	100	30	219	59
1996/97	120	40	266	88
1997/98	130	50		
1998/99	140	50		
1999/00	150	55		
2000 (T)	640	225		

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 2.1:** Increased NGO Advocacy for Greater Democratic Participation

**INDICATOR IR 2.1.6:** Increased community participation in E. Timor, Irian Jaya and Aceh Province

**UNIT OF MEASURE:** (a) Number of self-help, village-based groups such as small credit groups established and assisted by grantee NGOs; (b) Percentage of group memberships which are female; (c) Number of opportunities for increased equity in participation; and (d) Number of opportunities

**YEAR**

**PLANNED**

**ACTUAL**

		(a)	(b)	(c)	(d)	(a)	(b)	(c)	(d)
<b>SOURCE:</b> NGO records and semi-annual reports.									

**INDICATOR DESCRIPTION:**

The Performance indicator is more specific by changing the words "politically sensitive areas." to "E.Timor, Irian Jaya and Aceh Provinces."

1994 (B)	N/A	N/A	N/A	N/A		13	25	82	21
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**COMMENTS:**

In the three provinces of East Timor, Irian Jaya and Aceh, democratic advocacy activities are more

difficult for NGOs than in other parts of the country. Citizen participation in small self-supporting groups concerned with economic development is an initial step permitted by the authorities. The National Cooperative Business Association (NCBA), the main grantee contributing to this indicator, exceeded their plans in establishing small coffee producer groups by a factor of fifteen and are being encouraged to set new targets based on their experience. (Planned 45, Actual 516). NCBA did not report on the percentage of women's participation, although plans for FY 1997 were made based on a University of Timor study on the role of women in coffee production. Eight NGO grantees report against part (a) but only six against (b).

1994/95						107	43		
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Units of measurement (c) that incorporate the Salesian Missions vocational training/education opportunities for boys in E.Timor has exceeded targets by 208%. Though gender activities were not reported in FY 1997, the University of E. Timor (UNETA) conducted training for women to increase equity participation. Gender targets will be incorporated in 1998.

1995/96	40	35				432	42		
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1997 Target exceeded: a) 1147%, b) 196% , c) 208%, and c) 100%

1996/97	45	40	90			516	78	187	3
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Status of Indicator: 387% community groups, 154% women's participation in community groups, and 64% for increased equity participation of year 2000 target.

1997/98	50	45	90						
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1998/99	55	50	110						
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1999/00	55	51	110						
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**HENNY PLEASE CONFIRM NUMBERS**

2000 (T)	245	51	400						
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**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

APPROVED: 15/05/1995

COUNTRY/ORGANIZATION: USAID/Indonesia

**INTERMEDIATE RESULT 2.2:** Increased Activities that Promote Further Respect for Rule of Law**INDICATOR IR 2.2.1:** Increased monitoring of extra-legal activities**UNIT OF MEASURE:** (a) Number of cases of corruption, abuse or collusion reported by NGOs to the public or appropriate GOI representative; (b) Number of cases reported that are targeted against women.**SOURCE:** NGO records and semi-annual reports.**INDICATOR DESCRIPTION:** The Performance indicator was changed from "corruption, abuse of power and collusion" to "extra-legal activities"; however, the units of measurement remain the same.**COMMENTS:**

Monitoring is the first step in exposing extra-legal activities. Both activities are essential to promoting respect for the rule of law. Half of the granted NGOs report against this performance indicator. Increased monitoring of extra-legal activities exceeded 1997 performance targets by over 2000%. Nine of eleven NGOs including National Human Rights Commission (KOMNASHAM) are on target as of FY 1997. Targets for increased monitoring of extra-legal activities against women were exceeded by 988%.

1997 Target exceeded: a) 2256%, and b) 988%

Status of Indicator: 496% monitoring of extra-legal activities and 200% activities against women of year 2000 target.

	YEAR	PLANNED		ACTUAL	
		(a)	(b)	(a)	(b)
	1994 (B)	n/a	n/a	35	2
	1994/95			18	0
	1995/96	45	7	212	13
	1996/97	50	8	1,128	79
	1997/98	55	9		
	1998/99	60	10		
	1999/00	60	12		
	2000 (T)	270	46		

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 2.2:** Increased Activities that Promote Further Respect for Rule of Law

**INDICATOR IR 2.2.2:** 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 women attending above seminars; (e) Number of enquiries by the representatives at the DPR Research and Information Center (P3I).

**SOURCE:** NGO records and semi-annual reports.

**INDICATOR DESCRIPTION:** Measure (b) is cumulative while the others are annual.

**COMMENTS:**

Knowledge of basic laws is essential to increase public respect for rule of law. In FY 1997, (a) actual results were 80% of annual target. (b) The ELIPS project, which transcribes laws and regulations onto CD Rom for GOI, professional and academic use, continues on target. (c) Comments, talks about seminars financed, description number of people attending exceeded 312%. (d) Actual results exceed targets for women seminars by 221%. (e) Approximately 14% of the Members of Parliament used the center. This is less than desired but reflects an increase as parliament becomes more active in policy making.

1997 Target exceeded: b) 159% , c) 312% , d) 221% , but a) 80% and e) 14% not met

Status of Indicator: a) 21%, b) 148%, c) 73%, d) 42% and e) 34% of year 2000 target.

YEAR	PLANNED					ACTUAL				
1994 (B)	(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	(e)

		N/A	N/A	N/A	N/A	N/A	8	6,000	850	150	5
	1994/95						7	6,500	407	120	51
	1995/96	35	6,500	950	190	300	12	6,503	591	128	621
	1996/97	40	7,000	950	285	350	32	11,101	2,967	630	48
	1997/98	45	7500	1,000	400	400					
	1998/99	45	7,500	1,000	450	450					
	1999/00	45	7,500	950	475	450					
	2000 (T)	210	7,500	4,850	1,800	1,950					

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

APPROVED: 15/05/1995

COUNTRY/ORGANIZATION: USAID/Indonesia

**INTERMEDIATE RESULT 2.2:** Increased Activities that Promote Further Respect for Rule of Law**INDICATOR IR 2.2.3:** Increased legal proceedings, in which grantee NGOs encourage the consistent enforcement of existing laws**UNIT OF MEASURE:** (a) Number of legal proceedings in which selected NGOs support 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 semi-annual reports.**INDICATOR DESCRIPTION:**

Note: (b) is a subset of (a).

	YEAR	PLANNED		ACTUAL	
		(a)	(b)	(a)	(b)
	1994 (B)	(a)	(b)	(a)	(b)
		N/A	N/A	500	75
	1994/95			1,509	228
<b>COMMENTS:</b>	1995/96	600	96	650	240
Marginalized groups cannot afford or do not know how to initiate legal proceedings to ensure they are protected by existing laws. LBHI is the principal NGO contributing to planned target which achieved 136%. Only 5% of all LBHI cases initiated were on behalf of women. Targets were established before LBHI, the only grantee involved in this activity in FY 1997, started disaggregating their records by gender. The gender targets will be upgraded during 1998.	1996/97	650	111	881	280
	1997/98	700	126		
	1998/99	700	133		
	1999/00	700	140		
1997 Target exceeded: a) 136%, and b) 252%					
Status of Indicator: 46% legal proceedings and 86% proceedings on behalf of women of year 2000 target.	2000 (T)	3,350	606		

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 2.2:** Increased Activities that Promote Further Respect for Rule of Law

**INDICATOR IR 2.2.4:** More active and effective lobbying by NGOs to ensure that laws are evenly enforced across all sectors

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

**SOURCE:** NGO records and semi-annual reports.

**INDICATOR DESCRIPTION:**

**COMMENTS:**

Improved effectiveness in lobbying by NGOs is having an impact on GOI policy formulation.

Actual result (outcome) was 100% of planned target for lobbying campaigns in FY 1997. Only 15% of the women's lobbying target was reached. Targeting of FY 1997 obligations was responsible for the improvement. Eight NGO grantees contributed to performance. Three NGOs work directly on women's issues. In FY 1998, increased efforts will improve campaigns to increase women rights.

1997 Target achieved: a) 100%, and b) 15% not met

Status of Indicator: 32% lobby campaigns and 11% that address women's issues of year 2000 target.

YEAR	PLANNED		ACTUAL	
	(a)	(b)	(a)	(b)
1994 (B)	N/A	N/A	90	30
1994/95			53	0
1995/96	110	35	67	15
1996/97	120	40	120	6
1997/98	120	40		
1998/99	120	40		
1999/00	120	40		
2000 (T)	590	195		

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 2.2:** Increased Activities that Promote Further Respect for Rule of Law

**INDICATOR IR 2.2.5:** 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 resolutions initiated with existing alternative dispute resolution mechanisms, by selected grantee NGOs.

**SOURCE:** NGO records and semi-annual reports.

**INDICATOR DESCRIPTION:**

**COMMENTS:**

Alternative Dispute Resolution (ADR) is being promoted by NGOs and the National Planning Board (BAPPENAS) as an option to formal legal proceedings. ADR is a new concept for Indonesia so exceeding planned target by 533% for establishing new mechanisms is

encouraging. 67% of planned target for the use of existing ADR mechanisms was also realized. Particularly encouraging has been the performance of two grantees pursuing ADR mechanisms in environmental and consumer rights.

1997 Target exceeded: a) 533%, and b) 87% not met

Status of Indicator: 121% establishing new ADR mechanisms and 24% the use of existing ADR mechanisms of year 2000 target.

YEAR	PLANNED		ACTUAL	
	(a)	(b)	(a)	(b)
1994 (B)	N/A	N/A	1	1
1994/95			6	3
1995/96	2	30	1	10
1996/97	3	30	16	26
1997/98	3	30		
1998/99	3	30		
1999/00	3	30		
2000 (T)	14	150		

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 2.3:** Enhanced Capacity, Reliability, and Responsiveness of Selected NGOs

**INDICATOR IR 2.3.1:** 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; (b) Number of grantee NGOs with at least five funding sources that each contribute 10% or more to annual revenue.

**SOURCE:** NGO records and semi-annual reports.

**INDICATOR DESCRIPTION:**

The measurements for this indicator are cumulative. NGOs represented in the units of measurement should maintain level of economic independence during the life of the SO. To be represented in the indicator, the NGOs must continue to be grantees. Note: The indicator includes sub-grantees.

**COMMENTS:**

While USAID has supported hundreds of Indonesian NGOs in the past two decades, the NGOs represented in this indicator are new to the process. The performance in seeking fiscal independence is encouraging. In FY 1997, 77% of (a) was reached and 125% of (b). NGOs USAID is no longer funding have generally found other sources of finance and are continuing to function effectively. The baseline is the total number of NGOs USAID has funded in the past ten years.

1997 Target exceeded: b) 125%, and a) 77% not met

Status of indicator: 71% USAID funding dependency and 65% funding diversification of year 2000 target.

	YEAR	PLANNED		ACTUAL	
		(a)	(b)	(a)	(b)
	1994 (B)	N/A	N/A	50	5
	1994/95			11	7
	1995/96	60	7	40	12
	1996/97	65	12	50	15
	1997/98	70	14		
	1998/99	70	16		
	1999/00	70	18		
	2000 (T)	70	18		

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 2.3:** Enhanced Capacity, Reliability, and Responsiveness of Selected NGOs

**INDICATOR IR 2.3.2:** Strengthened and more NGO networks at local, national and international level

**UNIT OF MEASURE:** (a) Number of new networks established by grantee NGOs linking three or more NGOs in Indonesia; (b) Number of existing networks used by grantee NGOs at provincial, national or international level.

**SOURCE:** NGO records and semi-annual reports.

**INDICATOR DESCRIPTION:** "Networks" can be electronic net works or organizational networks, such as federations.

**COMMENTS:**

Advocacy NGOs can enhance their capabilities and effectiveness by joining and/or establishing networks within Indonesia and internationally.

NGOs exceeded targets for establishing new networks by 825% with seventeen NGOs contributing to the planned target.

1997 Target exceeded: a) 825%, and b) 286%

Status of Indicator: 246% establishment of new networks and 191% use of existing networks of year 2000 target.

YEAR	PLANNED		ACTUAL	
	(a)	(b)	(a)	(b)
1994 (B)	N/A	N/A	7	25
1994/95			18	32
1995/96	15	35	35	43
1996/97	8	50	66	143
1997/98	8	60		
1998/99	5	70		
1999/00	5	75		
2000 (T)	41	75		

**OBJECTIVE 2:** Increased Effectiveness of Selected Institutions which Promote Democracy

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 2.3:** Enhanced Capacity, Reliability, and Responsiveness of Selected NGOs

**INDICATOR IR 2.3.3:** 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; (c) Number of Indonesian NGOs with appropriate operating management systems, including financial, information, procurement, personnel, decision-making and communication procedures and controls.

**SOURCE:** NGO records and semi-annual reports.

**INDICATOR DESCRIPTION:**

This includes sub-grantees. Unit of measure (c) is cumulative.

**COMMENTS:**

NGOs are improving their planning and management systems. All three units of measurement exceeded annual targets by approximately 200%. The eighteen NGOs involved, exceeded target in planning and administration training by 289%. Actual results exceed target of those trained who were women by 202%.

1997 Target exceeded: a) 289%, b) 202%, and c) 260%

Status of Indicator: 99% training, 71% women's training and 255% establishment of management systems of year 2000 target.

**YEAR**

**PLANNED**

**ACTUAL**

(a)

(b)

(c)

(a)

(b)

(c)

	1994 (B)	N/A	N/A	N/A	115	40	7
	1994/95				413	142	8
	1995/96	140	56	15	276	101	27
	1996/97	120	54	20	347	109	52
	1997/98	140	70	25			
	1998/99	120	60	28			
	1999/00	110	55	31			
	2000 (T)	630	295	31			

Strategic Objective 3:  
DECENTRALIZED AND STRENGTHENED NATURAL  
RESOURCES MANAGEMENT

<b>Result</b>	<b>Name</b>	<b>Rating</b>	<b>Evaluation Findings *</b>
SO	Decentralized and Strengthen Natural Resources Management	Met	
IR	Improved Forest Resources Management	Met	
IR	Improved Protected Areas Resources Management	Met	
IR	Improved Coastal Resources Management	Met	
<b>Percent Funding Through NGOs and PVOs:</b>		<b>FY98 <u>43%</u></b>	<b>FY99 <u>47%</u>      FY00 <u>43%</u></b>

\* Due to the crisis in Indonesia, the status of Mission evaluations and corrective actions are discussed in part II *Progress Towards Objectives*.

## **II. Progress Towards Objectives**

### **A. Performance Analysis**

The past year was a busy one in natural resource management. The Natural Resources Management Project (NRMP) was successfully closed out, and important progress was made across planned results as new implementers for the Natural Resources Management Program II (NRM II) mobilized, established relationships with local clients, and began work. Further, the final quarter of the reporting period witnessed an explosive spate of widespread forest fires and the Mission took the lead on a sizeable portion of the U.S. Government response to the disaster. These fires seized worldwide headlines and graphically illustrated how vulnerable Indonesia's globally important tropical forests, coral reefs, and biodiversity remain given the country's current political economy.

As requested by USAID/Washington following the 1996/97 R4 review, the SO RF was revised to reflect the Program's focus on three globally important U.S. environmental priorities stressed by Department of State and USAID (see 1997 State 97652 paragraph 17). Accordingly, the intermediate results now read: (IR1) Improved Forest Resources Management; (IR2) Improved Protected Areas Management, reflecting the principal biodiversity conservation strategy adopted by Indonesia; and (IR3) Improved Coastal Resource Management. The status of a fourth priority which assumed increased significance during the past year, global climate change, is also discussed below. In addition, USAID gender concerns were incorporated into the RF's institutional development index.

The impact of the revised RF on the previously agreed upon indicators themselves is minimal. Two indicators were dropped due to the deletion of the program's Environmental Quality Management (EQM) component (see 1997 State 97652 paragraph 19) and three others because they were no longer meaningful under a sectoral framework. Drawing on USAID/Namibia's experience, a new institution building index was proposed. The new IR structure improved the precision of indicator definitions within each of the three sectors. This gain, together with the confidence gained by the Mission's implementing partners during the new Program's first year, permitted significant upward adjustments in the targets for future years. Nevertheless, for the purpose of reporting this past year's performance, original targets were retained and disaggregated, as appropriate, between the three sectors represented by the new IRs.

### **Decentralized and Strengthen Natural Resources Management**

Expected progress as measured by strategic level indicators was met. Of the two SO-level PIMs, one exceeded target and one failed to meet target. "Best practices" piloted and refined on USAID-assisted sites proved effective in reducing degradation. However, others only began to pick-up and replicate these practices, which in turn, were picked up and used by others. For example, a set of piloted best practices related to reduced impact harvesting (RIH), for logging, were replicated by Indonesia's third largest forest concessionaire after they were championed within the firm by a former USAID Master's Degree participant. Based upon the results of a 10 hectare demonstration which indicated a 30% cost savings as a result of using RIH techniques, he convinced his CEO it was worth a try. A 197 hectare pilot test of reduced impact techniques was

organized within one of the firm's logging areas. It was demonstrated that significant gains in productivity were possible with less collateral damage to the remaining forest. The CEO instructed all of the company's operations across Indonesia to institute these practices beginning with the new year, a decision which would impact approximately 1.5 million hectares, located mainly in Kalimantan. A half-dozen of Indonesia's 50 principal forest concessionaires became aware of this development, and viewing it as a potentially important competitive advantage, approached USAID/Indonesia for related advice and assistance. Incidentally, implementation of RIH techniques also helps reduce damage caused by forest fires. Under conventional logging practices in Indonesia extensive damage done by concessionaires at the time of logging results in vast amounts of dead and dry vegetation. This vegetation increases the fuel load and likelihood of forest fires, and the subsequent degree of fire damage. RIH helps to reduce "fuel loading" and, thus, reduce the risk of large fires.

### **IR 3.1 Improved Forest Resources Management**

Expected progress towards achievement of this IR was met. All six PIMs met or exceeded targets. In addition, a baseline was established for the new institutional strengthening indicator.

Through USAID assistance, significant changes were made in restrictive trade policies which have devastated Indonesia's once predominant share in world rattan markets. This opened the door to restoring thousands of jobs and hectares of forest by sustainable use of resources. At the national level, USAID assistance fueled public policy discussions regarding local community involvement in managing forests. One result was a ministerial decree decriminalizing the collection and sale of non-timber forest products by households living within Indonesia's large corporate forest concessions. A second was increasing support within the political elite to recognize the traditional land and forest use rights of outer island communities.

Experience from the field confirmed there was a broad scope for working on provincial level policy issues with local officials. Development partners continued work with provincial government planning bodies to assert the interests of local governments and communities in managing local forest resources. To a great extent, these efforts focussed on securing resource use rights for local communities. A good example came from West Kalimantan where the NGO Pancur Kasi assisted members from ten minority Dayak communities in mapping out the extent of their traditional land use claims on approximately 56,000 hectares. Four of these claims were incorporated into the Province's official land use plan. As such, they were the basis for canceling a proposed oil palm concession and forest concession that would have destroyed forests in the mapped areas.

### **IR3.2 Improved Protected Areas Resources Management**

Expected progress towards achievement of this IR was met. Of the six PIMs used to measure progress, five exceeded targets and one failed to meet target. Overall achievement toward this IR was on-track. Planned targets were reached across five of the six original performance indicators.

Protected area policy was affected by delays incurred in securing final GOI approval of the marine equivalent of a land use plan for Bunaken National Park's coral reefs and shallow water areas. A USAID partner assisted Indonesia's national park service in developing the plan in a highly collaborative fashion which set a new standard for national marine park planning. It is anticipated that it will be approved by the next R4 reporting period. In the meantime, Bunaken's UPT status (independent budget and increased staff authority) was confirmed in an overarching government order reorganizing national park operations. A park management team was identified for Bunaken and individuals, including a new and highly regarded national park director, were assigned to the team.

The endemic suspicion and mistrust between government officials and NGOs remained a particular handicap in protected area management. The park service continued to lack the human resources and skills needed to manage all aspects of Indonesia's protected area system. The Mission assisted in helping some of Indonesia's better park managers find ways to effectively utilize NGOs and other private sector groups to supplement the capabilities of their own staff. As a result, the NGO Kelola was engaged to conduct a public information campaign about Bunaken National Park. An increasing number of such agreements is an important indicator of the degree of decentralization and devolution in protected area management occurring.

### **IR3.3 Improved Coastal Resources Management**

Expected progress towards achievement of this IR was met. All six PIMs for assessing progress against this IR exceeded targets during the reporting period. With over 81,000 kilometers of coastline and some of the world's most important coral reefs, Indonesia was targeted for a series of special coastal management activities beginning next year by WB, ADB, and the Government of Japan. Design of the activities' local level organizational models and processes is based on lessons learned from USAID/Indonesia's activities in Northern Sulawesi and Maluku.

Policy gains made during the year included a ground breaking national regulation providing for incorporation of community maps, including customary sea rights, in spatial plans prepared and administered by Northern Sulawesi and Maluku provinces. There were also corollary advances in North Sulawesi where the government instructed local authorities to formally provide opportunities for stakeholder involvement in coastal resource planning and management. In Maluku, maps reflecting community sea use systems in three districts were formally incorporated into spatial land use plans.

Taking advantage of these policy gains, USAID led the way in adapting the community mapping techniques initially developed by Pancur Kasi for coastal and marine management use. For example, with Pancur Kasi's assistance, Yayasan Hualopu mapped the traditional sea use rights of five villages in Maluku. Once officially recognized by the village governments, the maps were formally incorporated into district level spatial land use plans.

The maps provided the basis for site specific management plans and agreements which can be implemented by the local communities. The maps helped identify and codify the extent of fishing areas that are managed through a traditional system of "closed seasons" implemented by local enforcers.

Women accounted for 20% of participants in training for the diffusion of mapping techniques, related participatory rural appraisal practices, and other coastal training activities over the past year.

These coastal efforts attracted intense interest from the electronic media both inside and outside Indonesia. Australian television and BBC aired extensive interviews with USAID partners, and one of Indonesia's television stations filmed and aired a series of four half-hour specials on USAID coastal activities in North Sulawesi.

### **Integrated Pest Management (IPM)**

In compliance with last year's Management Contract (1997 State 97652 paragraph 16), 1998 will mark the close of USAID/Indonesia's successful eleven-year effort to promote the design and adoption of IPM practices in Indonesia. During the activity's final year, \$2.25 million or 11% of its total financing was utilized as part of the SO results package. To simplify the presentation of the SO RF, IPM is not represented. To highlight the contributions to results by IPM, indicators included in the previous RF are utilized.

A review of the attached tables indicates that the IPM program fell modestly short of meeting targets over the reporting period. This was, in part, due to prevailing drought conditions which have interrupted rural circumstances, but also reflects confusion with the Ministry of Agriculture's planning and budgeting procedures. In spite of these shortfalls, the Mission considers this activity essentially on-track and ready for "graduation" from USAID assistance.

To better disseminate the results and lessons learned from the IPM experience, USAID/Indonesia commissioned a comprehensive final assessment of the five Mission grants and two supplementary Global Bureau grants which constitute USAID's IPM assistance. The final report, which will be available in May 1998, will document the contributions this effort made to empowering hundreds of thousands of rural households. Follow-on Australian and Nordic donor support amounting to \$1.9 million is now in place to finance the long-term local and international technical assistance still required to assist the program over the next five years.

## **B. Expected Progress Through FY 2000 and Management Actions**

The current crisis will affect progress towards the achievement of the SO. Although assumptions have drastically changed as a result of the crisis, the RF and related indicators remain valid and achievable. Opportunities and threats inherent in the crisis can largely be accommodated by changes in specific technical approaches and the related terms of reference and levels of effort.

The principal implications for the SO over the short-term are threefold. First, the GOI and business community have signaled they are turning back to primary industries to generate urgently needed foreign exchange. The principal industries involved will be forestry, pulp and paper, palm oil, mining and fisheries. Second, at the household level, the economic crisis and drought are provoking job losses and devastating rural incomes resulting in affected households returning to the hillsides and coastlines in search of supplemental means. The corporate and household responses increase the potential of conflict between the two. Conflicts over land, resulting from unclear and insecure property rights, and land allocation policies that take little account of established, albeit informal, local claims, are at the heart of the problem

The best illustration of the increased threat these three factors pose to United States environmental priorities in Indonesia are the resurgent fires in East Kalimantan. Some were lit to clear land for palm oil or pulp and paper plantations. Others (in Kutai National Park) were lit by retrenched employees from the nearby mills to clear land for subsistence crops. A third set of fires were lit by both groups to devastate palm seedlings and food crops planted by the other. This desperate violent situation together with its marine equivalent (bomb and cyanide fishing, mangrove to pond conversions, and over-fishing) demonstrates the relevance of the SO RF and its focus on improved, sustainable management of Indonesia's forest, coastal and biodiversity resources.

Much consideration was given to the logic behind revisions made to the RF. With the modest resources available, stability or improvement of the country's natural resources will not occur simply from USAID-field site activity. The Mission is also focusing resources on policy change, institutional strengthening, and communication and education, to create the enabling conditions under which better and decentralized natural resources management can occur. This will further serve to strengthen success in research and development sites. Practices and processes successful at the sites will over time be picked up and replicated by others in Indonesia. The success of this initial small investment leveraged to put more area of Indonesia's natural resources under better management will be borne out by progress reflected under SO-level indicator 3.0.1. *USAID-assisted sites where condition of the targeted natural resource is stable or improving as a result of best practices being implemented.*

As a result of recent developments, the next two years could be a watershed for progress in national forest policy. Several sections of the IMF agreement single out dysfunctional elements of Indonesia's forest industry and trade policy for action, focusing domestic and international attention on the need for structural reform in the forestry sector. While the economic objectives are significant, it is the derived changes they can provoke in natural resource governance that has the potential for sustainable impact on the sector. USAID/Indonesia was already poised to provide immediate support to these efforts. As a result of IMF reforms, USAID forest policy

interventions have accelerated, are more explicitly targeted, and better coordinated with the efforts of other donors.

The Mission anticipates progress towards improved protected areas resources management will continue as planned through FY 2000. Adjustments to implementation, however, are necessary to ensure progress remains on track.

The economic crisis seriously undercut policy targets focussed on increasing public and private sector conservation financing and using these resources to engage a broader range of institutions in protected area management. Expectations regarding increased GOI budget allocations and private sector contributions evaporated overnight. However, it is expected a secondary market will develop in heavily discounted Indonesian debt. While the potential scale of such opportunities is unclear, the Mission believes there will be scope for structuring debt-for-nature swaps along the lines of those undertaken in some Latin American countries a decade ago. Virtually all implementing partners have relevant experience in this area and are now bringing this to bear on the Indonesian situation. Such an effort could be tailored to support the objectives of the Tropical Forestry Preservation Act currently pending in the U.S. Congress. Should expectations prove out, actual performance could exceed targets.

Crisis pressures on primary sector industries to generate foreign exchange will prove unstoppable, but can be directed. The Mission intends to use SO resources to minimize the impact of these pressures on Indonesia's most important biological areas. In the coming year, full time advisors will assist provincial level bodies responsible for land use allocation decisions within Indonesia's biologically most important provinces. The objective is to "get ahead of the curve" by assisting authorities in incorporating existing protected area boundaries and biodiversity conservation considerations into their functional land use plans before private interests seeking land for new palm oil, pulp and paper plantations make their pitch.

The proximity of exploitable mineral resources in and near national parks and other protected areas is an additional threat. Mining is viewed as an important foreign exchange earner over the coming years, and is now one of the fundamental threats to improved management of Indonesia's protected areas. Accordingly, during FY98 the Mission will consider providing technical assistance to minimize anticipated impacts.

In the current economic environment the Mission does not expect any abatement in the need for supplemental incomes felt by families living in and around protected areas. During the next month, the Mission will respond by piloting an environmental social marketing campaign which will help redirect household level exploitative pressures on the parks arising from the crisis. Such campaigns have proven successful in mitigating similar threats in Latin America and Micronesia. Additional assistance will be provided to build up the skills and morale of national park staff, and their capacity to work in cooperation with local communities in managing the parks.

It is anticipated that the performance of Coastal resource management will continue on track. This sector, however, will not go unaffected by the political, economic, and climatic (El Nino) changes unfolding in Indonesia. In one USAID-assisted site, consisting of two rural coastal communities and 4000 residents, there has been no rain for the last eleven months. Traditional

cash crops grown in the area by part time fishers and farmers have died and several of the springs which supplied the village with potable water have dried up or become contaminated. Villagers must now pay for water transported into the community, an additional financial burden on households which comes at a time when both cash income and subsistence foodstuffs have declined.

The addition of new activity sites in Lampung, Sumatra and East Kalimantan respond to some of the areas hardest hit by fire and drought over the past year. USAID assistance will play a significant role in assisting communities address the immediate issues they face resulting from the effects of drought and the financial crisis.

An additional challenge will be monitoring global climate change/variation. Such change can have profound implications for the health and productivity of Indonesia's vast marine and coastal ecosystems, especially shallow water systems such as coral reefs. Bleaching events believed to be caused by increased sea temperatures are affecting Indonesian coral reefs, however, there is not yet reliable data on the scale or distribution of the event. In addition to El Nino-related phenomena, there are reports of red tides off the west coast of Lampung, Sumatra, likely caused by months of haze hovering over the province finally clearing, resulting in a massive "plankton bloom" as light-starved waters were exposed to sunlight. A related event reduced live coral cover on an entire island in West Sumatra from greater than 50% to less than 5%.

Global climate change continues to be a low priority topic in Indonesia. Nearly two years ago USAID/Indonesia set aside \$150,000 to assist the GOI Ministry of Environment in financing the preparation of its climate change action plan. Serious work on this document only began in February 1998 when the ministry contracted with an NGO and a local university to prepare the plan's principal sections. The draft plan is due by March 31, 1998. It will be a significant advance over its 15-page "stack and staple" predecessor assembled in January 1997, but will still have a long way to go before it meets international standards. Significant gaps and inaccuracies remain in the basic inventories which were used as the basis for the plan's recommendations. It will also require adequate public discussion and amendment before it can be considered a meaningful document.

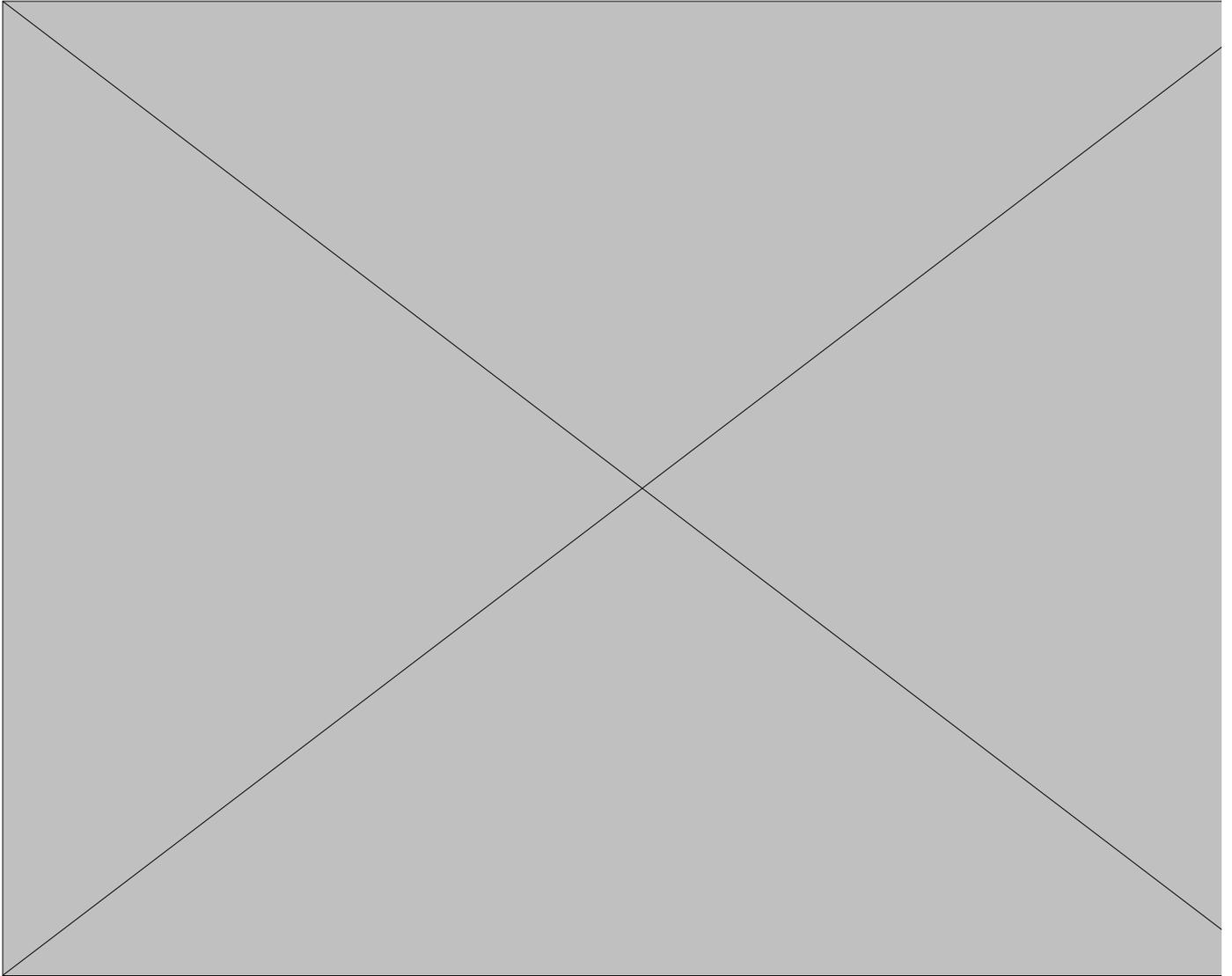
Indonesia has been identified by USAID as a key climate change country (GCC). This runs counter to USAID/Indonesia's transitional status and diminishing program and personnel resources. The ANE bureau agreed that a "parallel strategy" would be prepared which would permit GCC program resources and management to come directly from Washington, either from the ANE or Global Bureaus.

In January 1998, USAID/Indonesia agreed to absorb a \$4.25 million earmark for GCC funds. At the same time, the Mission confirmed that in view of the ongoing economic uncertainty in Indonesia, further design of a parallel GCC strategy would be put on hold. This position was further reiterated in a March 1998 message from the Mission Director to Washington.

If Indonesia remains a key GCC country, and within six months time the current economic and political turmoil has stabilized, the Mission recommends that the idea of a parallel GCC strategy be revisited. The Mission continues to believe the significant requirements that would attend the

development of a GCC program here would require that it be developed outside of, but in corroboration with, the current program. It would need to be provided with its own financial and human resources for implementation. It is important to note that progress in Indonesian GCC issues will remain conditioned by the ability and interest of the GOI to accept such assistance.

## **C. Performance Indicators**



**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995 **COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** (SO level indicator)

**INDICATOR SO 3.1a:** Total area of USAID-assisted sites where condition of the targeted natural resource is stable or improving as a result of best practices being implemented

**UNIT OF MEASURE:** Hectares

**SOURCE:** 1. Data source: NRM II partner reports; 2. Method of data collection: Field surveys; 3. Data collection responsibility: NRM II

**INDICATOR DESCRIPTION:** Cumulative

1. Definitions

(a) Best practices refers to a socially sustainable practice, process or pattern of resource use employed by stakeholders and managers at the field level that contributes to the condition of the targeted natural resource's stability or improvement.

2. Assumptions

(a) An "improvement" can also mean a reduction in rate of the deterioration of the targeted natural resource

(b) NRM II partners are required to submit "proof" that would convince an informed non-expert that the targeted area is stable or improving as a result of the techniques and processes they tested.

(c) There is no one list of "best practices", because we want to encourage innovation and a best practice in one place may not be a best practice in another. We do, however, have indicative lists of best practices. Techniques and processes are tested by NRM II partners, with total hectares of test areas being reported under indicators 3.1.3, (forest area), 3.2.3 (protected areas), and 3.3.3 (coastal areas). At the point where the practice or technique has led to the documented stability or improvement of the area in a manner that is socially sustainable, the area is then reported under 3.1a.

differences in use and perception of the resources, (iii) the majority of local inhabitants are willing to adopt the practice, and (iv) it does not infringe anew the traditional practices of ethnic and tribal communities.

(e) Results of policy initiatives and institution building activities will be captured in their respective indicator indices, and *not* under this indicator. As noted above, "best practices" refers to techniques and processes utilized *at the field level* whose adoption will directly lead to more hectares of the targeted resource being reported as stable or improving. Policy initiatives and institutional strengthening lead to the social conditions under

which best practices can occur (and hopefully be replicated), but do not *themselves* necessarily lead to biophysical change in the resource.

**COMMENTS:** Data significance - 1996/97 actuals breakdown between sectors: Forests: 14,900 ha; Protected Areas: 2,300 ha; Coastal: 284 ha. At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were

thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Now that our programs are in place, we expect to impact upon a greater area of influence in the next several years, eventually leveling off as the replication numbers (3.1b) begin to increase.

Summary performance rating - On Track. 1997 Target exceeded: 622%

YEAR	PLANNED	ACTUAL
1996/97	2,810	17,484
1997/98	1,198,940	
1998/99	5,901,323	
1999/00	13,199,200	
2000/01	13,974,026	
2001/02	18,554,026	
2002/03 (T)	18,634,026	

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995 **COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** (SO level indicator)

**INDICATOR SO 3.1b:** Total area where NRM-tested best practices are being replicated by others and has lead to stability and improvement of the targeted natural resource

**UNIT OF MEASURE:** Hectares

**YEAR**

**PLANNED**

**ACTUAL**

**SOURCE:**

1. Data source: NRM II partner reports; 2. Method of data collection: Field surveys; 3. Data collection responsibility: NRM II partners

**INDICATOR DESCRIPTION:** Cumulative

1. Definitions

(a) Best practices refers to a socially sustainable practice, process or pattern of resource use employed by stakeholders and managers at the field level that contributes to the condition of the targeted natural resource's stability or improvement.

2. Assumptions - see Indicator 3.1a.

**COMMENTS:**

Data significance - 1996/97 actuals breakdown between sectors: Forests: 197ha, Protected areas: 0 ha, Coastal: 0 ha

It is anticipated that in the early years of the NRM II program, that replication will be slower and in the later years, due to wide dissemination of lessons learned from NRM II research and development sites, that replication will be much greater.

Summary performance rating - On Track. 1997 Target not met: 12%

	1996/97	1,700	197
	1997/98	39,200	
	1998/99	156,200	
	1999/00	517,700	
	2000/01	1,074,200	
	2001/02	1,239,200	
	2002/03 (T)	1,809,200	

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995 **COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.1:** Improved Forest Resources Management \*

\* Forest resources management includes activities in protection forests, regular production forests, limited production forests or conversion forests. It also includes forestry activities on agricultural land.

**INDICATOR IR 3.1.1:** Number of targeted institutions exceeding 2.5 on the institutional Development Framework Resources

UNIT OF MEASURE: Number of Institutions	YEAR	PLANNED	Actual
<p><b>SOURCE:</b> 1. Data source: NRM II partner reports; 2. Method of data collection: surveys every year; 3. Data collection responsibility: NRM II partners</p>	1996/97	new	1.0
<p><b>INDICATOR DESCRIPTION:</b> Cumulative</p>			
<p>1. Definitions</p>			
<p>(a) <u>Institutions</u> refers to the full range of partners with whom SO3 works including provincial and local government, NGOs, community-based organizations (CBOs), and universities, as well as national government units working on NRM issues.</p>	1997/98	21.3	
<p>(b) <u>Institutional Development Framework</u> is a 4 x 18 matrix of institutional strengthening benchmarks including components that track an institution's oversight/vision, management resources, human resources, financial resources and external resources. These components are monitored as they proceed through four "phases": start up, development, expansion/consolidation, and sustainability. 2.5 was selected as the</p>			
<p>minimum target for achievement as it indicates that the organization in question has reached at least the expansion/consolidation phase and is well on its way to becoming sustainable. Currently the indicator is being applied for use primarily with NGOs and CBOs. SO3 is now working to adapt the Framework for use with government units. The current Framework does not explicitly reflect gender concerns so SO3 is bringing on technical assistance to find ways to do so.</p>	1998/99	33.6	
<p><b>COMMENTS:</b> Data Significance - This is a new indicator for NRM II partners, however, one institution that an NRM II partner currently works with is reported under actuals for this year because their institutional strengthening progress has been monitored and is able to be adapted into the Framework. Given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.</p>	1999/00	65.0	
<p>Please note that some institutions work in three sectors: forestry, protected areas and coastal. For reporting purposes, therefore, results against these institutions are divided into thirds for reporting under each sector.</p>	2000/01	65.3	
<p>Some of the 21+ institutions that NRM II partners expect to work with during the next year include: community forestry NGOs and CBOs in East and West Kalimantan, nine forest concessions, the Indonesian Association for Forest Concessionaires, (APHI), and the Ministry of Forestry.</p>	2001/02		
<p>Summary performance rating - On Track. 1997 Target achieved. 100%</p>	2002/03 (T)		

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995 **COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.1:** Improved Forest Resources Management \*

\* Forest resources management includes activities in protection forests, regular production forests, limited production forests or conversion forests. It also includes forestry activities on agricultural land.

**INDICATOR IR 3.1.2:** Number of advances along Policy and Enabling Condition Index

**UNIT OF MEASURE:** Number of advances

	YEAR	PLANNED	ACTUAL
<b>SOURCE:</b>			
1. Data source: Government records and Partner reports; 2. Method of data collection: Record review every year; 3. Data collection responsibility: NRM II Partners	1996/97	10	20
<b>INDICATOR DESCRIPTION:</b> Cumulative			
1. Definitions:	1997/98	63	
(a) The <u>Policy and Enabling Condition Index</u> is a matrix of five non-sequential policy advances: policy demonstration/analysis completed, policy adopted, education activities, policy implemented, and document improvement. Policy initiatives are identified by each respective year.	1998/99	118	
<b>COMMENTS:</b> Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of			
part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. It should further be noted that given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.	1999/00	142	
In 1996/97, many of the significant policy advances made had to do with securing resource use rights for local communities, setting, we hope, important precedents for further decentralization in the future. Some examples include: a national decision was taken to allow extractive rights within forest plantations for local communities and three kecamantans (districts) formally adopted community-based maps into their spatial plans.	2000/01	149	
Some of the policy initiatives planned for 1997/98 included development of zoning/regional regulation that facilitate community-based production and trade in forest products, using field experiences in West and East Kalimantan to develop options for a <i>national</i> regulation which would set the standards for community-based maps to be incorporated into district spatial plans, policy analysis to link economic models and spatial planning processes, and policy and regulatory studies/proposals for IMF reform programs.	2001/02		
Some of the policy initiatives planned for 1997/98 included development of zoning/regional regulation that facilitate community-based production and trade in forest products, using field experiences in West and East Kalimantan to develop options for a <i>national</i> regulation which would set the standards for community-based maps to be incorporated into district spatial plans, policy analysis to link economic models and spatial planning processes, and policy and regulatory studies/proposals for IMF reform programs.	2002/03 (T)		

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995 **COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.1:** Improved Forest Resources Management \*

\* Forest resources management includes activities in protection forests, regular production forests, limited production forests or conversion forests. It also includes forestry activities on agricultural land.

**INDICATOR IR 3.1.3:** Area of USAID assisted sites in which Forest Resource Management practices or processes are being tested

**UNIT OF MEASURE:** Hectares

**SOURCE:**

1. Data source: Government records and NRM II Partner reports; 2. Method of data collection: Field surveys every year; 3. Data collection responsibility: NRM II Partners

**INDICATOR DESCRIPTION:** Cumulative

1. Definitions

(a) Area is the total hectare estimate where an NRM II Partner is working to test or demonstrate an NRM practice or process.

(b) Practice or Process refers to the practices, processes or patterns of resource use tested and demonstrated by stakeholders and managers at the field level to ascertain whether they: (i) contribute to the condition of the targeted natural resource's stability or improvement, and (ii) are socially

sustainable. Once the practice or process meets these two criteria, it then becomes a "best" practice or process and the hectares in which it is being tested are reported at the SO indicator level of 3.1a. The real value of this IR level indicator is in its comparability with the SO level indicator. It essentially indicates the "R&D" investment that must happen for best practices to be identified. For more on the definition of "best practices and processes" please see the SO indicator 3.1a performance data table.

2. Assumptions

(a) An "improvement" in the condition of the targeted natural resource can also mean a reduction in its deterioration.

(b) Areas in which multiple practices and processes are being tested/demonstrated are only counted once.

**COMMENTS:** Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Further, given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.

ARD had completed all its field work prior to the 1996/97 reporting year, so the hectares reported reflect those test sites under the management of BSP/Kemala in West Kalimantan and North Sulawesi.

Kalimantan and Irian Jaya by EPIQ and increased field work by BSP/Kemala in West and East Kalimantan and Northern Sulawesi.

Summary Performance ating - On Track. 1997 Target exceeded: 187%

YEAR	PLANNED	ACTUAL
1996/97	30,000	56,000
1997/98	64,000	
1998/99	76,900	
1999/00	77,890	
2000/01	77,890	
2001/02		
2002/03 (T)		

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995 **COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.1:** Improved Forest Resources Management \*

\* Forest resources management includes activities in protection forests, regular production forests, limited production forests or conversion forests. It also includes forestry activities on agricultural land.

**INDICATOR IR 3.1.4:** Number of site specific management plan/agreements between stakeholders that are GOI recognized and under implementation

UNIT OF MEASURE: Number of Agreements	YEAR	PLANNED	ACTUAL
<p><b>SOURCE:</b> 1. Data Source: Government records and NRM II Partner reports; 2. Method of data collection: Record review every year; 3. Data collection responsibility: NRM II Partners.</p> <p><b>INDICATOR DESCRIPTION:</b> Cumulative</p>	1996/97	3	5
<p>(a) <u>Site Specific Management Plans and Agreements</u> refers to any kind of document (e.g. an MOU, map, etc.) which represents the end product of a process of consensus/compromise between stakeholders and serves as an indicator of increasing pluralism in management of the targeted resource.</p> <p>(b) <u>Stakeholders</u> refers to any person or group of people who utilize the targeted natural resource themselves or could be directly impacted by how</p>	1997/98	10	
<p>2. Assumptions</p> <p>(a) Having site specific management plans and agreements at the field level could be considered a “best practice” according to our definition. SO3 feels also that these agreements and plans are a good proxy for the acceptance of decentralized NRM by the GOI so the number of such</p>	1998/99	19	
<p><b>COMMENTS:</b> Data Significance - At the time the 1996/97 targets were formulated, SO3’s principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R, earlier projections were</p>	1999/00	28	
<p>revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Further, given the current economic and political crisis now underway in this country, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.</p>	2000/01	33	
<p>1996/97 actual achievements include: an agreement with Alas Kusuma, the 3rd largest Indonesian forest concessionaire, to utilize Reduced Impact Harvesting (RIH) techniques on all of its concession holdings. This agreement was reached after a successful demonstration of RIH techniques by NRM consultants and could impact approximately 1.5 million ha located mainly in Kalimantan. In West Kalimantan, several village-based agreements were made with the subdistrict government who signed off on their land use map plans.</p>	2001/02		
<p>The 1997/98 planned targets reflect additional work in West Kalimantan to secure more village-based agreements with the subdistrict government level, and several agreements with forest concessionaires to implement RIH techniques in their concessions.</p> <p>Summary Performance Rating - On Track. 1997 Target exceeded: 167%</p>	2002/03 (T)		

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995 **COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.1:** Improved Forest Resources Management \*

\* Forest resources management includes activities in protection forests, regular production forests, limited production forests or conversion forests. It also includes forestry activities on agricultural land.

**INDICATOR IR 3.1.5:** Number of publications, articles, audio-visual materials documenting NRM lessons learned that promote replication of NRM best practices

<b>UNIT OF MEASURE:</b> Number of materials	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<p><b>SOURCE:</b> 1. Data source: NRM II Partner reports; 2. Method of data collection: Record review every year; 3. Data collection responsibility: NRM II Partners</p> <p><b>INDICATOR DESCRIPTION:</b> Cumulative</p> <p>1. Definitions</p>	1996/97	9	14
<p>(a) <u>NRM Lessons Learned</u> refers to the conclusions extracted from reviewing a development program or activity by participants, managers, customers, or evaluators with implications for effectively addressing similar issues/problems in another setting.</p> <p>(b) <u>Lesson learned materials</u> can include press conferences, press releases, media events, talk shows, town meetings, flyers, quarterlies, annual reports, books, book reviews, newsletters, web pages etc.</p>	1997/98	35	
<p>(a) SO3 recognizes that this indicator is very "input-oriented", however we feel that outreach about lessons learned is essential in achieving replication of our best practices and thus we have decided to continue tracking the number of materials we produce as a proxy to capture the investment we make in promoting replication.</p>	1998/99	77	
<p><b>COMMENTS:</b>Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, their earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Further, given the current economic and political crisis now underway in this country, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.</p>	1999/00	123	
<p>1996/97 results reflect outreach in the form of newsletters, policy papers, radio interviews, and paper presentations at international fora. It also includes policy briefs such as <i>Sketch Mapping of Enclave Villages in Forest Concession in Kalimantan</i>, <i>Importance of Forest Resources to Villages in Potential Traditional Forest Area Sites</i>, and <i>A Study of the Natural Resource Impacts of Export Marketing Boards in Indonesia</i>.</p>	2000/01	143	
<p>1997/98 targets reflect outreach efforts on the part of all our NRM II partners. Different target audiences, messages and products will be used to achieve the widest dissemination of lessons learned. For example, BSP/Kemala will assist each of its grantees with developing their own outreach workplans to ensure that information about their activities and lessons learned reach a broad audience within Indonesia. Further, an information database system is being developed through one of their grantees which will contain information made available by various sources about forest</p>	2001/02		
<p>covering the activities of all NRM II partners, and plans to produce RIH best practice documentation and publications.</p> <p>Summary Performance Rating - On Track. 1997 Target exceeded: 156%</p>	2002/03 (T)		

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995 **COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.1:** Improved Forest Resources Management \*

\* Forest resources management includes activities in protection forests, regular production forests, limited production forests or conversion forests. It also includes forestry activities on agricultural land.

**INDICATOR IR 3.1.6.a:** Number of individuals participating in USAID-assisted training and workshops, gender disssgregated: a) Number of men and women, b) Number of women

**UNIT OF MEASURE:** (a) number of men and women, (b) number of women

**SOURCE:**

1. Data source: Government and NRM II Partner records; 2. Method of data collection: Record review every year; 3. Data collection responsibility: NRM II Partners

**INDICATOR DESCRIPTION:**

1. Definitions

(a) USAID-assisted trainings and workshops refers to those for which USAID provides funding or technical assistance.

**COMMENTS:** Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Further, given the current economic and political crisis now underway in this country, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.

1996/97 trainings included community mapping skills and participatory rural appraisal. Approximately 20% of individuals trained were women.

For most NRM II partners, 1997/98 targets are based on training needs assessments conducted during the past year. BSP/Kemala trainings will include such varied topics as: financial management and project administration, participatory identification of community needs and planning, and community empowerment with gender analysis. EPIQ will provide training in reduced impact harvesting for forest concessions and the Ministry of Forestry (MOF), community based forestry management for the MOF, and training on policy issues germane to implementation of the IMF agreement for MOF and forest concessionaires. EPIQ also intends to develop training modules (training of trainers) on forest policy, community-based forest management and RIH.

Summary Performance Rating - Met. 1997 Target exceeded: a) 1231%, and b) 1461%

**YEAR**

**PLANNED**

**ACTUAL**

	1996/97	195	31	2,401	453
	1997/98	3,838	500		
	1998/99	6,638	1,060		
	1999/00	9,400	1,730		
	2000/01	10,705	2,109		
	2001/02				
	2002/03 (T)				

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995 **COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.2:** Improved Protected Areas Resource Management \*

\*Protected Areas Resources Management includes work in and work that would affect marine and terrestrial national parks, nature reserves and other conservation areas.

**INDICATOR IR 3.2.1:** Number of targeted institutions exceeding 2.5 on the Institutional Development Framework

UNIT OF MEASURE: Number of Institutions	YEAR	PLANNED	ACTUAL
<p><b>SOURCE:</b> 1. Data source: Government records and NRM II Partner reports; 2. Method of data collection: Review every year; 3. Data collection responsibility: NRM II Partners</p>	1996/97	new	0.0
<p><b>INDICATOR DESCRIPTION:</b> Cumulative</p>			
<p>1. Definitions            (a) <u>Institutions</u> refers to the full range of partners with whom SO3 works including provincial and local government, NGOs, community-based organizations (CBOs), and universities, as well as national government units working on NRM issues.            (b) <u>Institutional Development Framework</u> is a 4 x 18 matrix of institutional strengthening benchmarks including components that</p>	1997/98	15.3	
<p>components are monitored as they proceed through four "phases": start-up, development, expansion/consolidation, and sustainability. 2.5 was selected as the minimum target for achievement as it indicates that the organization in question has reached at least the expansion/consolidation phase and is well on its way to becoming sustainable. Currently the indicator is being applied for use primarily with NGOs and CBOs. SO3 is now working to adapt the Framework for use with government units. The current Framework does not explicitly reflect gender concerns so SO3 is bringing on technical assistance to find ways to do so.</p>	1998/99	30.6	
<p><b>COMMENTS:</b> Data Significance - This is a new indicator for NRM II partners. Given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now would not be valid by that time due to rapidly changing conditions. Please note that some institutions work in three sectors: forestry, protected areas and coastal. For reporting purposes, therefore, results against these institutions are divided into thirds for reporting under each sector.</p>	1999/00	48.0	
<p>Protection and Nature Conservation (PHPA) of the Ministry of Forestry, the Technical Management Unit of Bunaken National Park and Lore Lindu National Park, Bukit Bakit Bukit Raya National Park, Bappeda (Local gov't planning agency) in Central Sulawesi and Irian Jaya, local NGOs, local government offices in forestry and education, and community groups.</p>	2000/01	70.3	
	2001/02	72.3	
	2002/03 (T)	74.3	

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

APPROVED: 15/05/1995

COUNTRY/ORGANIZATION: USAID/Indonesia

**INTERMEDIATE RESULT 3.2:** Improved Protected Areas Resource Management \*

\*Protected Areas Resources Management includes work in and work that would affect marine and terrestrial national parks, nature reserves and other conservation areas.

**INDICATOR IR 3.2.2:** Number of advances along Policy and Enabling Condition Index

UNIT OF MEASURE: Number of advances	YEAR	PLANNED	ACTUAL
<b>SOURCE:</b> 1. Data source: Government records and NRM II Partner reports; 2. Method of data collection: Record review every year; 3. Data collection responsibility: NRM II Partners	1996/97	4	3
<b>INDICATOR DESCRIPTION:</b> Cumulative			
1. Definitions: (a) The <u>Policy and Enabling Condition Index</u> is a matrix of five non-sequential policy advances: policy demonstration/analysis completed, policy adopted, education activities, policy implemented, and document improvement. Policy initiatives are identified by each NRM II partner before they begin work. For each policy initiative one point is awarded for each advance accomplished in the respective year.	1997/98	52	
<b>COMMENTS:</b> Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating their targets. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98	1998/99	107	
been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.	1999/00	139	
1996/97 results include: a reorganization of the Technical Implementation Unit (UPT) system for national parks nation wide resulting in an increase in the number of parks such units. These units provide for a budget and staff. An additional outcome of this reorganization was that			
desa" (village socioeconomic profile) for ten villages. This profile is an annual requirement for local government that has never been used for planning purposes because of lack of knowledge on planning methodologies and questions as to the actual suitability/validity of the questionnaire and data collected (it is generally very Java-centric). Analysis done will serve to make this annual requirement more meaningful and useful for resource planning purposes.	2000/01	144	
Anticipated policy initiatives for 1997/98 include policy work on debt-for-nature swaps, carbon sequestration/joint implementation, resource valuation for protected areas, declaration as community-managed zones those parts of protected areas where community forest management systems are in place, policy analysis to link economic models and spatial planning processes, and policy and regulatory studies/proposals for IMF reform programs.	2001/02	146	
Summary Performance Rating - On Track. 1997 Target not met. 75%	2002/03 (T)	148	

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.2:** Improved Protected Areas Resource Management \*

\*Protected Areas Resources Management includes work in and work that would affect marine and terrestrial national parks, nature reserves and other conservation areas.

**INDICATOR IR 3.2.3:** Area of USAID assisted sites in which Protected Area Resource practices or processes are being tested

UNIT OF MEASURE: Hectares	YEAR	PLANNED	ACTUAL
<p>SOURCE: 1. Data source: Government records and NRM II Partner reports; 2. Method of data collection: Field surveys every year; 3. Data collection responsibility: NRM II Partners</p>	1996/97	0	7,900
<p>INDICATOR DESCRIPTION: Cumulative</p>			
<p>1. Definitions</p>			
<p>(a) Area is the total hectare estimate where a partner is working to test or demonstrate an NRM practice or process. (b) Practice or Process refers to the practices, processes or patterns of resource use tested and demonstrated by stakeholders and managers at the field level to ascertain whether they: (i) contribute to the condition of the targeted natural resource's stability or improvement, and (ii) are socially sustainable. Once the practice or process meets these two criteria, it then becomes a "best" practice or process and the hectares in which it is being</p>	1997/98	1,228,540	
<p>tested are reported at the SO indicator level of 3.1a. The real value of this IR level indicator is in its comparability with the SO level indicator. It essentially indicates the "R&amp;D" investment that must happen for best practices to be identified. For more on the definition of "best practices and processes" please see the SO indicator 3.1a performance data table.</p>	1998/99	4,447,023	
<p>2. Assumptions</p>			
<p>(b) Areas in which multiple practices and processes are being tested/demonstrated are only counted once.</p>	1999/00	9,706,700	
<p>COMMENTS: Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Further, given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.</p>	2000/01	10,044,726	
<p>1996/97 actuals include various sites bordering protected areas in Northern Sulawesi.</p>			
<p>Expected targets in 1997/98 include work by EPIQ in Bukit Bakit Bukit Raya and Kutai National Parks in Kalimantan, Lore Lindu and Bunaken National Parks in Sulawesi, Yutefa Nature Recreation Park, Lorentz National Park and Cyclops Nature Reserve in Irian Jaya, and in the proposed protected area of the Togian Islands, Sulawesi.</p>	2001/02	10,144,726	
<p>Summary Performance Rating - On Track. 1997 Target achieved: 100%</p>			
	2002/03 (T)	10,244,726	

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.2:** Improved Protected Areas Resource Management \*

\*Protected Areas Resources Management includes work in and work that would affect marine and terrestrial national parks, nature reserves and other conservation areas.

**INDICATOR IR 3.2.4:** Number of site specific management plan/agreements between stakeholders that are GOI recognized and under implementation

**UNIT OF MEASURE:** Number of Agreements

**SOURCE:** 1. Data source: Government records and Partner Reports. 2. Method of data collection: Record review every year. 3.

Data collection responsibility: NRM II Partner

**INDICATOR DESCRIPTION:** Cumulative

(a) Site Specific Management Plans and Agreements refers to any kind of document (e.g. an MOU, map, etc.) which represents the end product of a process of consensus/compromise between stakeholders and which serves as an indicator of increasing pluralism in management of the targeted resource.

(b) Stakeholders refers to any person or group of people who utilize the targeted natural resource themselves or could be directly impacted by how others utilize the targeted natural resource.

2. Assumptions

(a) Having site specific management plans and agreements at the field level could be considered a "best practice" according to our definition. SO3 feels also that these agreements and plans represent a good proxy for the acceptance of decentralized NRM by the GOI so the number of such agreements will be tracked separately in this indicator.

**COMMENTS:** Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating their targets. In the process of preparing this R 4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. It should further be noted that given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.

The 1996/97 result reflects a contract between the local government park management unit in North Sulawesi and a local NGO, Kelola, for them to provide public information services for Bunaken National Park. It is the first time that the role of an NGO in Bunaken Park management was recognized by the government.

Anticipated results for 1997/98 include MOUs with three companies working around Bukit Bakit Bukit Raya, three in Bunaken and one in the Togeans (a multi-stakeholder Protected Areas Status proposal). There will also be two agreements in Irian Jaya linking conservation education between teachers and SB-KSDA and Tuteia.

Summary Performance Rating - On Track. 1997 Target achieved: 100%

YEAR	PLANNED	ACTUAL
1996/97	1	1
1997/98	13	
1998/99	31	
1999/00	52	
2000/01	58	
2001/02	63	
2002/03 (T)	68	

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.2:** Improved Protected Areas Resource Management \*

\*Protected Areas Resources Management includes work in and work that would affect marine and terrestrial national parks, nature reserves and other conservation areas.

**INDICATOR IR 3.2.5:** Number of publications, articles, audio-visual materials documenting NRM lessons learned that promote replication of NRM best practices

UNIT OF MEASURE: Number of materials	YEAR	PLANNED	ACTUAL
<p>responsibility: NRM II Partners</p> <p><b>INDICATOR DESCRIPTION:</b> Cumulative</p>	1996/97	6	9
<p>(a) <u>NRM Lessons Learned</u> refers to the conclusions extracted from reviewing a development program or activity by participants, managers, customers, or evaluators with implications for effectively addressing similar issues/problems in another setting.</p> <p>(b) <u>Lesson learned materials</u> can include press conferences, press releases, media events, talk shows, town meetings, flyers, quarterlies, annual reports, books, books reviews, newsletters, web pages etc.</p>	1997/98	48	
<p>(a) SO3 recognizes that this indicator is very "input-oriented", however we feel that outreach about lessons learned is essential in achieving replication of our best practices and thus we have decided to continue tracking the number of materials we produce as a proxy to capture the investment we make in promoting replication.</p>	1998/99	101	
<p><b>COMMENTS:</b> Data Significance -At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Further,</p>	1999/00	165	
<p>that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.</p> <p>1996/97 actuals include various policy briefs, newsletters and reports such as <i>Community-based Natural Resource Management in Bunaken National Park: participatory planning for agroforestry and conservation on Manado Tua island</i>, <i>Community water supply program in Bukit Bakit Bukit Raya National Park</i>, and <i>The Economics of Ecosystems and Biodiversity in Bunaken National Marine Park</i>.</p>	2000/01	214	
<p>Anticipated targets in 1997/98 reflect outreach efforts on the part of all our NRM II partners. Different target audiences, messages and products will be used to achieve the widest dissemination of lessons learned. For example, a network of local mappers and resource management planners in parks in Irian Jaya will be set up by BSP/Kemala to facilitate the flow of communication among local groups and NGOs. EPIQ is planning to undertake a social marketing campaign to improve morale of park managers and staff. EPIQ will also publish a quarterly newsletter covering the activities of all NRM II</p>	2001/02	224	
<p>partners.</p> <p>Summary Performance Rating - On Track. 1997 Target exceeded: 150%</p>	2002/03 (T)	234	

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.2:** Improved Protected Areas Resource Management \*

\*Protected Areas Resources Management includes work in and work that would affect marine and terrestrial national parks, nature reserves and other conservation areas.

**INDICATOR IR 3.2.6:** Number of individuals participating in USAID-assisted training and workshops, gender disaggregated: a) Number of men and women, b) Number of women

**UNIT OF MEASURE:** a) number of men and women, b) number of women

**SOURCE:**1. Data source: Government and NRM II partner records; 2. Method of data collection: Record review every year; 3. Data collection responsibility: NRM II Partners

**INDICATOR DESCRIPTION:** Cumulative

1. Definitions

(a) USAID-assisted trainings and workshops refers to those for which USAID provides funding or technical assistance.

**COMMENTS:** Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. It should further be noted that given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.

1996/97 results include: training in community land use mapping as well as production of a training manual, Participatory Rural Appraisal training for a BSP/Kemala grantee NGO, members of their target villages, and members of the local government office. There has also been a series of small workshops supported by the provincial Bappeda (local government planning agency) to discuss various spatial land use issues and the role of public participation in this planning process. Further training was provided in policy analysis and monitoring and evaluation. Approximately 18% of individuals trained were women.

1997/98 anticipated targets include: conservation finance and resource valuation training in support of strengthening parks and protected areas staff, ICDP (Integrated Conservation and Development) manual development, human resource development for Bukit Bakit Bukit Raya, Kutai, Bunaken, and Lore Lindu National Parks, the Togeian Islands, and parks in Irian Jaya. In support of helping local communities gain recognition by local government and relevant national government institutions as co-managers of national parks, training will also be provided on mapping and natural resources management planning, strengthening of Adat (traditional land tenure) institutions, environmental legal education, and conservation awareness.

Summary Performance Rating - On Track. 1997 Target exceeded: a) 3180%, and b) 2000%

**YEAR**

**PLANNED**

**ACTUAL**

	1996/97	5	2	159	40
	1997/98	1,557	254		
	1998/99	3,061	548		
	1999/00	4,321	826		
	2000/01	5,143	1,003		
	2001/02	5,243	1,033		
	2002/03 (T)	5,343	1,063		

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.3:** Improved Coastal Resources Management \*

\*Coastal Resources Management includes work in the coastal zone, including mangroves and work on other in-land resources the extent to which they need to be addressed in order to protect the coastline.

**INDICATOR IR 3.3.1:** Number of targeted institutions exceeding 2.5 on the institutional Development Framework

UNIT OF MEASURE: Number of institutions	YEAR	PLANNED	ACTUAL
<p><b>SOURCE:</b> 1. Data source: Government and NRM II partner reports; 2. Method of data collection: Surveys every year; 3. Data collection responsibility: NRM II partners</p>	1996/97	new	0
<p><b>INDICATOR DESCRIPTION:</b> Cumulative</p>			
<p>1. Definitions                      (a) <u>Institutions</u> refers to the full range of partners with whom SO3 works including provincial and local government, NGOs, community -based organizations (CBOs), and universities, as well as national government units working on NRM issues.                      (b) <u>Institutional Development Framework</u> is a 4 x 18 matrix of institutional strengthening benchmarks including components that track</p>	1997/98	10.3	
<p>components are monitored as they proceed through four "phases": start-up, development, expansion/consolidation, and sustainability. 2.5 was selected as the minimum target for achievement as it indicates that the organization in question has reached at least the expansion/consolidation phase and is well on its way to becoming sustainable. Currently the indicator is being applied for use primarily with NGOs and CBOs. SO3 is now working to adapt the Framework for use with government units. The current Framework does not explicitly reflect gender concerns so SO3 is bringing on technical assistance to find ways to do so.</p>	1998/99	20.6	
<p><b>COMMENTS:</b> Data Significance - This is a new indicator for NRM II partners.</p>	1999/00	32.0	
<p>Given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.</p> <p>Please note that some institutions work in three sectors: forestry, protected areas and coastal. For reporting purposes, therefore, results against these institutions are divided into thirds for reporting under each sector.</p>	2000/01	43.3	
<p>Some of the 10+ institutions that NRM II partners expect to work with during the next year include: sectoral local government agencies in North Sulawesi, East Kalimantan and Lampung, Sumatra involved in coastal resources such as the Bappeda (local planning board), local Fisheries, Tourism and Industry agencies, local NGOs such as Kelola in North Sulawesi, the Dive Operators Association of North</p>	2001/02	63.3	
<p>Sulawesi.</p>	2002/03 (T)	83.3	

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

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**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.3:** Improved Coastal Resources Management \*

\*Coastal Resources Management includes work in the coastal zone, including mangroves and work on other in-land resources the extent to which they need to be addressed in order to protect the coastline.

**INDICATOR IR 3.3.2:** Number of advances along Policy and Enabling Condition Index

**UNIT OF MEASURE:** Number of advances

**SOURCE:** 1. Data source: Government and Partners reports; 2. Method of data collection: Record review every year; 3. Data collection responsibility: NRM II Partners

**INDICATOR DESCRIPTION:** Cumulative

1. Definitions:

(a) The Policy and Enabling Condition Index is a matrix of five non-sequential policy advances: policy demonstration/analysis completed, policy adopted, education activities, policy implemented, and document improvement. Policy initiatives are identified by each NRM II partner before they begin work. For each policy initiative one point is awarded for each advances accomplished in the

**COMMENTS:** Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this RFR, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Further, given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.

In 1996/97, policy results achieved included: a formal instruction from the Bupati of the Minahasa regency to local government officials in NRM II field sites in North Sulawesi, to formally provide opportunities for stakeholder involvement in coastal resources planning and management; a national level regulation providing for incorporation of community maps, including customary sea rights, support the adoption of a regulation to recognize traditional rights and boundaries for artisanal fishing in central Maluku.

Some anticipated targets for 1997/98 include: Kabupaten and Kecamatan approval of marine sanctuary ordinances at field sites in North Sulawesi, assistance with integration of Balikpapan Bay initiative in East Kalimantan with provincial spatial planning, and analysis of the potential for development of a national coastal extension program.

Summary Performance Rating - On Track - 1997 Target exceeded: 500%

UNIT OF MEASURE: Number of advances	YEAR	PLANNED	ACTUAL
SOURCE: 1. Data source: Government and Partners reports; 2. Method of data collection: Record review every year; 3. Data collection responsibility: NRM II Partners	1996/97	1	5
INDICATOR DESCRIPTION: Cumulative			
1. Definitions:			
(a) The Policy and Enabling Condition Index is a matrix of five non-sequential policy advances: policy demonstration/analysis completed, policy adopted, education activities, policy implemented, and document improvement. Policy initiatives are identified by each NRM II partner before they begin work. For each policy initiative one point is awarded for each advances accomplished in the	1997/98	21	
	1998/99	47	
COMMENTS: Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this RFR, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Further, given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.	1999/00	87	
In 1996/97, policy results achieved included: a formal instruction from the Bupati of the Minahasa regency to local government officials in NRM II field sites in North Sulawesi, to formally provide opportunities for stakeholder involvement in coastal resources planning and management; a national level regulation providing for incorporation of community maps, including customary sea rights,	2000/01	142	
support the adoption of a regulation to recognize traditional rights and boundaries for artisanal fishing in central Maluku.	2001/02	192	
Some anticipated targets for 1997/98 include: Kabupaten and Kecamatan approval of marine sanctuary ordinances at field sites in North Sulawesi, assistance with integration of Balikpapan Bay initiative in East Kalimantan with provincial spatial planning, and analysis of the potential for development of a national coastal extension program.	2002/03 (T)	242	
Summary Performance Rating - On Track - 1997 Target exceeded: 500%			

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.3:** Improved Coastal Resources Management \*

\*Coastal Resources Management includes work in the coastal zone, including mangroves and work on other in-land resources the extent to which they need to be addressed in order to protect the coastline.

**INDICATOR IR 3.3.3:** Area of USAID assisted sites in which coastal resource practices or processes are being tested

UNIT OF MEASURE: Hectares	YEAR	PLANNED	ACTUAL
<p><b>SOURCE:</b> 1. Data source: Government and partner reports; 2. Method of data collection: Field surveys every year; 3. Data collection responsibility: NRM II partners</p> <p><b>INDICATOR DESCRIPTION:</b> Cumulative</p>	1996/97	10	11,383
<p>(a) <u>Area</u> is the total hectare estimate where a partner is working to test or demonstrate an NRM practice or process.</p> <p>(b) <u>Practice or Process</u> refers to the practices, processes or patterns of resource use tested and demonstrated by stakeholders and managers at the field level to ascertain whether they: (i) contribute to the condition of the targeted natural resource's stability or improvement, and (ii) are socially sustainable. Once the practice or process meets these two criteria, it then becomes a "best" practice</p>	1997/98	5,000	
<p>of process and the hectares in which it is being tested are reported at the SO indicator level of 3.1.(a). The real value of this IR level indicator is in its comparability with the SO level indicator. It essentially indicates the "R&amp;D" investment that must happen for best practices to be identified. For more on the definition of "best practices and processes" please see the SO indicator 3.1.(a) performance data table.</p>	1998/99	52,000	
<p>2. Assumptions</p> <p>(a) An "improvement" in the targeted natural resource can also mean a reduction in its deterioration.</p> <p>(b) Areas in which multiple practices and processes are being tested/demonstrated are only counted once.</p>	1999/00	504,000	
<p><b>COMMENTS:</b> Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference</p>	2000/01	5,007,000	
<p>between 1996/97 and 1997/98 planned targets. Further, given the current economic and political conditions in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.</p>	2001/02	50,007,000	
<p>Results achieved in 1996/97 include several sites each for BSP/Kemala and CRMP in North Sulawesi and in central Maluku, for BSP/Kemala.</p> <p>Anticipated targets for 1997/98 include new sites for CRMP in East Kalimantan and Lampung, Southern Sumatra.</p> <p>Summary Performance Rating - On Track. 1997 Target exceeded</p>	2002/03 (T)	50,007,000	

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.3:** Improved Coastal Resource Management \*

\*Coastal Resources Management includes work in the coastal zone, including mangroves and work on other in-land resources the extent to which they need to be addressed in order to protect the coastline.

**INDICATOR IR 3.3.4:** Number of sites specific management plan/agreements between stakeholders that are GOI recognized and under implementation

UNIT OF MEASURE: Number of agreements	YEAR	PLANNED	ACTUAL
<p><b>SOURCE:</b> 1. Data source: NRM II partner reports; 2. Method of data collection: Record review every year; 3. Data collection responsibility: NRM II partners</p>	1996/97	2	6
<p><b>INDICATOR DESCRIPTION:</b> Cumulative</p> <p>1. Definitions</p> <p>(a) <u>Site Specific Management Plans and Agreements</u> refers to any kind of document (e.g. an MOU, map, etc.) which represents the end product of a process of consensus/compromise between stakeholders and which serves as an indicator of increasing pluralism in management of the targeted resource.</p>	1997/98	4	
<p>(b) <del>Extending</del> refers to any person or group of people who utilize the targeted natural resource members of community impacted by how <i>others</i> utilize the targeted natural resource.</p>	1998/99	6	
<p>2. Assumptions</p> <p>(a) Having site specific management plans and agreements at the field level could be considered a "best practice" according to our definition. SO3 feels also that these agreements and plans represent a good proxy for the acceptance of decentralized nrm by the GOI so the number of such agreements will be tracked separately in this indicator.</p>	1999/00	8	
<p><b>COMMENTS:</b> Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Further, given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.</p>	2000/01	14	
<p>1996/97 results included; in five coastal village of central Maluku, creation of management agreements in the form of resources and land/sea uses maps. The agreements will be implemented though traditional "closed season" management practices known as sasi and enforced by the village head person with the assistance of traditional enforcers known as kewang. Formal agreements have also been reached with the Kepala Desa (village head) and field staff in North Sulawesi, including GRMP.</p>	2001/02	24	
<p>Anticipated targets for 1997/98 include: development of village-based management plans for Bentenan-Tumbak and Talise sites in North Sulawesi, and the establishment of marine sanctuaries through village ordinances.</p>	2002/03 (T)	24	

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

APPROVED: 15/05/1995

COUNTRY/ORGANIZATION: USAID/Indonesia

**INTERMEDIATE RESULT 3.3:** Improved Coastal Resources Management \*

\*Coastal Resources Management includes work in the coastal zone, including mangroves and work on other in-land resources the extent to which they need to be addressed in order to protect the coastline.

**INDICATOR IR 3.3.5:** Number of publications, articles, audio-visual materials documenting NRM lessons learned that promote replication of NRM best practices

UNIT OF MEASURE: Number of materials	YEAR	PLANNED	ACTUAL
<b>SOURCE:</b> 1. Data source: NRM II partner reports; 2. Method of data collection: Record review every year; 3. Data collection responsibility: NRM II partners	1996/97	5	34
<b>INDICATOR DESCRIPTION:</b> Cumulative 1. Definition (a) <u>NRM Lessons Learned</u> refers to the conclusions extracted from reviewing a development program or activity by participants, managers, customers, or evaluators with implications for effectively addressing similar issues/problems in another setting. (b) <u>Lesson learned materials</u> can include press conferences, press releases, media events, talk shows, town meetings, flyers, quarterlies, annual reports, books, books reviews, newsletters, web pages etc.	1997/98	34	
2. Assumptions (a) SO3 recognizes that this indicator is very "input-oriented", however we feel that outreach about lessons learned is essential in achieving replication of our best practices and thus we have decided to continue tracking the number of materials we produce as a proxy to capture the investment we make in promoting replication.	1998/99	67	
<b>COMMENTS:</b> Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Further, given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.	1999/00	126	
1996/97 results have also exceeded their target because of unanticipated high demand for project-related information from local, national and international audiences. Lessons learned were also disseminated through two extensive interviews aired by Australian and BBC.	2000/01	182	
Anticipated 1997/98 targets to disseminate lessons learned include cross site visits between resource managers in Central Maluku, Northern Sulawesi and Irian Jaya, conference presentations, brochures, working papers and media documentaries. Guidebooks relevant to community monitoring of coral reefs and preparation and use of an ecological and human history survey for issue identification in villages will be prepared based on CRNM experiences. EPIQ will also publish a quarterly newsletter covering the activities of all NRM II partners.	2001/02	232	
Summary Performance Rating - On Track. 1997 Target exceeded: 680%	2002/03 (T)	282	

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 3.3:** Improved Coastal Resources Management \*

\*Coastal Resources Management includes work in the coastal zone, including mangroves and work on other in-land resources the extent to which they need to be addressed in order to protect the coastline.

**INDICATOR IR 3.3.6:** Number of individuals participating in USAID-assisted training and workshops; gender disaggregated : a). Number of men and women, b). Number of women

**UNIT OF MEASURE:** a) Number of men plus women, b) number of women

**SOURCE:** 1. Data source: NRM II partner reports; 2. Method of data collection: Record review every year; 3. Data collection responsibility: NRM II partners

**INDICATOR DESCRIPTION:** Cumulative

1. Definitions

(a) USAID-assisted trainings and workshops refers to those for which USAID provides funding or technical assistance.

**COMMENTS:** Data Significance - At the time the 1996/97 targets were formulated, SO3's principal implementing partners were in the process of early mobilization and were thus conservative in estimating what they could realistically achieve in their first year. We believe that this explains, in part, why the 1996/97 planned targets were so significantly exceeded. In the process of preparing this R-4, earlier projections were revisited and adjusted to reflect more ambitious, but still attainable, targets. This explains the difference between 1996/97 and 1997/98 planned targets. Further, given the current economic and political crisis now underway in Indonesia, targets into the 21st century have not yet been identified. NRM II expects that such targets, if identified now, would not be valid by that time due to rapidly changing conditions.

1996/97 results included training of village members as community mappers in Central Maluku as well as in Participatory Rural Appraisal. This training is used to help build village-level consensus on the accuracy and significance of the completed community maps. Training also occurred in policy analysis and monitoring and evaluation. Approximately 20% of the individuals trained were women.

Anticipated targets for 1997/98 include: gender awareness training, financial management and project administration, participatory monitoring and evaluation, participatory identification of community needs and planning, conflict management and facilitation, open water diver and instructor training, coastal enterprise development, tourism business courses, and media communications.

Summary Performance Rating - On Track. 1997 Target exceeded: a) 2446%, and b) 2054%

**YEAR**

**PLANNED**

**ACTUAL**

	1996/97	97	24	2,373	493
	1997/98	1,243	227		
	1998/99	2,153	434		
	1999/00	2,855	629		
	2000/01	3,771	892		
	2001/02	5,271	1342		
	2002/03 (T)	6,771	1792		

**IPM**

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management

**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** (SO level indicator)

**INDICATOR SO 3.1c:** Total area of USAID-assisted sites where the condition of natural resource is stable or improving - Agricultural Resources (Integrated Pest Management)

**UNIT OF MEASURE:** Hectares

**SOURCE:**

1. Data source: NRM II agent reports
2. Method of data collection: Field survey every two years
3. Data collection responsibility: NRM II agents

**INDICATOR DESCRIPTION:**

Indonesia total rice land is about 7,100,000 hectares. USAID has directly promoting the adoption of IPM practices on approximately; 455,200 hectares (6.5 percent).

**COMMENTS:**

This data reflects continued expansion of IPM with USAID assistance through 1997/98 at which time USAID assistance will be completed. Continuing support of IPM by the GOI and other donors is expected to maintain stable conditions in the areas where USAID provided assistance.

YEAR	PLANNED	ACTUAL
1994/95 (B)		226,000
1995/96	340,000	340,000
1996/97	460,000	455,200

1997/98	600,000	
1998/99		
1999/00		
2000/01		
2001/02		
2002/03 (T)		

**IPM**

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** Development and Documentation of Successful Field Sites

**INDICATOR IR:** Area outside USAID assisted sites in which NRM "best practices" are being replicated and the condition of natural resources is stable - Agricultural Resources (Integrated Pest Management).

**UNIT OF MEASURE:** Hectares

**SOURCE:**

1. Data source: NRM II agent reports
2. Method of data collection: Field surveys every year
3. Data collection responsibility: NRM II agents

**INDICATOR DESCRIPTION:**

"Best practices" for IPM are defined in the comments box below. The IPM program has been very successful in training farmers to use IPM "best practices." This indicator represents the area covered by best practices through IPM training and field follow-up activities.

**COMMENTS:**

- "Best practices: promoted through the IPM component are fourfold:
- the use of pesticides as a last alternative in pest management;
  - farmers monitor the ecological parameters and processes of their field (rather than following without question centrally focused and standardized instruction);
  - research is flexible, field based and sensitive to changing conditions and farmers needs; and
  - extension is participatory, localized and farmer driven.

As described in the comments sector for indicator 3.1c., sites directly supported by USAID financed technical assistance accounts for over 6.5 percent of Indonesia's rice land, leaving a maximum of 6,500,000 hectares lying outside USAID's assisted sites.

YEAR	PLANNED	ACTUAL
1994/95 (B)		22,600
1995/96	34,000	34,000

1996/97	48,000	45,600
1997/98	60,000	
1998/99		
1999/00		
2000/01		
2001/02		
2002/03 (T)		

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** Improved Policies and Enabling Conditions

**INDICATOR IR:** Policy and enabling conditions index - Agricultural Resources (Integrated Pest Management)

**UNIT OF MEASURE:** Reforms captured in official documentation promulgated by the GOI. Numbers are cumulative.

**SOURCE:**

1. Data source: Government records
2. Method of data collection: Record review every year
3. Data collection responsibility: NRM II agents

**INDICATOR DESCRIPTION:**

Desired policy changes are identified before hand and reflected in annual work plans. Actual achievement are assessed at the end of the year.

**COMMENTS:**

The initial policy change capture in the IPM 1994/95 baseline figure was the 1988 presidential decree which eliminated subsidies and banned 57 of the most toxic pesticides from use on rice. During 1995/96 the Ministry of Agriculture issued decrees putting an end to the practise of using the active ingredient from these 57 banned pesticides which in fact had continued by using new trade names. During 1996/97 the IPM program succeeded in having the Ministry of Agriculture issue a decree setting maximum levels of pesticide residness for vegetables.

YEAR	PLANNED	ACTUAL
1994/95 (B)		1
1995/96	3	2
1996/97	4	3
1997/98	5	
1998/99		

1999/00		
2000/01		
2001/02		
2002/03 (T)		

**IPM**

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** Strengthened Local Institutions and Community Organizations

**INDICATOR IR:** Total budgets of USAID-assisted Indonesian NGOs from non-US Government sources - Agricultural Resources (Integrated Pest Management)

**UNIT OF MEASURE:** US \$

**SOURCE:**

1. Data source: NGOs
2. Method of data collection: Review financial statements every year
3. Data collection responsibility: NRM II agents

**INDICATOR DESCRIPTION:**

**COMMENTS:**

The only USAID assisted NGO engaged in IPM is World Education Indonesia. By the end of September 1997, WEI had contributed \$437,000 to this activity from its own, non USG resources.

YEAR	PLANNED	ACTUAL
1994/95 (B)		218,000
1995/96	380,000	350,000
1996/97	450,000	437,000
1997/98		
1999/00		

	2000/01		
	2001/02		
	2002/03 (T)		

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** Strengthened Local Institutions and Community Organizations

**INDICATOR IR:** Total budgets of local Indonesian government natural resources management agencies in area assisted by USAID - Agricultural Resources (Integrated Pest Management)

**UNIT OF MEASURE:** US \$

**SOURCE:**

1. Data source: Government and agent reports
2. Method of data collection: Record review every year
3. Data collection responsibility: NRM II agents

**INDICATOR DESCRIPTION:**

**COMMENTS:**

Starting from 1996/97 many provinces and local district governments allocated funds to the Natural IPM Training program. During the fiscal year a total of Rp.1,700,000,000 equal to \$650,000 was provided by the local government to finance IPM training activities.

YEAR	PLANNED	ACTUAL
1994/95 (B)		0
1995/96	0	0
1996/97	680,000	650,000
1997/98	1,400,000	
1998/99		
1999/00		

	2000/01		
	2001/02		
	2002/03 (T)		

**IPM**

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** Dissemination of Lessons Learned

**INDICATOR IR:** Number of publications, articles, and audio-visual materials documenting NRM best practices and lessons learned that are distributed to Indonesian audiences - Agricultural Resources (Integrated Pest Management)

**UNIT OF MEASURE:** Number of publications

**SOURCE:**

1. Data source: Publication distribution database
2. Method of data collection: Data base analysis every year
3. Data collection responsibility: SO3 Secretariat and NRM II agents

**INDICATOR DESCRIPTION:**

Assumptions: Publications include IPM training, materials, popular and technical bulletins, and newspaper articles.

**COMMENTS:**

The 1994/95 baseline includes the three basic IPM training handbooks developed for IPM Trainers. It also includes the five technical publication and the monthly IPM bulletin published through Sinar Tari newspaper. Subsequent year targets and actuals represent 36 technical publication and IPM bulletins.

YEAR	PLANNED	ACTUAL
1994/95 (B)		20
1995/96	28	28

1996/97	36	36
1997/98	42	
1998/99		
1999/00		
2000/01		
2001/02		
2002/03 (T)		

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** Dissemination of Lessons Learned

**INDICATOR IR:** Number of participants in USAID-assisted workshops, training, etc. - Agricultural Resources (Integrated Pest Management)

**UNIT OF MEASURE:** Number of participants

**SOURCE:**

1. Data source: NRM II reports
2. Method of data collection: Report review every year
3. Data collection responsibility: SO3 Secretariat and NRM II agents

**INDICATOR DESCRIPTION:**

Trainees include members of farm households attending IPM farmers field schools, as well as farmer field school alumnae and Ministry of Agriculture staff being trained as farmer field school trainers.

**COMMENTS:**

Actuals are below expectation for 1996/97 reflecting planning and budget problems within the Ministry of Agriculture and the impact of drought and the availability of rural trainees.

YEAR	PLANNED	ACTUAL
1994/95 (B)		395,732
1995/96	599,617	592,732
1996/97	811,062	784,732
1997/98	1,027,642	
1998/99		
1999/00		
2000/01		
2001/02		
2002/03 (T)		

**OBJECTIVE 3:** Decentralized and Strengthened Natural Resources Management  
**APPROVED:** 15/05/1995

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** Dissemination of Lessons Learned

**INDICATOR IR:** Number of female participants in USAID-assisted workshops, training, etc. - Agricultural Resources (Integrated Pest Management)

**UNIT OF MEASURE:** Number of female participants

**SOURCE:**

1. Data source: NRM II reports
2. Method of data collection: Report review every year
3. Data collection responsibility: SO3 Secretariat and NRM II agents

**INDICATOR DESCRIPTION:**

Women participating primary in IPM farmer field school training program.

**COMMENTS:**

The actual percentage has historically run below this. It stood at about 15.3 during 1995/96 but increased to about 16 percent during 1996/97. The FAO technical assistance team has completed a study of how to increase this percentage in the future as the IPM program continues with Australian and Nordic donor support.

YEAR	PLANNED	ACTUAL
1994/95 (B)		31,175
1995/96	51,126	51,126
1996/97	80,382	82,201

1997/98	100,627	
1998/99		
1999/00		
2000/01		
2001/02		
2002/03 (T)		

Strategic Objective 4:  
STRENGTHENED URBAN ENVIRONMENTAL MANAGEMENT

<b>Result</b>	<b>Name</b>	<b>Rating</b>	<b>Evaluation Findings *</b>
<b>SO</b>	<b>Strengthened Urban Environmental Management</b>	<b>Met</b>	
<b>IR</b>	<b>Adoption of New Policies and Practices to Facilitate Decentralized Financing of Urban Environmental Infrastructure</b>	<b>Exceeded</b>	
<b>IR</b>	<b>Adoption by Government and Industry of Policies and Procedures to Promote Environmentally-Sound Energy Supply and Use</b>	<b>Met</b>	
<b>IR</b>	<b>Greater Participation by community Residents in Decisions Regarding Urban Environmental Infrastructure</b>	<b>N/A</b>	
<b>Percent Funding Through NGOs and PVOs:</b>		<b>FY98 <u>17%</u></b>	<b>FY99 <u>16%</u>      FY00 <u>17%</u></b>

\* Due to the crisis in Indonesia, the status of Mission evaluations and corrective actions are discussed in part II *Progress Towards Objectives*.

## **II. Progress Towards Objectives**

### **A. Performance Analysis**

Expected progress toward achievement of the SO was met. Of the three SO-level PIMs, two exceeded targets and data for one was not available. Access by urban populations to piped water increased substantially. This increase contributed to improved quality of urban living conditions and, reduced price of such services to the poor. Since 1996, access increased by 2% or 1.7 million Indonesians exceeding planned target. A sustained increase since the inception of USAID/Indonesia's urban assistance in 1989, allowed 15.4 million additional urban residents access to piped water. An update of USAID-sponsored statistical research confirmed that women in urban areas benefited significantly more than men from piped water distribution and other improvements in environmental infrastructure targeted under this SO.

Data on the avoidance or reduction of air pollution by increased application of renewable energy and improved energy efficiency was not available for this reporting period. Based on preliminary data, the Mission believes the target of 1 million metric tons was either met or exceeded. The commercial operation of a number of new renewable energy power plants and efficiency improvements at the Paiton coal power plant clearly contributed to improved performance. Performance data will be available in April 1998.

The efficiency of donor activity in this sector improved as the Mission was successful in leveraging large amounts of funding from other donors to support USAID-designed activities. In order to sustain this process, the Mission assumed technical direction of a new inter-donor working group that will chart Indonesia's urban finance priorities for the next five years. The Mission began urban finance expenditure analysis that will become a key part of the World Bank's Public Expenditure Review (PER), required by IMF reforms.

#### **IR 4.1 Adoption of New Policies and Practices to Facilitate Decentralized Financing of Urban Environmental Infrastructure**

Expected progress towards achievement of this IR was exceeded. Of the four PIMs used to monitor progress toward achievement of the IR, three exceeded targets and one was on-track.

GOI commitments to municipal decentralization showed signs of improvement. The GOI followed through on the transfer over \$130 million in funding normally spent by the central-level Ministry of Public Works directly to local governments via grants. This shift resulted in the share of such grants received by local governments increasing for the fourth straight year. Disbursements of intergovernmental loans through the USAID-assisted Regional Development Account (RDA) increased for the ninth straight year. The RDA annual disbursement totaled over seven times its 1988 level. The Mission's recommendations that the central government assign 100% of annual property tax levies to local governments assisted in the increase of local government own-source revenues which exceeded targets.

Urban services privatization reached \$1.3 billion with two mega-deals for the cities of Medan and Jakarta, both involving USAID/Indonesia assistance. A concern remained that competition

and transparency issues could lead to privatization deals that do not produce improved urban services. While both the Jakarta and Medan projects were less than ideal in these terms, USAID/Indonesia assistance to the local governments resulted in better deals than otherwise would have been the case. This was confirmed by due diligence reviews of negotiated price structures conducted in connection with foreign financing for these projects.

The Mission's successful efforts to better coordinate urban sector activities with other donors significantly enhanced SO performance. The ADB followed through on commitments to sponsor a significant number of new urban sector grant and loan projects, emphasizing activity areas developed by USAID/Indonesia. As a result, an ADB project involving a \$40 million capitalization loan, and related funding for technical assistance focusing on the Regional Development Account, was initiated. USAID/Indonesia and the ADB completed the design for a project supporting the establishment of a Secondary Mortgage Facility, which the Ministry of Finance agreed to implement. In addition, USAID/Indonesia assisted ADB design work for several other activities, including reduction of unaccounted-for-water, reform of Regional Development Banks, training to develop local government capacity for urban infrastructure management, and an integrated urban development plan for the Jakarta metropolitan area.

#### **IR 4.3 Adoption by Government and Industry of Policies and Procedures to Promote Environmentally-Sound Energy Supply and Use**

Expected progress toward achievement of this IR was met. Of the three PIMs used to monitor progress toward achievement of the IR, one exceeded its target, and two are expected to meet or exceed targets when data become available.

Installed renewable energy capacity, exceeded targets due to the operation of the Salak Unit #3 geothermal power plant in 1996/1997. Next year will mark the start-up operation of Salak Unit #4, the first geothermal plant installed under the Private Power Program, a program initiated by USAID/Indonesia in 1990. The Program attracted more than \$10 billion in private investment in the Indonesian power sector, the majority from the U.S..

Modest investments in generation/supply side efficiency improvements started in 1997 and quickly yielded results. The energy saved through efficiency improvements in the Paiton power plant resulted in less greenhouse fuels burned for the same amount of power production. Due to the success in Paiton, the GOI indicated it is considering the expansion of these efficiency improvement activities in the Java-Bali system.

#### **IR4.4 Greater Participation by Community Residents in Decisions Regarding Urban Environmental Infrastructure**

Information on the progress of this IR is not available for this reporting period. Resources to support achievement of the IR are now in place. Cities where participation efforts will be directed were identified, and a survey was undertaken to determine the role played by communities in the planning and development of urban services, especially the role played by women. Progress will be reported in next year's R4 submission.

## **B. Expected Progress through FY 2000 and Management Actions**

The crisis in Indonesia will have profound effects on SO performance. The GOI already announced less direct and indirect funding will be available for urban programs. Private capital for such activities will also be in short supply. The impacts of the crisis in 1998 will seriously affect own-source revenue generation at the local level. Although PIM *own-source revenue* is adjusted for inflation as well as population growth, there is virtually no chance that the 1998 target will be met.

Despite the likely negative impacts on SO performance in FY98, virtually all of the ongoing urban and energy activities are well positioned to make strong contributions in response to the crisis. However, adjustments are necessary to ensure critical needs are being met.

Progress in the energy sector, our central initiative in GCC reduction, has been curtailed. Many of the private power renewable energy projects expected to come on line this year were put on hold in December as a result of initial IMF negotiations. There will be a slowdown in the implementation of the Small Power Producer Program (PSKSK), as many project developers have postponed implementation of their approved renewable energy projects. The National Electric Company (PLN) is focusing its immediate efforts on survival and solvency issues such as the mismatch between hard currency expenditures and Rupiah-denominated revenues from its customers. The Mission is providing technical assistance regarding such policy matters, as well as increased efforts in support of the supply-side efficiency improvement initiative, vital to enable the PLN to dig itself out of its financial situation and meet the targets established in the IMF program. The latter has demonstrated good results with modest investment, a trend that is expected to continue and accelerate as the transferred technical skills are propagated to other plants on the grid.

Efforts in deregulation and privatization will focus on implementation issues of IMF reform. Under the IMF package, the GOI is required to undertake a Public Expenditure Review (PER), with WB assistance, in order to promote more efficient use of government resources. USAID-funded technical advisors will make direct contributions to the review by providing data analysis on local government finance. Spending at the local level accounts for 50% of all domestic national-level revenues, a much higher percentage than in many other developing countries and a large drain on the national budget. With substantially less revenues available to local governments in the budget year beginning April 1, they will be hard pressed to maintain minimal service levels. Already, water authorities are reportedly skimping in the amount of (imported) chemicals for water purification because of depreciation related cost increases, and spare parts for system repairs are becoming scarce. Poorer service will disproportionately hit women. Assistance will begin with a national seminar at which local officials and private sector and community leaders in East Java will report on the extent to which the crisis is impacting on their jurisdictions, especially in terms of the operation of public services. "Best practices" utilized by community leaders to alleviate impacts of the crisis derived from the seminar will be disseminated to other communities and incorporated into USAID urban activities. This and other consultations with national and local officials will help assess the current and projected impacts of the crisis on water, sanitation, and related essential urban services.

To supplement and provide background for the PER, the Mission will participate on an inter-donor coordinating committee, chaired by the WB and including representatives from ADB and ODA. This committee will prepare a Municipal Finance Framework (MFF) that will help shape the GOI's urban development agenda for the next Five-Year Development Plan consistent with IMF reforms.

IMF reforms call for an accelerated program of privatization with emphasis on a clear framework for full privatization, transparency, and accelerated action on 12 government owned enterprises. PLN is by far the largest state owned enterprise in terms of assets. The Mission will continue to focus on restructuring the power sector, essential for GOI privatization efforts in this sector. In close coordination with the WB and ADB, assistance will be provided to the newly formed inter-ministerial committee on power sector restructuring, utilizing an USAID-funded restructuring advisory team already in place. USAID/Indonesia will provide assistance to the Ministry of Mines and Energy, Ministry of Finance, and PLN in formulating a privatization strategy for PLN. In addition, assistance in the implementation of fuel and electricity subsidy removal will be provided. The Mission also plans to provide assistance to the PLN to address the role of independent power producers during the economic crisis.

The Mission will complete its efforts in providing assistance in privatization, in particular, working with BAPPENAS to establish a framework for the management and privatization of sub-national government enterprises (e.g. water utilities). The goal is to respond to the GOI's request for help in making this framework consistent with the privatization framework for national level enterprises called for in the IMF agreements. This activity will end in September 1998. To guarantee that implementation of the sub-national privatization framework proceeds in a "open, competitive, and efficient" manner, the Mission will continue for a limited time activities that directly support fully competitive tendering of privatization contracts for urban services. The remaining funds originally designated for these activities will be reallocated to support efforts in urban resource management at the local level.

SO4 activities will play a key role in implementing specific, already agreed to structural adjustment reforms in collaboration with other donors. The IMF agreements refer to the need for local governments to better manage new tax revenues, and for technical assistance in developing such management capabilities. New local level revenues cited in the agreements, such as the 5% sales tax on gasoline, and the groundwater extraction tax, will provide additional critically needed resources for local governments. USAID funded consultants will work with local officials in 15 cities and towns to improve tax management and investment planning. This effort will be linked to ongoing policy reform work at the national level and training for senior urban managers

In connection with efforts to find innovative ways to increase bank liquidity, the ADB has agreed to provide a \$50 million capitalization loan and a \$3 million equity contribution to a Secondary Mortgage Facility. The decree authorizing this facility was signed by the former Minister of Finance as one of his last acts in office. There is little prospect for further action on the SMF until the banking sector is operating again. When this happens, USAID/Indonesia will support the actual operation of the facility, and the important banking reforms it entails. The Mission will also continue to provide assistance to the GOI to reform of the Regional Development Account (RDA), though this will be a secondary priority to the more immediate needs related to

assisting local governments better manage their now greatly limited resources for provision of key public services.

As a way of supporting local employment generation, pursuant to social safety net issues consistent with IMF reforms, the Mission, in conjunction with other donors, is devising an approach for modifying its Urban and Environmental Credit (UEC) activity to stimulate immediate employment generation through activities that provide urban infrastructure in low income communities. These activities will employ small scale contractors *in situ* or community-based organizations in areas of rapidly rising unemployment. Such activities will include maintenance and repair of roads, drainage facilities, sanitation services, and other forms of basic infrastructure. Approximately \$14 million will be targeted to support these activities. An additional \$25 million in UEC funding is likely to be requested by the GOI in 1999. If Indonesia's credit standing allows borrowing to proceed, the Mission will support additional GOI requests to use these funds for emergency income-generating purposes.

Substantial results are expected in the coming year in local community participation in the provision of urban services. To expand participation of community groups in decisions that affect the delivery of urban and related government services to stakeholders, small grants will be awarded to groups such as NGOs, religious organizations, and universities to identify user needs, gauge willingness to pay for environmental services, and explore related pricing issues. Grants will also be awarded to community groups to build and manage small-scale environmental improvement projects in their communities. The Mission expects to have access to WB loans for providing grants to local community participation efforts in USAID/Indonesia-targets cities. Work at the policy level will be conducted with central government ministries to incorporate the procedures and best practices for community participation that affect local government effectiveness.

SO4 activities will continue to support USAID's Global Climate Change initiative. Indonesia has been designated a key country for the GCC program. We expect to complete the GCC Strategy by the end of 1998, to guide the program over the next five years. A GCC/Energy advisor will be hired to strengthen the capacity of the SO Team. During the economic crisis, the Mission will put more emphasis on activities to improve supply side efficiency, focusing on efficiency improvement in power plants. The modest investment in the past for these activities has shown promising results. The Mission expects the development of renewable energy resources will regain its momentum once the crisis subsides. The private sector has expressed keen interest in developing Indonesia's vast renewable energy resources.

A number of adjustments in the SO RF are being proposed for 1997-98. As Indonesia's financial crisis continues to unfold, a host of additional changes to the RF will be necessary.

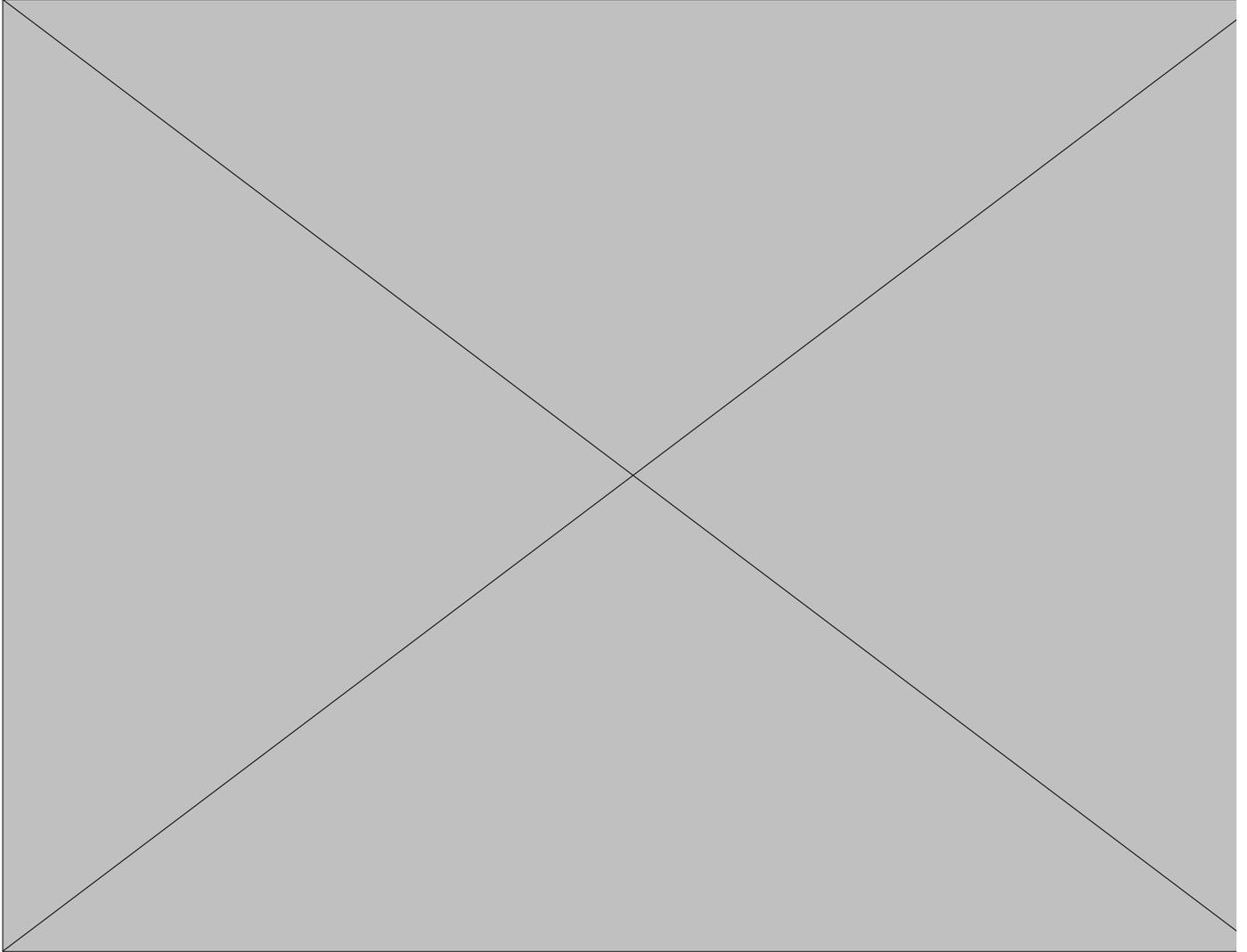
USAID/Indonesia proposes dropping the indicator measuring *water loss by local water utilities* (4.2.2). Consistent with the overall transition strategy, the Mission persuaded the ADB to address water loss issues, and helped design a nation-wide assistance project to be financed and supervised by the ADB. This "hand-off" to a donor with considerably larger resources insures that objectives in the sector will be met and shifts responsibility for targeting and performance monitoring to the ADB.

IR 4.2 *Wider Adoption of Improved Practices in Urban Environmental Infrastructure Service Provision* will be dropped and the remaining indicator, which measures own-source revenue generation (4.2.3), will be moved to IR 4.1, *Adoption of New Policies and Practices to Facilitate Decentralized Financing of Urban Environmental Infrastructure*. The Mission believes the indicator is more accurate measure of access to financing by local governments.

Future targets for indicators 4.1 *access by urban population to piped water* and 4.1.3 *value of signed privatization deals* have been adjusted upward to account for unusually strong progress in these areas.

The Mission will conduct an annual assessment of progress in the GOI Urban Policy Action Plan (UPAP). The assessment is one step required to authorize and disburse new Urban and Environmental Credit guaranties to the GOI. The assessment will be broadened this year to provide the Mission with recommendations a policy issues that require continued attention.

## **C. Performance Indicators**



**OBJECTIVE 4:** Strengthened Urban Environmental Management

APPROVED: 15/05/95

COUNTRY/ORGANIZATION: USAID/Indonesia

**INTERMEDIATE RESULT:** (SO Level Indicator)**INDICATOR SO 4.1:** Increased access by urban populations to clean water**UNIT OF MEASURE:** Percentage of total urban population served by local water treatment and piped water distribution.**SOURCE:** National Development Planning Agency (BAPPENAS) and Ministry of Finance annual report: Monitoring Indicators of**INDICATOR DESCRIPTION:** Percent of urban population with access to piped water.**COMMENTS:**

Increased access to piped water contributes to improved health conditions, improved quality of urban living conditions and, to the

Note that the targets for 1997/98 and 1998/99 have been revised upward to take into account past progress, but increases are modest because the current economic crisis is likely to make future progress in this area considerably more difficult.

1997 Target exceeded: 110%  
Indonesian FY=April 1-March 31

YEAR	PLANNED	ACTUAL
1993/94 (B)	N/A	40
1994/95	40	44.9
1995/96	41	45.2
1996/97	43	47.2
1997/98	48	
1998/99	48.5	
1999/00 (T)	49	

**OBJECTIVE 4:** Strengthened Urban Environmental Management**APPROVED:** 15/05/1995**COUNTRY/ORGANIZATION:** USAID/Indonesia**INTERMEDIATE RESULT:** (SO Level Indicator)**INDICATOR SO 4.3:** Global and local air pollution avoided or reduced by increased application of renewable energy and improved energy efficiency**UNIT OF MEASURE:** Metric Tons of CO<sub>2</sub>, methane, SO<sub>2</sub> and particulate matter reduced or avoided nationally.**SOURCE:** World Bank-sponsored Environmental Manual for Power Development (EM), a computer simulation model with Indonesia-**INDICATOR DESCRIPTION:**

This indicator reflects improvement in the environmentally sound supply and use of energy. All aspects of power generation produce greenhouse gases (CO<sub>2</sub>, methane, SO<sub>2</sub>, and particulate matter) which contribute to global climate change (GCC). This indicator captures the aggregate contribution of USAID's efforts to reduce or avoid these emissions by encouraging increased generation from renewable energy and improvements in energy efficiency (supply and demand side). The EM computer model calculates the net change in emissions from the current power sector configuration by propagating the impact of the increased generation from renewable energy and energy efficiency improvements throughout the energy chain (resource mining, transport, generation, transmission, distribution, and end use).

This SO-level bio-physical change indicator was selected to best measure the overall impact of the diverse but inter-related activities of the CLEAN/Energy Results Framework. SO4 will develop the EM Indonesia-specific energy sector data base and conduct training for government officials in the use of the model, including a focus on the critical assumptions that drive the model. This indicator quantifies the impact of both increasing the use of renewable energy and improving energy efficiency

**COMMENTS:**

SO4 expects the 1997/98 target for this indicator to be met, although final performance data will not be available until March 31, 1998, the end of the Indonesian FY. The preliminary data available indicate that as of the end of September 1997, approx. 0.4 million metric tons of CO<sub>2</sub> had been reduced as a result of USAID efforts in the energy sector. The target of 1 million metric tons is expected to be achieved by March 31. The commercial operation of a number of new renewable energy power plants scheduled for the latter half of

target by the end of the IFY.

Data not available

Indonesian FY = April 1-March 31

	YEAR	PLANNED	ACTUAL
	1996/97 (B)	N/A	0
	1997/98	1 million	N/A
	1998/99	2 million	
	1999/2000	3 million	
	2000/2001	4 million	
	2001/2002	5 million	
	2002 (T)	7 million	

**OBJECTIVE 4:** Strengthened Urban Environmental Management

**APPROVED:** 15/05/95

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 4.1:** Adoption of New Policies and Practices to Facilitate Decentralized Financing of Urban Environmental Infrastructure

**INDICATOR IR 4.1.1:** Improved targeting of central government grants to local governments

**UNIT OF MEASURE:** Percentage of all SDO and INPRES grants received by local governments.

**SOURCE:** National Development Planning Agency (BAPPENAS) and Ministry of Finance annual report: Monitoring Indicators of

**INDICATOR DESCRIPTION:**

This indicator shows the share of all intergovernmental grants allocated to city and district governments.

**COMMENTS:**

The proportion of total grants allocated to local governments (cities and districts), as opposed to provincial governments, is a measure

1997 Target exceeded: 103%  
Indonesian FY=April 1-March 31

YEAR	PLANNED	ACTUAL
1993/94 (B)	N/A	50
1994/95	55	57
1995/96	55.8	57.7
1996/97	56.5	58.0
1997/98	57.3	
1998/99	58.1	
1999/00 (T)	59	

**OBJECTIVE 4:** Strengthened Urban Environmental Management**APPROVED:** 15/05/95**COUNTRY/ORGANIZATION:** USAID/Indonesia**INTERMEDIATE RESULT 4.1:** Adoption of New Policies and Practices to Facilitate Decentralized Financing of Urban Environmental Infrastructure**INDICATOR IR 4.1.2:** 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 and RDA, in billions of Rupiah.**SOURCE:** National Development Planning Agency (BAPPENAS), Ministry of Finance, Ministry of Urban and Rural Planning

Repelita VI, Urban Policy Action Plan Implementation Results

**INDICATOR DESCRIPTION:**

This indicator tracks the amount of intergovernmental credit disbursed to local governments for urban environmental infrastructure. The sources of capital include subsidiary loan agreements (SLAs), mostly under World Bank or Asian Development Bank loans, and a municipal loan fund managed by the Ministry of Finance, the Regional Development Account (RDA).

**COMMENTS:**

Credit financing is essential if local governments are to be increasingly responsible for investment decision-making, and if sufficient funds are to be mobilized to meet investment needs. RDA makes demand-driven loans to local governments using a mix of national budget revenues and donor funds. It is directly targeted by USAID assistance. SLAs are more top-down in design and application.

Because they rely exclusively on multilateral donor funds, the SLA total is more volatile; recent reductions in SLA funding account for the overall decline in this indicator total over the last three years. SO4's goal has been to help increase the total of loan funds (both types are still necessary to help meet local financing needs), and within this total gradually shift to more reliance on RDA. RDA disbursements have increased every year since SO4 assistance began in 1988. The RDA total is now seven times what it was in 1988 and for the first time in 1996/97 exceeded the total for SLAs.

Prior to the financial crisis, SO4 was considering whether or not to focus this indicator only on RDA. Now, however, that decision is being delayed until next year, because the crisis will cut RDA funding deeply and likely increase SLA funding. USAID/I is now

progress over the next 12 months, SLAs will continue to be counted in this total.

1997 Target achieved: 100%

Indonesian FY=April 1-March 31

	YEAR	PLANNED	ACTUAL
	1993/94 (B)	N/A	228
	1994/95	280	442
	1995/96	300	393
	1996/97	320	321
	1997/98	340	
	1998/99	360	
	1999/00 (T)	380	

**OBJECTIVE 4:** Strengthened Urban Environmental Management

**APPROVED:** 15/05/95

**COUNTRY/ORGANIZATION:** USAID/Jakarta

**INTERMEDIATE RESULT 4.1:** Adoption of New Policies and Practices to Facilitate Decentralized Financing of Urban Environmental Infrastructure

**INDICATOR IR 4.1.3:** Value of signed agreements between local governments and private firms in providing urban services.

**UNIT OF MEASURE:** Total value U.S. dollars of PURSE-supported public/private partnership agreements. Totals are cumulative.

**SOURCE:** Ministry of Home Affairs and PURSE project reports

**INDICATOR DESCRIPTION:** Total project value comprises total equity and debt service costs over the life of the project.

Figures under the "Planned" column represent the cumulative target for new private investment in municipal water supply anticipated to be signed by that year.

Figures under the "Actual" column represent the cumulative value of contracts that have reached financial closure.

**COMMENTS:**

The flow of signed agreements predicted last year has begun, with two mega privatization contracts signed for water services in the cities of Jakarta and Medan. Competition and transparency are often lacking in the privatization of urban services in Indonesia, and neither of these deals are exceptions to that general rule. However, both deals are counted here on the grounds that involvement of the PURSE project significantly improved the deals in terms of government ability to negotiate reasonable prices with private partners. In Jakarta, the financing was provided by the International Finance Corporation (IFC) and the investment bank in the case of the Medan deal; IFC in the case of Medan).

Note that the cumulative targets from 1998 on have been revised upward to reflect the huge size of the first two deals (\$1.2 billion in Jakarta and \$60 million in Medan). However, future increases are expected to be modest because of the shortage of financing for such deals in the wake of Indonesia's financial crisis.

1997 Target exceeded: 1040%  
Indonesian FY=April 1 - March 31.

YEAR	PLANNED	ACTUAL
1992/93 (B)	N/A	0
1993/94	0	0
1994/95	0	0
1995/96	0	0
1996/97	\$50 m	0
1997/98	\$125 m	\$1.3 billion
1998/99	\$1.5 b	
1999/00	\$1.6 b	
2000 (T)	\$1.7 b	

**OBJECTIVE 4 :** Strengthened Urban Environmental Management**APPROVED:** 15/05/95**COUNTRY/ORGANIZATION:** USAID/Indonesia**INTERMEDIATE RESULT 4.2:** Wider Adoption of Improved Practices in Urban Environmental Infrastructure Service Provision**INDICATOR IR 4.2.2:** Increased efficiency of local water utility management**UNIT OF MEASURE:** Percentage of water lost by 14 local water utilities.**SOURCE:** Perpanisi, the Indonesian Association of Local water Utilities**INDICATOR DESCRIPTION:**

Water treated and distributed by local utilities, but not accounted for because of leakage, theft, or administrative error. The unit of measure is the difference between the amount of water produced and the amount of water sold by the water utility, expressed as a percentage of water produced.

**COMMENTS:**

SO4 proposes dropping this indicator. Consistent with the Mission's overall transition strategy, SO4 has helped convince the ADB to address the water loss issue, and has helped design a nation-wide assistance project to be financed and supervised by ADB. This "hand-off" to a donor with considerably larger resources insures that SO4 objectives in the area will be met, but shifts the responsibility for target setting and performance monitoring to the ADB.

Data not available

Indonesia, FY: April 1, March 31

	YEAR	PLANNED	ACTUAL
	1993/94 (B)	N/A	40
	1994/95	35	34
	1995/96	33	N/A
	1996/97	32	N/A
	1997/98	31	
	1998/99	30	
	1999/00 (T)	30	

**OBJECTIVE 4:** Strengthened Urban Environmental Management**APPROVED:** 15/05/95**COUNTRY/ORGANIZATION:** USAID/Indonesia**INTERMEDIATE RESULT 4.1:** Adoption of New Policies and Practices to Facilitate Decentralized Financing of Urban Environmental Infrastructure**INDICATOR IR 4.1.4:** 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:** National Development Planning Agency (BAPPENAS) and Ministry of Finance annual report: Monitoring**INDICATOR DESCRIPTION:**

This indicator shows the per capita amount available for spending on urban environmental infrastructure, which is generated by local

**COMMENTS:**

Per capita OSR provides a measure of the ability of local governments to maintain investments at levels necessary to keep pace with the

Note that this was the sole remaining indicator under IR 4.2 (after 4.2.2 was dropped). Since this is a meaningful measure of financial decentralization, a decision was made to move it under IR 4.1 and drop IR 4.2.

Despite exceptional progress in meeting these targets, future targets have not yet been revised upward because of severe difficulties expected over the near term in the generation of local fees, user charges, and taxes, and because the annual inflation rate is expected to rise precipitously, to anywhere from 60-120%. These targets will be thoroughly reassessed as the financial crisis unfolds, and revisions may be proposed at the time of the next R4 submission.

1997 Target exceeded: 133%  
Indonesian FY=April 1-March 31

	YEAR	PLANNED	ACTUAL
	1993/94 (B)	N/A	9,893
	1994/95	10,736	11,868
	1995/96	11,273	13,745
	1996/97	11,837	15,777
	1997/98	12,429	
	1998/99	13,050	
	1999/00 (T)	13,703	

**OBJECTIVE 4:** Strengthened Urban Environmental Management**APPROVED:** 15/5/1995**COUNTRY/ORGANIZATION:** USAID/Indonesia**INTERMEDIATE RESULT 4.3:** Adoption by Government and Industry of Policies and Procedures to Reduce Industrial Damage to the Environment and Promote Environmentally-Sound Energy Supply and Use**INDICATOR IR 4.3.3:** Installed renewable energy capacity**UNIT OF MEASURE:** MegaWatts (MW)**SOURCE:** Ministry of Mines and Energy, PT. PLN Annual Report, ADB, World Bank Reports**INDICATOR DESCRIPTION:**

This indicator reflects the establishment of policies, procedures and practices for cleaner, more efficient power supply by tracking

This indicator provides a quantitative measure of the effectiveness of SO4 activities in promoting sustainable application of renewable energy technologies. USAID assistance is focusing on encouraging the development of an enabling regulatory policy environment that

**COMMENTS:**

This target was exceeded with the operation of the 2X55MW Salak #4, #5, and #6 UNOCAL geothermal plants in December 1997, which marked the operation of the first private power geothermal plant, a program which was initiated by USAID/I. Prior to the financial crisis, additional renewable energy capacity in Indonesia was expected to come from private geothermal plants as well as from plants installed under the Small Power Producer program. PLN was expected to concentrate primarily on developing large hydro plants. However, the current economic crisis will likely halt investment in the energy sector, including in the renewable energy area, for the foreseeable future. It is unlikely that targets for the next several years will be met.

1997 Target exceeded: 102%

Indonesian FY = April - March

YEAR	PLANNED	ACTUAL
1995/96 (B)	N/A	3,509
1996/97	3,560	3,564
1997/98	3,660	3,729
1998/99	3,750	
1999/2000	4,000	
2000/2001	4,200	
2001/2002	4,400	
2002 (T)	4,550	

**OBJECTIVE 4:** Strengthened Urban Environmental Management**APPROVED:** 15/5/1995**COUNTRY/ORGANIZATION:** USAID/Indonesia**INTERMEDIATE RESULT 4.3:** Adoption by Government and Industry of Policies and Procedures to Reduce Industrial Damage to the Environment and Promote Environmentally-Sound Energy Supply and Use**INDICATOR IR 4.3.4:** Energy saved due to efficiency improvement**UNIT OF MEASURE:** Equivalent MegaWatt-Hours (MWh) of energy saved .**SOURCE:** PLN Data on Plant Efficiency, Ministry of Mines & Energy Yearbook, UEM and Regulatory/Restructuring Advisor**INDICATOR DESCRIPTION:**

This indicator reflects the establishment of efficiency-friendly policies, procedures and practices by measuring energy efficiency improvements influenced by USAID interventions in both the supply and use of electricity. This indicator aggregates the improvements in the industrial sector that did not meet the target.

USAID's program covers both supply side and demand side efficiency improvements. On the supply side, USAID assists PLN in improving the heat rate efficiency in selected base-load power plants. This efficiency will reduce the gross energy required to generate electricity. On the demand side, USAID assists the GOI in implementing the national energy conservation program by providing training to energy managers in manufacturing, process industries, and commercial buildings. USAID also assists the GOI in implementing an energy efficiency appliance labeling and standards program

**COMMENTS:**

SO4 expects the 1997/98 target for this indicator to be met, although final performance data on demand side management activities will not be available until March 31, 1998, the end of the Indonesian FY. USAID/I assistance to PLN in improving the efficiency of one of its power plants (Paiton units 1&2) resulted in higher efficiency. The efficiency improvement was initiated in June 1997. After 9 months of operation, the efficiency target for this indicator appears likely to be met comfortably by March 31.

	YEAR	PLANNED	ACTUAL
	1996/97 (B)	N/A	0
	1997/98	70,000	N/A
	1998/99	140,000	
	1999/2000	210,000	
	2000/2001	280,000	
Data not available Indonesian FY=April 1-March 31	2001/2002	350,000	
	2002 (T)	420,000	

**OBJECTIVE 4:** Strengthened Urban Environmental Management**APPROVED:** 15/5/1995**COUNTRY/ORGANIZATION:** USAID/Indonesia**INTERMEDIATE RESULT 4.3:** Adoption by Government and Industry of Policies and Procedures to Reduce Industrial Damage to the Environment and Promote Environmentally-Sound Energy Supply and Use**INDICATOR IR 4.3.5:** Regulatory Policy Index**UNIT OF MEASURE:** 100 Point Index.**SOURCE:** UEM Office, Regulatory Advisor Reports**INDICATOR DESCRIPTION:** This indicator uses a 100 point index to provide a qualitative measure of overall progress in establishing a regulatory environment that includes compatibility with renewable energy and energy efficiency. The index will track the achievement of milestones in regulatory policy development and implementation. Each individual policy will be rated in terms of

potential and realized impact in the energy sector in Indonesia. The points given reflect the significance of the activity in achieving the needed regulatory environment. Partial credit, or partial points, will be granted also. For example, 10 of the total 15 points will be considered "achieved" if the Transmission/Transfer Pricing Framework is under review in MME by the end of the IFY. Full credit of 15 points will be granted once the Framework is implemented. Points awarded for each activity, if fully implemented by MME, are identified below:

- Technical assistance in drafting the Transmission/Transfer Pricing Framework - 15 points
- Technical assistance in drafting the Grid Access Code - 15 points

- Technical assistance in drafting a Regulatory Framework - 50 points

- Technical and human resources development assistance that leads to the establishment of a regulatory body within MME - 10 points
- Technical assistance in developing Rules and/or Procedures that will assist MME in implementing the country's GCC

**COMMENTS:** SO4 expects the 1997/98 target for this indicator to be met, although final performance data will not be available until March 31, 1998, the end of the Indonesian FY. The status of milestone accomplishments, as scored by the index point system as of September 1997, is indicated below:

- Technical assistance in drafting the Transmission/Transfer Pricing Framework - September 1997 status: draft framework under review by Ministry of Mines and Energy (MME) and PLN - 10 points
- Technical assistance in drafting the Grid Access Code - September 1997 status: draft code is under review by MME and PLN - 10 points

A GOI meeting to initiate implementation of the pricing framework and grid code is scheduled for late February; this meeting will confirm full achievement of the 1997/98 target for this indicator.

Data not available: Indonesian FY - April 1 - March 31

	YEAR	PLANNED	ACTUAL
	1996/97 (B)	N/A	0
	1997/98	25	N/A
	1998/99	50	
	1999/2000	70	
	2000/2001	80	
	2001/2002	90	
	2002/2003	95	
	2003 (T)	100	

**OBJECTIVE 4:** Strengthened Urban Environmental Management

**APPROVED:** 15/05/95

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 4.4:** Greater Participation by Community Residents in Decisions Regarding Urban Environmental Infrastructure

**INDICATOR IR 4.4.1:** Increased dialogue between local officials and community residents regarding the design and financing of urban environmental infrastructure

**UNIT OF MEASURE:** Targets are based on the assumption that USAID-sponsored activity will take place in seven (7) cities per year.

(a) Number of meetings/surveys used to mobilize/express public opinion regarding infrastructure projects;

(b) Number of successful programs carried out by local governments, NGOs, Community Base Organizations (CBOs), to educate/mobilize community residents regarding environmental infrastructure issues; and

positively impacted via USAID-sponsored capacity strengthening efforts.

**SOURCE:** Annual assessments by outside, independent expert making field visits to localities where USAID-

**INDICATOR DESCRIPTION:** Various activity measures of community participation.

**COMMENTS:** (a) Meetings must be formal, consultative events, which may be initiated by local officials, community members, or CBOs/NGOs.

(b) Programs may also include networking efforts between three or more NGOs/CBOs.

(c) "Significant impact" will be determined by application of an organizational capacity evaluation handbook adopted for this purpose.

Data not available

Indonesian FY = April 1-March 31

	YEAR	PLANNED			ACTUAL		
		a	b	c	a	b	c
	1996/97 (B)	N/A	N/A	N/A	0	0	0
	1997/98	14	14	7			
	1998/99	14	14	7			
	1999/00	21	21	14			
	2000/01 (T)	21	21	14			

**OBJECTIVE 4:** Strengthened Urban Environmental Management

**APPROVED:** 15/05/95

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 4.4:** Greater Participation by Community Residents in Decisions Regarding Urban Environmental Infrastructure

**INDICATOR IR 4.4.2:** Increased impacts by community residents on urban environmental infrastructure design and financing

**UNIT OF MEASURE:**

Targets are based on the assumption that USAID-sponsored activity will take place in seven (7) cities per year.

(a) Number of times that community participation has had measurable impacts on decisions regarding urban environmental infrastructure projects, and

(b) Number of successful national city sharing events designed to achieve nation-wide replication of lessons learned regarding community participation in urban environmental infrastructure decision making.

**SOURCE:** Annual assessments by outside, independent expert making field visits to localities where USAID-sponsored activities are under way.

**INDICATOR DESCRIPTION:**

Measures of impacts on local decision making.

**COMMENTS:**

(a) Impacts include changes or adjustments in plans, meaningful confirmation of official decisions, etc.

(b) Events may be organized by/through national NGOs; one measure of "success" will be MOUs signed between participating cities to work together in replicating best practices.

Data not available

YEAR	PLANNED		ACTUAL	
	a	b	a	b
1996/97 (B)	N/A	N/A	0	0
1997/98	7	1		
1998/99	7	2		
1999/00	14	3		
2000/01 (T)	14	4		

Strategic Objective 5:  
SUSTAINED IMPROVEMENTS IN HEALTH AND REDUCED  
FERTILITY

Result	Name	Rating	Evaluation Findings *
SO	Sustained Liberalization of International Trade and Domestic Competition for the Mutual Benefit of Indonesia and the United States	Met	
IR	Increased use, quality and sustainability of family planning and other reproductive health services	Met	
IR	Increased use and quality of effective STI/HIV/AIDS prevention programs and development of sound policies.	Met	
IR	Sustainable financing of health services	Not Met	
Percent Funding Through NGOs and PVOs:		FY98 <u>91%</u>	FY99 <u>93%</u> FY00 <u>100%</u>

\* Due to the crisis in Indonesia, the status of Mission evaluations and corrective actions are discussed in part II *Progress Towards Objectives*

## **II. Progress Towards Objectives**

### **A. Performance Analysis**

Expected progress toward achievement of the SO was met. Of the four SO-level PIMs used to monitor progress toward achievement of the SO, two met or exceeded targets.

The sustained decline in the fertility rate continued while the usage of modern contraceptives among married women increased. Maternal health improved as pregnant women consumed more iron and increasingly were assisted by trained health personnel during delivery, and obstetric complications were more commonly treated at health facilities. The GOI recognition of the serious threat HIV/AIDS poses to the population resulted in progress in policy development and resource allocation. The use of condoms to prevent the spread of the disease, however, declined in high risk areas, in particular, among the clients of commercial sex workers (CSW). Lack of GOI commitment and private sector company failures resulted in a significant decline in those benefiting from private healthcare schemes.

#### **IR5.1 Increased Use, Quality and Sustainability of Family Planning and Other Reproductive Health Services**

Expected progress toward achievement of this IR was met. Of the eight PIMs used to monitor progress toward achievement of the IR, 75% met or exceeded targets. Five exceeded targets, one was on-track, and two fell short of expectations.

Utilization of family planning services continued to grow in both public and private sectors. National contraceptive prevalence (CPR), the proportion of currently married women using a modern contraceptive, increased to 61.5% in 1997, exceeding targets. The role of private sector sources (e.g. private practice providers, commercial facilities, and NGO fee-for-service clinics) in providing reproductive health services grew for the fourth straight year. The private sector now accounts for over 42% of all family planning services provided. USAID-funded efforts contributed substantially to this progress through support for the development of over 117 clinics operated by six NGOs, of which 17 graduated from USAID assistance.

While CPR increases exceeded planned targets, long-term method use remained constant for the third year in a row, at approximately 34% of current users. Client demand for long-term methods increased in USAID-supported provinces due to provider training and communication interventions. Norplant heavily promoted by BKKBN, but the GOI had difficulty satisfying the demand for NORPLANT implants due to the method's high costs and the need to import it from abroad. A depletion of stocks occurred in the summer of 1997 and continued through this reporting period. In addition, program decision-makers continued to promote injectibles, at the expense of more cost-effective methods, IUDs and voluntary sterilization. The BKKBN admitted that low use of IUDs is a concern, and agreed to promote this method more vigorously at the provincial level. USAID/Indonesia continues to believe that long-term method use is a necessary element for both programmatic and financial sustainability. The economic crisis presents an opportunity to expand the policy dialogue in this area and will be a major objective of Mission policy efforts.

Significant progress was made in improving the health and nutritional status of pregnant women in South Kalimantan demonstration areas. Although a small part of Indonesia, these successes drew the attention of policy makers and the public and many of these policies and practices were adopted outside of the demonstration area. For example, USAID piloted a private sector iron tablet distribution strategy for pregnant women and couples registering for marriage in South Kalimantan. Maternal nutrition improved as the proportion of pregnant women who consumed appropriate iron supplementation increased to 54.7% in 1997. The Ministry of Health (MOH) recognized the benefit of this strategy and is replicating the program nationwide.

The percentage of pregnant women whose births were attended by a trained health provider increased from 35% in 1996 to 51% in 1997. While this fell slightly short of expectations, it is a significant result as it indicates positive change in health behavior at the provincial level and a reversal of the 1995-96 decline. With USAID/Indonesia assistance, a successful partnership between the MOH and the Indonesian Midwives Association was established to provide Life Saving Skills training and a peer review continuing education system for clinical support to midwives. The proportion of women with obstetrical complications who were treated at hospitals increased by 14% in the last year. The National Clinical Training Network, became fully functional for family planning in 11 provinces and, at the request of the MOH, began to integrate essential maternal health training in two of those provinces. The Mission was highly successful in leveraging GOI and other donor funds to expand the Network into six additional provinces where USAID is not active.

## **IR5.2 Increased Use and Quality of Effective STI/HIV/AIDS Prevention Programs and Development of Sound Policies**

Expected progress toward achievement of this IR was met. Of the eight PIMs used to monitor progress toward achievement of the IR, 63% met or exceeded planned targets. Five exceeded targets and three fell short of expectations.

In 1997, 15 health facilities were upgraded and nine training activities completed, enabling doctors, paramedics and laboratory workers to more effectively use national guidelines for the syndromic approach for the diagnosis and treatment of sexually transmitted infections (STIs). As a result, the percentage of people at high risk correctly diagnosed and treated by STI clinics in demonstration areas exceeded the planned target by 52%. Knowledge of acceptable ways to prevent HIV transmission among CSWs and non-CSW females increased in 1997. However this declined among high-risk males as did their use of condoms. It is probable that assistance placed insufficient emphasis on male clients of CSWs.

GOI commitment to HIV/AIDS prevention was high. In 1994, only one national AIDS policy was developed, by 1997 the number had increased to eight. Two new policies issued in 1997 supported 100% condom use in brothel complexes and provided guidelines on the role and responsibility of Islamic leaders in supporting HIV/AIDS prevention. Both policies represented strong GOI action in socially sensitive areas and important support for HIV/AIDS prevention activities. In addition, the total national health budget allocated to the STI/HIV/AIDS program increased from \$6.5 million in 1996 to \$8.9 million in 1997, exceeding the target by \$3.3 million. Good progress was made in donor coordination, particularly in use and replication of USAID's

behavioral research methodologies for facilitation of nationwide data comparison.

### **IR5.3 Sustainable Financing of Health Services**

Expected progress toward achievement of this IR was not met. Of the four PIMs used to monitor progress toward achievement of the IR, 75% met planned targets. Three were on-track, but a significant indicator, fell short of expectations.

Enrollment figures for the population covered by the Klaten managed health care scheme (JPKM) fell below 1996 levels, from 166,286 to 127,270. Several factors account for this drop: military pensioners previously covered under JPKM were moved to another health service mechanism not reflected in JPKM enrollment figures; 37 companies whose employees were covered under the Klaten JPKM scheme failed; and the JPKM/basic benefits program (BBP) which USAID directly assists, remained stalled at start-up by the close of 1997.

Although enrollment progress was poor, there were a few notable achievements. The dysfunctional management body for the JPKM/BBP was discontinued and a new Klaten based private company received a provisional license. The company enrolled 3,387 new members during its first month of operation. An alternative strategy was accepted for enrolling the informal sector in a JPKM/BBP scheme through secondary level cooperatives whereby a designated cooperative would contract with a licensed JPKM plan for providing benefits to members of the smaller cooperatives.

Progress towards strengthening the JPKM regulatory body was modest. The review and revision of all JPKM regulatory and implementation guidelines were completed in November. In addition, the MOH made an important decision to reorganize and elevate the JPKM regulatory body under the Secretary General of the Ministry of Health and appoint a senior level official to direct its functions. Regulatory reporting improved and several programs received MOH warnings for non-compliance with current regulations. Social marketing of JPKM activities progressed well but completion of activities stalled, pending start-up of a cooperatives JPKM/BBP program.

### **B. Expected Progress through FY 2000 and Management Actions**

As a result of the current economic crisis in Indonesia, overall progress toward achievement of the SO over the next two years will likely plateau or decrease. Anticipated cuts in GOI spending, effects of the drought and greatly reduced household income due to the rupiah's depreciation and inflation are likely to have a direct impact on health seeking behavior and, thereby, on SO performance. In particular, the Mission anticipates a decrease in the utilization of private sector health and family planning services as household incomes fall. The PHN Transition Plan, approved by USAID/Washington in April 1997, emphasizes the development and implementation of sustainable models and systems prior to cessation of USAID-funded activities supporting achievement of the SO in 2000. As a result of the economic crisis, resources designated for these activities will be diverted to support safety net systems to:

- Maintain and promote access to basic health and family planning services for target populations

(e.g. contraceptive procurement, managed health care, reproductive health care, and HIV/AIDS communication activities).

- Support operational costs of service delivery (e.g. quality of care, supervision monitoring, and travel by medical teams).
- Assess crisis effects on access to health and family planning service delivery, utilization of services and health status.

The Mission will revise its strategy and RF. Next year's R4 will reflect major changes in the SO framework necessitated by the crisis.

Over 50% of the activities in support of the SO will end in 1998 and early 1999. The Mission anticipates designing a new results package of essential reproductive health interventions. The basic objectives, increasing contraceptive use and improving maternal nutrition and birth outcomes will remain. An additional objective will be added, addressing neonatal mortality. Neonatal mortality currently comprises 62% of infant mortality in Indonesia. The Mission envisions supporting this integrated effort through a new five-year bilateral agreement or a centrally-funded integrated maternal health mechanism, if available within G/PHN by June 1999. Revision of the strategy, design and management of this activity will require priority posting of a TAACS to Indonesia in 1998 and maintenance of current staffing levels.

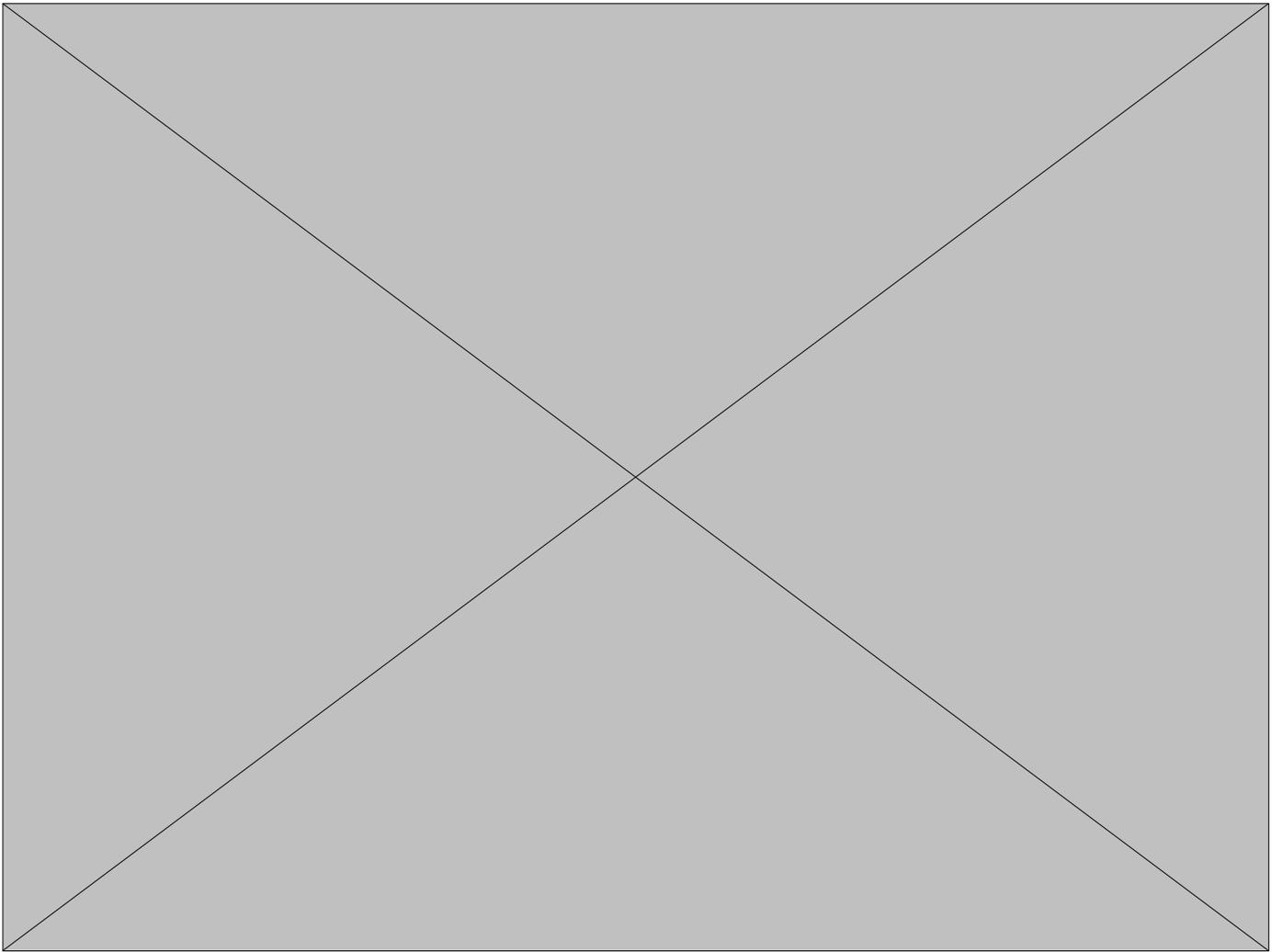
The validity of all indicators for IR5.1 *Increased use, quality and sustainability of family planning and other reproductive health services* will need to be reviewed in light of the crisis and data forthcoming from the 1997 DHS. The planned targets for three of the family planning indicators (contraceptive prevalence, long-term method use, and private sector utilization) may need to be revised downward in light of the economic crisis. USAID plans to provide IUD and NORPLANT implants on an emergency one-time basis in order to cover commodity stock-outs in USAID-supported areas. This donation, however, will be insufficient to meet the national projected deficits and, therefore, national rates for CPR and LTM use may not increase at the levels planned. The Mission anticipates that private sector family planning utilization may not increase at the planned levels due to the rising cost of medicine and health services provided by private practitioners. The Mission also expects that utilization of professional midwives for routine deliveries and public hospitals for obstetric emergencies may decrease as household incomes fall. This would negatively affect the number of births attended by professional midwives, and the proportion of obstetric complications treated in health facilities. The cost of iron tablets has also risen so number of pregnant women who consume appropriate iron supplementation may stagnate or drop.

Progress in HIV/AIDS/STI prevention is expected to be mixed. 1997 has been the first opportunity to assess progress against baseline data for IR PIMs. Since progress was below target in condom use and knowledge, the Mission is working to reassess and strengthen outreach to male clients and information education and communication (IEC) activities for 1998. In addition, the start up of a major social marketing campaign of commercially-viable condoms, delayed until 1998, will further improve access to condoms. If the 100% condom-use policy for brothel areas is implemented in 1998 in all three demonstration areas as anticipated, it should

result in a significant increase in condom-use. Because of excellent progress to date in policy development and GOI resource allocation to STI/HIV/AIDS activities, out-year indicator targets (2000) remain valid despite anticipated GOI spending cuts in 1998. It is still too early to tell what priority the GOI will continue to give to HIV/AIDS prevention activities but the Mission foresees slower or negative growth in GOI resource allocation in 1998 and 1999. The Mission intends to assess progress of this IR in August 1998, focusing on accomplishments to date, contractor performance, and the impact of the economic crisis in order to determine if activities should be amended or otherwise revised.

The Mission intends to remove “sustainable financing of health services” as an intermediate result from the SO framework and close out all resources (results package) supporting it by the end of FY98. The Mission notified USAID/Washington on January 23, 1998 (Jakarta 000387) of this intention. This decision was based on poor progress to date particularly in: enrollment, the key indicator; insufficient GOI commitment to JPKM regulation; insufficient resources available to the Mission to adequately implement activities supporting the IR; and lack of a viable mechanism to support the IR with critical technical assistance. Prior to close-out of the IR, the Mission expects a sustainable managed health care model to be in place in Klaten, Central Java, utilizing cooperatives to mobilize and enroll sufficient participants to make the management entity financially viable. Whether or not the JPKM regulatory body at the national level can be strengthened by the end of 1998 depends on the level of GOI commitment to this task. Remaining funds will be used to provide critical technical assistance during phase-out and to document lessons learned in this area by the end of 1998.

## **C. Performance Indicators**



**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** (SO level indicator)

**INDICATOR SO 5.1:** Total Fertility Rate (TFR)

**UNIT OF MEASURE:** The average number of children a woman would bear during her lifetime given current age-specific fertility rates.

**SOURCE:** Demographic and Health Survey (DHS)

**INDICATOR DESCRIPTION:**

**COMMENTS:**

1. The only reliable source of data for this indicator is the Demographic and Health Survey. The last DHS was conducted in 1994. The next DHS is being conducted in 1997 so preliminary results should be available in early 1998. The final report for the 1997 IDHS will be published in September 1998.

2. Planned achievements are derived from estimates made using the Bongaarts Proximate Determinants of Fertility model to calculate TFR needed to achieve replacement level fertility (TFR = 2.1) by the year 2005. Assumes a TFR decline of between .04 and .06 percentage points per year.

3. This objective remains unchanged from the May 15, 1995 management contract.

4. Mission's ability to continue reporting against this indicator and these particular targets may change in 1998 following revision of the PHN Transition Plan.

Data not available

**YEAR**

**PLANNED**

**ACTUAL**

1994 (B)

N/A

2.86

1997

2.74

N/A

2000 (T)

2.62

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility**APPROVED:** 17/01/1997**COUNTRY/ORGANIZATION:** USAID/Indonesia**INTERMEDIATE RESULT:** (SO level indicator)**INDICATOR SO 5.2:** Proportion of births attended by trained health personnel in demonstration areas**UNIT OF MEASURE:** Percentage of pregnant women attended by trained health personnel during delivery.**SOURCE:** Ministry of Health (MOH) and MotherCare Baseline Survey & Post Intervention Survey**INDICATOR DESCRIPTION:****COMMENTS:** 1. Demonstration areas are Banjar, Barito Kuala and Hulu Sungai Selatan (HSS) districts in South Kalimantan

2. Source 1995: DHS 1994 for South Kalimantan province.

3. Source 1996: taken from the MOH's Mother and Child Health care monitoring data in the three districts from January to December 1996.

In 1996, we reported that the proportion of births attended increased from 43% to 50.4%. In 1997, MotherCare conducted a baseline survey. Data from that survey indicates that the MOH baseline figures and achievements for 1996 was incorrect. A new baseline figure of 35.4% is correct for 1996 and will be used.

4. Source 1997: MOH's Mother and Child Health Care monitoring data. We must use MOH data this year to report trends since the MotherCare post intervention survey will not be available until EOP (1998). MOH data indicates that the proportion of births attended has increased significantly in these South Kalimantan, districts from 35% in 1996 to 51% in 1997. This falls slightly short of our planned achievement target. Reasons for this may include:

a) MOH assigned fewer than anticipated Village Midwives (VMW) to HSS district.

b) VMW training program delayed by 2 months due to longer than anticipated time needed to prepare training site at district hospitals and to train the MW trainers.

c) MOH called a halt to training program for one month due to the Mother-Friendly movement (December 1996) and for two months due to the National polio immunization campaign (August-September 1997). Since this indicator is directly related to the training of the VMW, these delays had a significant impact.

5. Data from 1997 IDHS will be available in 1998 so we can compare this both to MOH data and to the MotherCare baseline to see if the trend in births

6. Mission's ability to continue reporting against this indicator and these particular targets may change in 1998 following revision of the PHN Transition Plan.

1997 Target not met: 91%

	YEAR	PLANNED	ACTUAL
	1995 (B)	N/A	35.7
	1996	43	35.4
	1997	56	51
	1998	63	
	1999	72	
	2000 (T)	80	



**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT:** (SO level indicator)

**INDICATOR SO 5.4:** Klaten integrated health care reform/managed health care model replicated effectively in at least five provinces

**UNIT OF MEASURE:** MOH decree for replication of model issued and the model operational in 5 provinces.

**SOURCE:** MOH Reports

**INDICATOR DESCRIPTION:**

**COMMENTS:**

1. The first replications are expected in 1999 following successful model implementation in Klaten. Three additional replications are targeted for 2000.

2. This indicator was added to the SO5 Transition Plan to reflect the sustainability element of the Klaten model.

3. This indicator will be dropped pending approval of Mission request of January 23, 1998 (Jakarta 000587), to curtail SO5 activities and indicators under the results package.

1997 Target achieved: 100%

YEAR	PLANNED	ACTUAL
1996 (B)	N/A	None
1997	None	None
1998	None	
1999	2	
2000 (T)	5 (cum.)	

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility**APPROVED:** 17/01/1997**COUNTRY/ORGANIZATION:** USAID/Indonesia**INTERMEDIATE RESULT 5.1:** Increased Use, Quality and Sustainability of Family Planning and Other Reproductive Health Services**INDICATOR IR 5.1.1:** Contraceptive Prevalence Rate (CPR)**UNIT OF MEASURE:** Percentage of married women of reproductive age (15-49) using modern methods of contraception.**SOURCE:**

1. Demographic and Health Survey (DHS)

2. BKKBN Service Statistics, Ulasan Umpanbalik Pembinaan Keluarga Sejahtera, Table DPWI, Column 7/5

**INDICATOR DESCRIPTION:****COMMENTS:**

1. The only reliable source of data for the CPR is the Demographic and Health Survey. The last DHS was conducted in 1994. The next

monitor trends, USAID is applying the percentage point change in CPR as reported in BKKBN service statistics to the DHS baseline for 1994.

2. Planned achievements are derived from estimates made using Bongaarts Proximate Determinants of Fertility model to calculate CPR needed to achieve replacement level fertility (TFR=2.1) by the year 2005. Assumes a CPR increase of about 0.98 percentage point per year. Final CPR target for the year 2000 has been planned at 63.7%, which is slightly higher than the Bongaarts estimate of 60.1%, since program performance appears to be outpacing planned targets.

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

4. Program performance has outpaced planned achievements for the past several years. Actual contraceptive prevalence will be validated in the 1997 IDHS, preliminary results of which will be available in March 1998. The final report for the 1997 IDHS will be published in September 1998.

5. Mission's ability to continue reporting against this indicator may change in 1998 following revision of the PHN Transition Plan.

1997 Target exceeded: 107%

	YEAR	PLANNED	ACTUAL
	1994 (B)	N/A	54.7
	3/1995	55.4	56.9
	3/1996	56.4	59.5
	3/1997	57.4	61.7
	3/1998	58.4	
	3/1999	60.0	
	3/2000 (T)	63.7	

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.1:** Increased Use, Quality and Sustainability of Family Planning and Other Reproductive Health Services

**INDICATOR IR 5.1.2:** Long-term method utilization rate

**UNIT OF MEASURE:** Percentage of current users of family planning using long-term contraceptive methods (including IUD, implants, and voluntary sterilization for males and females).

**SOURCE:**

1. Demographic and Health Survey
2. BKKBN Service Statistics, Ulasan Umpanbalik Pembinaan Keluarga Sejahtera, Table DPWI, Column 17/7

**INDICATOR DESCRIPTION:**

**COMMENTS:**

DHS is being conducted in 1997 so preliminary results should be available in March 1998. The final report for the 1997 IDHS will be published in September 1998. To report on annual achievements, and to monitor trends, USAID is applying the percentage point change in CPR as reported in BKKBN service statistics to the DHS baseline for 1994.

2. Targets are based on the assumption that an increase in long-term method utilization rate of about 0.88 percentage point per year is needed to achieve BKKBN's goal of 40% long term method use by 2000.

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

4. LTM use appears to have plateaued at 34% . USAID is engaged in policy dialogue with BKKBN on this issue. We will continue to conduct research (qualitative and quantitative) to investigate the causes for this and to increase policy support for the IUD, in particular.

5. Mission's ability to continue reporting against this indicator may change in 1998 following revision of the PHN Transition Plan.

1997 Target not met: 92%

	YEAR	PLANNED	ACTUAL
	1994 (B)	N/A	34.7
	3/1995	35.6	34.1
	3/1996	36.5	34.4
	3/1997	37.4	34.4
	3/1998	38.3	
	3/1999	39.1	
	3/2000 (T)	40.0	

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility  
**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 51:** Increased Use, Quality and Sustainability of Family Planning and Other Reproductive Health Services

**INDICATOR IR 5.1.3:** Proportion of obstetric complications referred to treatment facilities in demonstration areas

**UNIT OF MEASURE:** Percentage of women estimated to have direct obstetrical complications who are treated at hospitals.

**SOURCE:** Ministry of Health and MotherCare Delivery Registers

**INDICATOR DESCRIPTION:**

Direct obstetrical complications include: a) post-partum hemorrhage; b) pre-partum hemorrhage; c) pre/eclampsia (toxemia); d) infection (sepsis); e) prolonged labor.

**COMMENTS:**

1. Demonstration areas are Banjar, Barito Kuala and Hulu Sungai Selatan districts in South Kalimantan.
2. Original baseline data (1996) of 10.3% was estimated from raw data collected from MotherCare's newly developed record system for all six hospitals in the three district areas during three months (October-December 1996). When calculated using the final, cleaned data set, the baseline figure is more accurately 53.2%, so we are using that new baseline.
3. Progress achieved against this indicator meets planned targets and indicates that women are increasingly seeking treatment for obstetric complications at hospitals. However, as the skill of village midwives in the community grows, these midwives may increasingly be able to handle obstetric complications in the community. Therefore, we may not necessarily continue to see increases in this indicator and may need to revise it.
4. No targets included for 1999 and 2000 because MotherCare ends in September 1998.
5. Mission's ability to continue reporting against this indicator may change in 1998 following revision of the PHN Transition Plan.

1997 Target achieved: 100%

YEAR	PLANNED	ACTUAL
1996 (B)	N/A	53.2
1997	61	61.1
1998	72	
1999		
2000 (T)		

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.1:** Increased Use, Quality and Sustainability of Family Planning and Other Reproductive Health Services

**INDICATOR IR 5.1.4:** Proportion of pregnant women who consume appropriate iron supplementation in demonstration areas

**UNIT OF MEASURE:** Percentage of pregnant women who consume at least 5,400 mg iron (90 tablets).

**SOURCE:** Ministry of Health Service Statistics and MotherCare Baseline Survey and Post Intervention Study

**INDICATOR DESCRIPTION:**

**COMMENTS:**

1. Demonstration areas are Banjar, Barito Koala, and Hulu Sungai Selatan districts in South Kalimantan.

2. Actual baseline data (1996) of 58.1% was taken from the MOH's Maternal and Child Health (MCH) care monitoring of iron tablets distributed in the three districts from January to December 1996. Data on distribution (not consumption) was the only available data. To calculate the proportion of women who consume appropriate iron supplementation, we extrapolated the MOH data using data available from the MotherCare Baseline Survey, which was completed this year. The new baseline figure calculated gives the value 33.4%, which we will use. Targets have also been adjusted accordingly.

3. For 1997, using the MOH extrapolated data, the proportion of pregnant women who consume iron increased, from 33.4% to 54.7%, exceeding planned targets.

4. Mission's ability to continue reporting against this indicator may change in 1998 following revision of the PHN Transition Plan.

1997 Target exceeded: 107%

YEAR	PLANNED	ACTUAL
1996 (B)	N/A	58.1 (distr) 33.4 (cons)
1997	60 (distr) 51.17 (cons)	63.4 (distr) 54.7 (cons)
1998	65 (distr) 56 (cons)	
1999	75 (distr) 60.3 (cons)	
2000 (T)	80 (distr) 69 (cons)	

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.1:** Increased use, quality and sustainability of family planning and other reproductive health services

**INDICATOR IR 5.1.5:** Private sector family planning utilization rate

**UNIT OF MEASURE:** Percentage of current users of modern family planning methods who received services from the private sector.

**YEAR**

**PLANNED**

**ACTUAL**

**SOURCE:**

2. BKKBN Service Statistics, Ulasan Umpanbalik Pembinaan Keluarga Sejahtera, Table DPWI, Column 14

1994 (B)

N/A

28.1

**INDICATOR DESCRIPTION:**

**COMMENTS:**

1. The only reliable source of data for this indicator is the Demographic and Health Survey. The next DHS is being conducted in 1997. Results should be available in early 1998. The final report for the 1997 IDHS will be published in December 1998. Since

3/1995

30.1

31.5

service statistics will be used to monitor annual trends. To report on estimated annual achievements, and to monitor trends, USAID is applying the percentage point change in this indicator as reported by BKKBN service statistics to the DHS baseline for 1994.

3/1996

32.1

34.3

1. Planned figures are based on BKKBN's objective of 50% private sector use by 2005. This implies a 1.99 percentage point increase per year.

3/1997

34.1

42.1

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

1. BKKBN statistics indicate that private sector use has again increased this year, from 34% in 1996 to 42% in 1997 exceeding planned target. The increase in private sector utilization will be validated in the 1997 IDHS. If private sector utilization rates have indeed increased substantially as expected, then USAID may delete this indicator in 1998. We do, however intend to continue to assist

3/1998

36.1

service delivery.

3/1999

38.1

1. Mission's ability to continue reporting against this indicator and these particular targets may change in 1998 following revision of the PHN Transition Plan.

1997 Target exceeded: 123%

3/2000 (T)

40.1

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.1:** Increased Use, Quality and Sustainability of Family Planning and Other Reproductive Health Services

**INDICATOR IR 5.1.6:** National Clinical Training Network (NCTN) is fully functional and institutionalized.

**UNIT OF MEASURE:** Number of provinces and districts with a fully functioning and institutionalized NCTN.

**SOURCE:** JHPIEGO and PRIME project reports

**INDICATOR DESCRIPTION:**

Fully functional is defined as all elements, including provincial and district training teams, equipment, facilities, logistics, planning, supervision, courses, and quality assurance system of the NCTN being operational. Institutionalized is defined as national and provincial policies and administrative requirements in place for NCTN trainers, training facilities and training approach; standardized clinical training packages approved for all family planning methods and selected EMHC topics, and NCTN operations funded by non-USAID sources.

**COMMENTS:**

1. Family planning courses (IUD, Norplant, Voluntary Sterilization (VS) for males and females and Infection Prevention courses fully functional and institutionalized in eleven (11) SDES provinces and 43 districts by EOP. To date, excellent progress has been made in institutionalizing a fully functional family planning component for the NCTN in eleven (11) provinces and thirty (30) districts. In addition, the GOI and other donors have expanded the NCTN into six (6) additional provinces with their own funding.
2. Essential Maternal Health Course (EMHC) and district training model will be developed and integrated into the NCTN in 4 (four) SDES districts by EOP. Project start-up activities in 1997 include development and approval of Memorandum of Understanding with MOH; completion of a maternal health resource document for medical schools; and arrival of two long-term advisors to lead this effort with the MOH, Indonesian Doctors Association, and Indonesian Midwives Association.

**YEAR**

**PLANNED**

**ACTUAL**

	1996 (B)	N/A	N/A
	1997 F.P. Mat. Health	None	<b>Prov.11 / Dist.30 Start up</b>
	1998 F.P. Mat. Health	Prov.11 / Dist. 43 Prov. 2 / Dist. 2	
	1999 (T) Mat. Health	Prov. 2 / Dist. 4	

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.2:** Increased use and quality of STD/HIV/AIDS prevention programs and sound policies developed

**INDICATOR IR 5.2.1:** Adoption of risk reduction strategies in relationships by those at risk in demonstration areas

**UNIT OF MEASURE:** Percent of target groups reporting condom use at last sexual encounter: a. female CSWs; b. Male clients.

**SOURCE:** Ministry of Health, Indonesia, 1996-2000, (HARRC, 1998)

**INDICATOR DESCRIPTION:**

**COMMENTS:**

1. Demonstration areas are North Jakarta, Surabaya, and Manado.

2. Target groups include CSWs and specific male groups (clients of CSWs).

3. Unless otherwise stated, all annual data are based on the calendar year.

4. This indicator remains essentially unchanged from May 15, 1995 management contract. Baseline data and yearly targets have been added.

1997 Target not met: a) 93%, and b) 58%

YEAR	PLANNED		ACTUAL	
	a	b	a	b
1996 (B)			36	14
1997	40	19	37	11
1998	50	25		
1999	60	35		
2000 (T)	65	50		

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.2:** Increased Use and Quality of STI/HIV/AIDS Prevention Programs and Sound Policies Developed

**INDICATOR IR 5.2.2:** People at high risk correctly diagnosed and treated in STI HAPP clinics in demonstration clinics: male and female

**UNIT OF MEASURE:** Percent of persons with STI using STI clinics/health facilities supported by HAPP, who receive correct diagnosis and treatment according to national STI protocols based on syndromic approach.

**SOURCE:** JEN (Indonesian Epidemiologist Network) Survey (HAPP funded)

**INDICATOR DESCRIPTION:**

**COMMENTS:**

1. Target groups include commercial sex workers and selected male groups.
2. Demonstration areas are North Jakarta, Surabaya, and Manado.
3. Unless otherwise stated, all annual data are based on the calendar year.

4. This indicator remains essentially unchanged from May 15, 1995 management contract. Baseline data and yearly targets have been added.

1997 Target exceeded: 152%

YEAR	PLANNED	ACTUAL
1996 (B)	N/A	9
1997	25	38
1998	40	
1999	55	
2000 (T)	70	

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.2:** Increased Use and Quality of STI/HIV/AIDS Prevention Programs and Sound Policies Developed

**INDICATOR IR 5.2.3:** Knowledge of prevention practices in demonstration areas:

a) female CSWs, b) high risk males, and c) non-CSW females

**UNIT OF MEASURE:** Percent of target groups who can correctly name at least two acceptable ways of protecting themselves from HIV infection.

**YEAR**

**PLANNED**

**ACTUAL**

**SOURCE:** University of Indonesia and Survey Research Indonesia (SRI) (HAPP final reports)

**INDICATOR DESCRIPTION:**

**COMMENTS:**

1. Baseline figures are relatively high. Knowledge has rapidly increased in response to early GOI, HAPP and other donor activities in demonstration areas. Levels likely reflect achievements resulting from these activities.

2. High risk populations included commercial sex workers and selected female and male groups including sailors, truck drivers, and students.

3. Demonstration areas are North Jakarta, Surabaya, and Manado.

4. Unless otherwise stated, all annual data are based on the calendar year.

5. This indicator remains essentially unchanged from May 15, 1995 management contract. Baseline data and yearly targets have been added.

1997 Target exceeded: a) 107%, b) not met 95%, and c) 101%

	YEAR	PLANNED			ACTUAL		
		a	b	c	a	b	c
	1996 (B)				71	81	79
	1997	73	83	83	78	79	84
	1998	75	85	85			
	1999	78	88	88			
	2000 (T)	80	90	90			

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.2:** Increased Use and Quality of STI/HIV/AIDS Prevention Programs and Sound Policies Developed

**INDICATOR IR 5.2.4:** 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 STI diagnosis and treatment, policy on confidentiality, and policy on zero surveillance system.

**SOURCE:** Written policies by GOI, and policy statements made by members of the National AIDS Commission

**INDICATOR DESCRIPTION:**

**COMMENTS:**

1. Eight National AIDS policies have been developed and issued since 1994:

- a) Development of the National AIDS Commission;
- b) Support for the National AIDS Strategy;
- c) Formulation of the Technical Working Groups on AIDS;

d) Assurance of care and rights of AIDS patients,

e) National IEC Policy Guidelines;

f) Support for STI Diagnosis and Treatment Based on Syndromic Approach Guidelines;

g) Support for 100% condom use in brothel complexes;

h) Role and responsibilities for Islamic Religious Leader's in supporting HIV/AIDS prevention

These eight policies have been chosen from a larger pool of policies because of their critical importance to furthering the implementation of important National objectives as well as USAID objectives. Additional policies we hope to see the GOI focus on through 2000 include guidelines from the National AIDS Commission on public health, regulations regarding condom use, and guidelines on zero-HIV/STI

2. The number of policies counted per year is cumulative.

3. Unless otherwise stated, all annual data are based on the calendar year.

4. This indicator remains essentially unchanged from May 15, 1995 management contract.  
1997 Target exceeded: 200%

YEAR	PLANNED	ACTUAL (cumulative)
1994 (B)	N/A	1
1995	2	3
1996	3	6
1997	4	8
1998	5	
1999	6	
2000 (T)	7	

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.2:** Increased Use and Quality of STI/HIV/AIDS Prevention Programs and Sound Policies Developed

**INDICATOR IR 5.2.5:** National health resources allocated to STI/HIV/AIDS activities

**UNIT OF MEASURE:** The amount of national resources allocated to STI/HIV/AIDS activities in millions of U.S. Dollars.

**SOURCE:** COLN/IR 5.2.5 (1995-1997)

**INDICATOR DESCRIPTION:**

**COMMENTS:**

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

2. This indicator remains essentially unchanged from May 15, 1995 management contract.

1997 Target exceeded: 135%

	YEAR	PLANNED	ACTUAL
	1994 (B)	N/A	2.5
	1995	5.0	3.5
	1996	5.75	6.5
	1997	6.6	8.9
	1998	7.6	
	1999	8.7	
	2000 (T)	10.0	

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.3:** Sustainable Financing of Health Services

**INDICATOR IR 5.3.1:** Population covered by Klaten JPKM program increased (male, female)

**UNIT OF MEASURE:** Number of people covered by comprehensive managed health care system in Klaten district (defined as ASKES, ASTEK, BBP-JPKM and private sector initiatives).

**SOURCE:** Insurance company records (ASKES, ASTEK) and Ministry of Health data from Klaten District Health Office

**INDICATOR DESCRIPTION:**

**COMMENTS:**

1. The district of Klaten, Central Java is the location of this integrated trial for health care financing reform/managed health care.

mechanism. Thirty-seven (37) companies whose employees went covered under ASTEK went bankrupt. The previous BBP Bapel was dissolved. A new Klaten based private company has received a license and enrolled 3,387 members.  
ASKES 108,115; ASTEK 15,768; BBP 3,387 = total 127,270

3. Unless otherwise stated, all annual data are based on the calendar year.

4. This indicator will be dropped pending approval of January 23, 1998 Mission request (Jakarta 000387), to curtail SO5 activities and indicators under the result package.

	YEAR	PLANNED	ACTUAL
	1994 (B)	N/A	111,000
	1995	197,458	165,000
	1996	263,140	166,286
	1997	176,454	127,270
	1998	215,678	
	1999	245,954	
1997 Target not met: 72%	2000	280,665	

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.3:** Sustainable Financing of Health Services

**INDICATOR IR 5.3.2:** Regulatory system established and operating

**UNIT OF MEASURE:** A regulatory body is formally established in the Ministry of Health providing regulatory functions for JPKM on a continual basis.

**SOURCE:** Regulatory body reports - MOH

	YEAR	PLANNED	ACTUAL
<p><b>INDICATOR DESCRIPTION:</b></p> <hr/> <p><b>COMMENTS:</b></p> <ol style="list-style-type: none"> <li>The regulatory body will be fully functioning when it: <ul style="list-style-type: none"> <li>routinely analyzes regulatory reports from all programs conducting quality assurance and risk profit sharing activities.</li> <li>documents degree of compliance, identifies deficiencies and provides a timeframe for corrective action.</li> <li>applies penalties and sanctions for non-compliance.</li> <li>periodically analyzes measures of quality assurance, rational drug use, cross subsidization and health impact.</li> </ul> </li> </ol>	1996 (B)	N/A	Non functioning regulatory body
<ol style="list-style-type: none"> <li>undertakes studies in risk-based pools and cross subsidization.</li> <li>The regulatory unit was operational in 1997: <ul style="list-style-type: none"> <li>written regulatory guidelines were revised by the end of November 1997.</li> <li>fifteen (cumulative) JPKM plans have been licensed and ten more are under review.</li> <li>four out of seven plans are reporting regulatory data on a regular basis.</li> <li>verbal warnings have been issued to several plans not in compliance with JPKM regulations.</li> </ul> </li> </ol>	1997	Reg. body operational; guidelines developed	Regulatory guidelines revised; Reg. body operational at minimal level
<ol style="list-style-type: none"> <li>Unless otherwise stated, all annual data are based on the calendar year.</li> <li>This indicator will be dropped pending approval of Mission request of January 23, 1998 (Jakarta 000387), to curtail SO5 activities and indicators under the result package.</li> </ol> <p>1997 Target achieved: 100%</p>	1998 (T)	Reg. body and system fully operational	

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.3:** Sustainable Financing of Health Services

**INDICATOR IR 5.3.3:** Klaten BBP-JPKM actively marketed

**UNIT OF MEASURE:** Pre-enrollment and product marketing campaigns.

**SOURCE:** SOMARC reports

**INDICATOR DESCRIPTION:**

**COMMENTS:**

1. Pre-enrollment marketing campaigns will identify and educate target groups, including government representatives, community leaders, providers within the Public Health Center (Puskesmas) system, private providers, group leaders of potential employees, business leaders and media representatives. BBP-JPKM product marketing campaigns will target potential Klaten district group enrollees. Target audiences for these campaigns will be segmented depending upon information and education needs.

2. Unless otherwise stated, all annual data are based on the calendar year.

3. This indicator has been added in the SO5 Transition Plan to better reflect sustainability and achievement against critical activities.

4. The pre-enrollment campaign is underway; a logo/name has been developed; radio spots/ads are ready. Info packets have been prepared for providers.

5. Mission expects to achieve 1998 target but will drop the indicator after 1998 if Mission's request to curtail SO5/PP5 3 (Jakarta 000387) is approved by AID/W.

1997 Target not met: 100%

	YEAR	PLANNED	ACTUAL
	1996 (B)	N/A	Needs assessment and mkt. research completed
<p>2. Unless otherwise stated, all annual data are based on the calendar year.</p> <p>3. This indicator has been added in the SO5 Transition Plan to better reflect sustainability and achievement against critical activities.</p> <p>4. The pre-enrollment campaign is underway; a logo/name has been developed; radio spots/ads are ready. Info packets have been prepared for providers.</p> <p>5. Mission expects to achieve 1998 target but will drop the indicator after 1998 if Mission's request to curtail SO5/PP5 3 (Jakarta 000387) is approved by AID/W.</p>	1997	Pre-enrollment market campaigns of JPKM completed	Pre-enrollment market campaigns of JPKM launched
<p>1997 Target not met: 100%</p>	1998 (T)	BBP-JPKM product marketing completed	

**OBJECTIVE 5:** Sustained Improvements in Health & Reduced Fertility

**APPROVED:** 17/01/1997

**COUNTRY/ORGANIZATION:** USAID/Indonesia

**INTERMEDIATE RESULT 5.3:** Sustainable Financing of Health Services

**INDICATOR IR 5.3.4:** Klaten BBP-JPKM Bapel (management body) operated at a profit

**UNIT OF MEASURE:** Profits reported by BaPel/Jasindo.

**SOURCE:** BaPel/Jasindo financial statements

**COMMENTS:**

1. Service industries characteristically operate at a break even point in the second year in Indonesia. A profit margin will be essential for sustaining the BBP-JPKM project and for attracting the private sector to participate in JPKM programs as well as for eventual replication

2. Unless otherwise stated, all annual data are based on the calendar year.

3. This indicator has been added in the SO5 Transition Plan to better reflect sustainability and achievement against critical activities.

4. Mission expects to achieve 1998 target but will drop the indicator after 1998 if Mission's request to curtail SO5/RP5.3 (Jakarta 000387) is approved by AID/w.

1997 Target achieved: 100%

YEAR	PLANNED	ACTUAL
1996 (B)	N/A	BaPel non-functioning; operating at loss
1997	Operating at loss	newly licensed Bapel still operating at a loss.
1998	First small profit	
1999	profit increase	

### Part III

## STATUS OF THE MANAGEMENT CONTRACT

Management Contract issues from the 1998 R4 review (State 97652) are discussed in detail in Part II (B) *Progress Towards Objectives: Management Actions and Expected Progress through 2000*. Actions taken are summarized below.

- Previous R4 “report card” section has been removed from the document and significant policy discussions incorporated into the narrative.
- Mission plans for an assessment of reproductive health needs for young Indonesian adults are still under consideration in Mission strategy revisions.
- The Environmental Quality Management activity supporting SO3 was eliminated.
- Integrated Pest Management activity supporting SO3 is closing out as planned.
- The SO3 results framework has been re-aligned in accordance with its major results packages and included in R4 submission.
- *IR Greater Participation by community Residents in Decisions Regarding Urban Environmental Infrastructure* was added to SO4.
- Corrections to the workforce reallocation charts have been included in Part IV *Resource Request* of this R4.

As noted in Part I *Overview and Factors Affecting Performance* and explained in Part II (2) *Performance Analysis: Management Actions and Expected Progress through 2000*, the current situation in Indonesia necessitates revisions to the Mission’s overall strategy and results frameworks. Many actions have already been taken or are under consideration. Items for USAID/Washington’s approval are summarized below.

- USAID/Washington recognizes USAID Strategic Response to the Economic and Political Crisis in Indonesia as official Mission response to the crisis.
- Mission completes strategic adjustments to the strategic objective frameworks, indicators and results packages, by the next R4 review. In November 1998, these changes will be submitted to USAID/Washington for review.
- USAID/Washington concurs with elimination of current transition strategy.
- At the Country Review and Threshold meetings, USAID/Indonesia requests timeframe extensions for SOs.

## PART IV RESOURCE REQUEST

### A. Financial Plan

The Mission requests bilateral and Global Field Support (GFS) resources of \$46.745M in FY98, \$41.983M in FY99 and \$35.6M in FY00. Distribution by SO represents the Mission's requirements to achieve agreed upon performance, taking into account the priorities the Mission laid out for addressing the economic and monetary crisis. The Mission created a Special Objective (SpO) for FY98 and FY99 to support PL 480 Title II emergency food aid. The majority of Mission FY97 pipeline of \$62M will be expended for activities addressing the crisis. Approximately 90% of FY98 and FY99 resources will also be allocated for crisis-related activities. Increased levels of effort in response to the crisis are expected to accelerate expenditures. Mission pipeline is expected to drop to \$59M in FY99 and \$54M in FY00.

SO1 : SO1 requires \$5.6M in FY98, \$7M in FY99 and \$6M in FY00. At an annual expenditure rate of approximately \$6M, the pipeline will remain static over the next few years.

SO2 : SO2 requires \$3.53M bilateral funds in FY98 and \$5.7M in both FY99 and FY00. In addition, \$0.1M in FY98 and \$0.3M in both FY99 and FY00 are required in Field Support from G/DG for the rule of law and civil society activities. Late obligations in FY97 contributed to a relatively large pipeline at the beginning of FY98. The pipeline will decline in the next few years.

SO3 : SO3 requires \$5.95M bilateral funds in FY98, \$5.6M in FY99 and \$5.2M in FY00 and \$3.9M Field Support in FY98, \$3.9M in FY99 and \$3.3M in FY00. With an annual expenditure rate of \$6.7M, the \$9.6M pipeline in FY97 will continue to decline.

SO4 : SO4 requires \$7.921M bilateral funds in FY98, \$6.383M in FY99 and \$5M in FY00, and \$0.1M Field Support each in FY98, FY99 and FY00. The pipeline remains static at \$13M annually.

SO5: SO5 requires \$6.43M bilateral funds in FY98, \$9.5M in FY99 and \$10M in FY00, and \$10.214M Field Support in FY98 and \$0.5M in FY99. The SO pipeline will remain static in FY98 and FY99 and is expected to decline significantly in FY00.

Special Objective: \$3M in bilateral funds is required both in FY99 and FY00 to support the PVOs managing and administering PL 480 Title II emergency food aid (\$25M in FY98 and \$15M in FY99) through Food for Work and vulnerable groups feeding programs.

Budget Request Table

Budget Request Table

Budget Request Table

## **B. Prioritization of Objectives**

Priority ranking of the SOs is normally based on adherence to the Post's Mission Performance Plan (MPP) and previous year performance. Neither of these, however, is relevant to the situation the Mission faces this year in Indonesia.

Before the onset of the economic crisis and the full impact of the fires and drought in FY97, USAID/Indonesia's achievements met expectations in nearly all areas. However, because of the crisis, dramatic revisions in the assumptions underlying the Mission's strategic framework are necessary. Consequently, until the situation in Indonesia stabilizes, past performance will not be a reliable measure of current GOI commitment or future potential achievements.

There have yet to be discussions on the preparation of the Post's Mission Performance Plan (MPP), but it is clear that events dictate a major rethinking of priorities. Last year's MPP was predicated on a totally different economic and political situation. The Post's human rights working group has already determined that a new more strategic approach is needed for its portion of the MPP. On the other hand, USAID's Strategic Response to the Political and Economic Crisis in Indonesia, submitted as part of this R4, benefitted from the inputs and clearances of all members of the Country Team. This document is the best base from which to assess the relevance of USAID activities to current U.S. Government priorities. As the Mission revises its strategic framework over the next year, it will be able to use the new MPP as the basis for deliberations.

USAID/Indonesia's strategic response to the crisis was guided by the following:

1. Recognition that all changes to activities must be made within the constraints of Agency funding earmarks and directives. These limit the Mission's ability to redirect funds as priorities change. The Mission was fortunate in FY98 to have substantial discretionary funds to direct to technical assistance and NGO programming in support of the economic crisis response.
2. Guidance from AA/ANE that to the greatest extent possible, the Mission's efforts to address the crisis should be made within the existing five SOs. As a result, only very limited activities are funded under a special objective.
3. Guidance from AA/ANE that within the existing SOs, all activities should be directed to assist Indonesia in resolving the crisis, along the lines of the four priority themes laid out in the Crisis Strategy document. Only if activities outside this response can be justified by a need to complete previous investments, should they be funded. The budget tables accompanying our Crisis Strategy indicate the extent to which USAID/Indonesia has followed these instructions.

The economic downturn has not yet reached its trough and may not do so for some time. Similarly, the level of social disquiet is fluid and the GOI and ABRI response to potential civil problems is not clear. The Mission's Strategic Objective Teams have shown remarkable flexibility in working within the SO RFs and funding constraints to respond to the evolving situation. The Mission has only begun to implement newly designed activities responding to the

crisis, and anticipates that as the situation changes, its responses will need to do so as well. Donor coordination, essential to ensure that the huge inflow of assistance to Indonesia is used effectively to address all the priority needs, is only beginning to take place. Discussions with other donors regarding assistance needs and gaps may further alter the Mission's plans.

In the meantime, by the time of the R4 review in Washington, a Humanitarian Assistance Team will have visited Indonesia and provided recommendations for other potential programming areas.

Finally, the Mission's experience with ranking last year demonstrated that the process was harmful to staff morale and encouraged teams to compete rather than collaborate with each other.

Therefore, because of the extreme fluidity of the situation, the unavailability of reasonable measures by which to judge SOs, and the need to maintain morale of all teams during these troubling times, the Mission cannot reasonably prioritize the SOs this year.

### **C. Linkage of Field Support**

This section provides brief descriptions of field support services required by each SO for FYs 98, 99 and 00. Funding requirements and obligation mechanisms are shown in the GFS tables.

SO 1 :

936-4212 Support for Econ Growth and Institutional Reform (Buy-In) - To provide technical assistance in legal and institutional reform, financial sector development, international econ analysis and support for econ growth.

SO 2:

936-5466 Global Democracy Support (OYB Transfer) - To fund a democracy fellow in Indonesia to assist in general rule of law activities. Also access G/DG IQCs for general civil society, rule of law and civil/military relations activities.

SO 3:

936-5517 EPIQ (Buy-In) - To provide assistance in NRM policy and information sharing with the GOI.

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

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

936-5556 Forest Resources Management II (Buy-In) - To finance a portion of the U.S.G. response to the current state of forest fires including the provision of fire maps, fire assessment and the introduction of reduced impact timbering practices.

AAAS, Grant No. HRN-5600-G-5017-00 - To provide an AAAS fellow to Indonesia to assist in designing and executing the Mission response to the 1997-1998 fires and the natural resource impacts of the current economic crisis.

SO 4:

936-5741 Energy Technology Innovation (Training) - To plan and implement an energy-related program.

Funding is required in FY98, FY99 and FY00 from the credit reserve account of the Housing Guaranty Program for the obligation of new Housing Guaranty authorization, a component of the urban environmental infrastructure activities.

SO5:

Population Funds

936-3030 Asia Operations Research (ASIA/OR) - To carry out operations research on emergency contraception, post-abortion treatment and counseling and to assist the BKKBN and other ministries in coordinating and developing a strategy of improving reproductive health among

youth.

936-3052 Johns Hopkins University/Population Communication Services - To prepare an IEC advocacy strategy focused on youth and to evaluate the national counseling training program.

936-3057 Central Contraceptive Procurement (CCP) - To provide a donation of contraceptives to the Indonesian Family Planning Program, in response to a request by the Government of Indonesia, to help meet the shortfall caused by the economic crisis.

936-3062 Pathfinder SDES - To support reproductive health care service delivery by midwives. Activities include midwife clinic development, clinical and counseling training, prenatal and identification of high risk pregnancy, obstetric referrals and postpartum family planning.

936-3069 Johns Hopkins University Program in Reproductive Health Education (JHPIEGO) - To continue implementation of clinical training program in Indonesia which involves the MOH, the BKKBN, the Indonesian OB-GYN Association, the Indonesian Doctors Association, and the Indonesian Midwives Association.

936-3070 Population Leaders Program - To manage the implementation and coordination of USAID/Indonesia family planning and reproductive health activities.

936-3072 Primary Providers' Education and Training in Reproductive Health (PRIME) - To collaborate with JHPIEGO to provide technical assistance for integrating maternal health training into the NCTN implementing a maternal health training strategy, and developing a national resource document of maternal health care guidelines and training materials. PRIME will also work with the MOH to improve midwifery pre-service training by field testing the INTRAH/PRIME Sourcebook for Trainers in midwifery schools.

936-3083.01 MEASURE DHS+ - To provide technical assistance to BKKBN and MOH in analyzing and disseminating results of the 1997 Indonesian Demographic and Health Survey.

936-5970 TAAC - A TAAC advisor is needed to assist the Mission in managing activities, particularly related to the new Social Safety Net strategy, in response to the economic crisis.

## S05

### Health Funds

936-3069 Johns Hopkins University Program in Reproductive Health Education (JHPIEGO) - See JHPIEGO under Population Funds

936-0378 POLICY - To provide TA to strengthen the BKKBN and MOH capability for strategic planning and policy development in the context of the economic crisis affecting Indonesia. A series of policy analyses will be conducted related to the private provision of services, market segmentation, pricing of services, etc.

936-3079 IMPACT - To provide support to several local NGOs in conducting HIV/AIDS prevention among high risk groups.

936-3090 DMELLD - To provide technical assistance in conducting an assessment of HIV/AIDS result package in August or September 1998.

936-5966 Mothercare - To evaluate the impact of activities life saving skills training and improvements of referral system and behavioral change, and to disseminate lessons learned for policy establishment..

936-5974.1 Health Tech - To assist in implementing HIV/AIDS prevention activities in Irian Jaya province.

936-6004.08 John Hopkins University/Child Survival and Health Fellows - To assist in the implementation and coordination of USAID/Indonesia health care financing activities.

## Field Support Tables

## **D. Workforce and OE**

### **Economic Crisis**

USAID/Indonesia program has changed from "graduation" to continued development cooperation. It is projected that it will take at least three to five years for the Indonesian economy to recover from the current crisis. Therefore, USAID/Indonesia will remain engaged at existing program and Operating Expense (OE) levels.

### **Trust Funds**

In prior years, when the Indonesian Rupiah (Rp) was depreciating at a steady rate of about 4% per year, the GOI's Trust Fund contributions amounted to almost one third of the USAID/Indonesia's total annual OE budgets. However, with the massive depreciation of Rupiah (from Rp2,400 equals \$1.00 in April 97, to Rp10,000 equals \$1.00 now), and with GOI's Trust Fund contributions increasing per year by only about 9%, the percentage of Trust Fund contributions to our OE budgets have dropped. In FY98, the actual GOI Trust Fund contribution amounted to only 20% of the total OE Budget. The shortfall will be made up by the unspent Trust Fund amounts carried forward from the previous years. However, such unspent Rupiah Trust Funds will not be available starting FY99. Further, though depreciation initially gave USAID's OE budget a windfall for dollar-financed rupiah expenditure line items, inflation has set in and will likely increase over the next several months, eroding this gain.

The absolute amounts of our Trust funds are further vulnerable to either the inability of the GOI to pay their contribution or a further depreciation of the Rupiah. If either of these conditions prevails, our OE budget needs for future years will have to be almost fully met by dollar appropriations.

### **Year 2000 (Y2K) compliance expenses**

Based on the guidelines provided by IRM, all of this Mission's hardware and software was tested for Y2K compliance. Our preliminary estimate indicates a need for \$135,000 to make our automated systems of computer hardware equipment and software applications Y2K compliant. We have **NOT** provided for this expense in our OE budgets because we cannot accommodate this expenditure within our planned straight-lined OE levels.

### **Mission Travel Expenses**

Indonesia is a vast archipelago of over 13,000 islands covering 5,193,252 square kilometers of territory. The high cost of in-country air travel to reach the locations of our project implementation activities off the island of Java results in a proportionately high level of travel costs. In order to ensure proper management and monitoring of our programs, to achieve optimum levels of accountability and reduced vulnerability and exposure to potential waste of limited resources, program and project officers are frequently on the road. This year the demand for travel has been further augmented by our direct involvement in disaster relief assistance for

drought and famine related mitigation intervention activities. As we proceed with the additional mandate of providing humanitarian relief, as well as dealing with the problems arising from the economic crisis, we anticipate significant increases of in-country travel.

### **Impact of ICASS**

Beginning FY98, ICASS operations are fully operational. USAID/Indonesia has endeavored to ensure that administrative support services under ICASS are optimized at minimal costs and consistent with Mission needs. Our sets of services received beyond the basic package are small. We have conducted an analysis of costs and have determined that it is not cost effective to assume any service provider responsibility. Modified workload factors for the subset of services received under ICASS have been adjusted to reflect both the service levels and our specific service requirements. We continue to monitor and seek opportunities to fine tune our workload factors to ensure services and ICASS costs are accurate.

USAID/Indonesia has identified and separated ICASS costs attributable to program and RUDO activities with appropriate system accounting to ensure that ICASS charges and expenses are allocated to the correct appropriation. The projected OE ICASS costs for FYs 1998-2000 are included in our budget presentation.

### **Staffing**

USAID/Indonesia's current staffing level and mix of OE funded positions (USDH, FSN, and contractors) provides the correct balance in support of our program and project activities. Existing and planned activities require that our workforce levels remain stable.

We have straight-lined staffing levels through the year 2000. Our plan is to operate within the existing staffing levels and positions as indicated in the FY 98 first quarter report of the MSPS.

### **FSN Salaries**

In the last 10 months, the Indonesian rupiah exchange rate has gone from 2400 to a dollar to almost 10,000 to a dollar. Based on inflation rates in the past two months, the annualized inflation rate for 1998 will exceed 100%. Drought-related food price increases and IMF-related planned subsidy reductions, if imposed, will add to the inflationary pressures over the next several months. These economic changes triggered an FSN salary increase of 13%, implemented in the second quarter of FY98. This interim salary adjustment is only the beginning of what is anticipated in additional salary increases should the current economic trend continue. In the R-4 budgets we have provided for an overall 33% increase in the local compensation plan for FSNs. However, if the economic situation worsens, it will no doubt require adjustments to our budget projections.

Cost of controller operations

Cost of controller operations

Cost of controller operations

Cost of controller operations

## Trust Funds

Operating Expenses

Operating Expenses

Operating Expenses

## Operating Expenses

Workforce

Workforce

Workforce

Workforce

Workforce