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Investing in Indonesia:

A stronger Indonesia advancing national and global development

USAID STRATEGY FOR INDONESIA 2014 – 2018

United States Agency for International Development
Country Development Cooperation Strategy
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Cover Photo: Biology students work on an assignment at the new state-of-the-art Teacher Training School at University of Syiah Kuala in Aceh, Indonesia. USAID provided financial support to build and furnish the new facility to increase the number of trained teachers in Aceh province.

Photo Credit: Danumurthi Mahendra, USAID/Indonesia

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EXECUTIVE SUMMARY

The U.S. Agency for International Development (USAID) works as part of the U.S. Government to advance development priorities of mutual concern to Indonesia and the United States. This Country Development Cooperation Strategy (CDCS) outlines our engagement with Indonesia over the next five years in the context of its democratic consolidation, growing economy, rising global leadership and remaining development challenges. With a population of 240 million and gross domestic product (GDP) of $1 trillion, Indonesia is a major economic partner for the U.S. Yet, it is still home to 40 million people living below the international poverty line of $1.25 a day (the sixth highest figure of extreme poverty in the world). It is also the world's largest Muslim-majority democracy, the world's third largest carbon emitter and steward of the world's second greatest biodiversity. Indonesia's success matters greatly to the United States. The engagement in this CDCS supports the U.S.-Indonesia Comprehensive Partnership, signed by Presidents Obama and Yudhoyono in 2010, to broaden, deepen, and elevate bilateral relations between our two countries.

Indonesia has undergone a tremendous transformation in the past 50 years. During USAID's early period, the nation suffered widespread poverty, authoritarian rule, minimal infrastructure, and other challenges. Today, Indonesia is a rising economic power, vibrant democracy, leader of the Association of Southeast Asian Nations (ASEAN) and Asia-Pacific Economic Cooperation (APEC), and member of the G-20. Indonesia's strong economic growth contributes to an average annual poverty reduction rate of almost 6 percent in the past five years (SEADI 2013), while not yet eradicating extreme poverty.

A Changing Partnership

When Indonesians look for U.S. support, our CDCS consultations showed, it is not about money. They seek technical assistance, capacity building, technology, and ideas that foster innovation and reform. The days of a donor relationship are over. We are partners and co-investors in development.

Indonesia's democratic and economic advancement over the past 15 years has led to its emergence as a valued regional leader and global voice. Indonesia's development challenges increasingly transcend the archipelago and impact the region and the world, notably in the environment and health sectors. While economic growth has exceeded 6% in recent years, the poor and most vulnerable –nearly half the population – still lives on less than $2 per day. Decentralization of government, generally a positive democratic development, has not evened access to basic service across the archipelago. Indonesia still struggles with fragile institutions, endemic corruption, and intolerance, all priorities for our partnership. Indonesia is a growing global presence with increasing global clout, but has yet to fully realize the positive benefits of democratization and economic growth. Recognizing President Obama's vision of working with the international community to eradicate extreme poverty over the next two decades, Indonesia will continue to be a key partner in realizing that goal. This CDCS seeks to reorient USAID strategic engagement in Indonesia and therefore provides an opportunity to address extreme poverty in a way that both supports the President's vision and is contextualized to USAID's partnership in Indonesia.

Our Strategic Engagement

A stronger Indonesia advancing national and global development, our goal for this strategy, reflects our joint efforts to address both internal development gaps and external development opportunities. USAID's investment over the next five years will focus on four Development Objectives:

1. Democratic governance strengthened
2. Essential human services for the poorest and most vulnerable improved
3. Global development priorities of mutual interest advanced
4. Collaborative achievement in science, technology, and innovation increased

While the first two Development Objectives focus on internal development concerns, the others are more outward looking, including working with Indonesia in other countries. Across our strategy, USAID will be a co-investor along with Indonesian public and private institutions. We will build strong relationships with the Government of Indonesia, civil society and the private sector, and work closely across the U.S. Embassy, to promote a strong, democratic Indonesia.

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AIPI	Indonesian Academy of Sciences
APEC	Asian-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
BAKN	State Finance Accountability Committee
BAPPENAS	National Planning Agency
BNPB	Indonesia Disaster Management Agency
BPKP	Development and Financial Supervisory Board
BPK	Audit Board of the Republic of Indonesia
BRIC	Brazil, Russia, India, and China
CDCS	Country Development Cooperation Strategy
CIDA	Canadian International Development Agency
CSO	Civil Society Organization
DIKTI	Directorate General of Higher Education
DO	Development Objective
DoD	Department of Defense
DOJ	Department of Justice
DRG	Democracy, Human Rights, and Governance
DRN	National Research Council
EC-LEDS	Enhancing Capacity in Low Emissions Development Strategies
EU	European Union
FAF	Foreign Assistance Framework
FY	Fiscal Year
FSN	Foreign Service National
GBV	Gender-based Violence
GCC	Global Climate Change
GDP	Gross Domestic Product
GF (GFATM)	Global Fund to Fight AIDS, Tuberculosis and Malaria
GHG	Greenhouse Gas
GHI	Global Health Initiative
GIS	Geographic Information Systems
GOI	Government of Indonesia
GRIFN	Global Research and Innovation Fellowship Network
HELM	Higher Education Leadership and Management
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
IGs	Inspectorate Generals
ICASS	International Cooperative Administrative Support Services
INCLE	International Narcotics Control and Law Enforcement
INP	Indonesian National Police
IR	Intermediate Results
ISF	Indonesian Science Fund
IUCN	International Union for Conservation of Nature
JICA	Japanese International Cooperation Agency
KADIN	Indonesian Chamber of Commerce and Industry
KIN	National Innovation Council
KIP	Public Information Commission
KPK	Corruption Eradication Commission
LF	lymphatic filariasis
LGBT	Lesbian, Gay, Bisexual, and Transgender
M&E	Monitoring and Evaluating
MCC	Millennium Challenge Corporation
MCH	Maternal and Child Health
MDGs	Millennium Developmental Goals
MDR TB	Multi-Drug Resistant TB
MenkoKesra	Coordinating Ministry for Social Welfare
MICs	Middle Income Countries
MMAF	Ministry of Marine Affairs and Fisheries
MMR	Maternal Mortality Rate
MOF	Ministry of Forestry
MOEC	Ministry of Education and Culture
MOH	Ministry of Health
MOHA	Ministry of Home Affairs
MORA	Ministry of Religious Affairs
MP3EI	Masterplan for Acceleration and Expansion of Indonesia's Economic Development
MSM	Men who have sex with men
NGO	Non-Government Organizations
NTD	Neglected Tropical Diseases
ODA	Overseas Development Assistance
ODHACA	Overseas Humanitarian, Disaster Assistance, and Civic Aid
ODC/USARPAC	Office of Defense Cooperation / U.S. Army Pacific Command

OE	Operating Expenses
OECD	Organisation for Economic Co-operation and Development
OFDA	Office of U.S. Foreign Disaster Assistance
ORI	Ombudsman of the Republic of Indonesia
PASA	Participating Agency Service Agreement
PEER	Partnerships for Enhanced Engagement in Research
PNPM	National Program for Empowerment of Communities
PPP	Public-Private Partnership
R&D	Research and Development
REDD	Reduce Emissions from Deforestation and Forest Degradation
RF	Result Framework
RISTEK	State Ministry of Research and Technology
S&T	Science and Technology
SMS	Short Message Services
SSTC	South-South and Triangular Cooperation
TA	Technical Assistance
TB	Tuberculosis
UHC	Universal Health Coverage
UN	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNICEF	United Nations Children's Fund
UP	University Partnerships
USAID	United States Agency for International Development
USDH	U.S. Direct Hire
USG	United States Government
WASH	Water, Sanitation, and Hygiene
WGI	Worldwide Governance Indicators
WHO	World Health Organization

DEVELOPMENT CONTEXT, CHALLENGES, AND OPPORTUNITIES

Indonesia is the world's most populous Muslim majority country and third largest democracy. It is immense and diverse with 240 million people speaking hundreds of languages and 17,000 islands spanning three time zones. Indonesia is a regional and global player, having experienced a remarkable democratic transformation and high economic growth over the last two decades. Yet it still struggles with fragile institutions, endemic corruption, terrorism, and rising religious and ethnic intolerance. Cases of violence based on religion rose from 299 in 2011 to 371 in 2012 (Aritonang, 2012). With the world's second greatest environmental biodiversity and third highest greenhouse gas emissions, Indonesia is a global environment superpower. Although its economy is growing at over 6% per year (World Bank, 2013a) and is poised to enter the top 10 largest economies in the world in the coming decades (Oberman et al, 2012), there is rising income inequality: 20% of the richest Indonesians hold 80% of the wealth and nearly half of the population lives on less than $2 per day (World Bank, 2013a). In these "two Indonesias", one is a growing global presence with increasing clout, while the other has yet to fully realize the positive benefits of democratization and economic growth. In order for Indonesia's strong economic growth to be more broad-based, inclusive, and equitable, investments in social and human development are necessary; through targeted education and essential skills training, local institutional capacity building, and the improvement of healthcare facilities and services, the socio-economic symptoms of extreme poverty can be addressed and enable the poorest of the poor to participate more fully in a growing economy.

"THE OTHER INDONESIA": HEALTH, EDUCATION, AND ENVIRONMENT

In health, education, and environment, Indonesia still faces significant challenges. The quality of health care services is lagging and high rates of infectious disease remain. Tuberculosis (TB) kills approximately 65,000 Indonesians annually (WHO, 2013). Indonesia's maternal mortality ratio is among the highest in Southeast Asia and it is unlikely that Indonesia will reach its Millennium Development Goals (MDG) targets for maternal and child health. There are significant disparities in access to higher education, based on income levels, and access to secondary and higher education remains low when compared to countries in the region such as China, Malaysia, and Thailand (World Bank, 2012a). Gender inequality persists and women continue to face discrimination in access to education, tend to hold less secure jobs than men with fewer social benefits, have fewer economic assets, and participate less in government and private sector leadership roles. Rapid environmental degradation and a high incidence of natural disasters put Indonesia at a high risk for climate change impacts. Deforestation in Indonesia produces 80% of that country's annual carbon emissions, placing it among the world's top greenhouse gas emitters. Indonesia is vulnerable to severe climate-related stresses such as floods, fires, droughts and storms, which account for 80% of natural disasters. The Asian Development Bank estimates that climate change impacts will cost between 2.5-7% of GDP by 2100 (2011).

THE ADVANCING INDONESIA

Indonesia is addressing its domestic challenges while playing an important role on the world stage. Besides being a member of the G-20, Indonesia is chair of Asia-Pacific Economic Cooperation (APEC) in 2013, chair of the Global Fund to Fight AIDS, Tuberculosis, and Malaria (GF), and co-chair of the High Level Panel on the Post-2015 Development Agenda. At these and other international forums, Indonesia is establishing itself as a leader in tackling global development challenges affecting its prosperity. As the 16th largest economy in the world, Indonesia is a growing U.S. partner and observers project the country has the potential to be the seventh largest partner by 2030 (Oberman et al, 2012). In fact, Indonesia is

already scaling up its own foreign assistance. Specifically articulated in Indonesia's National Development Plan is the goal for Indonesia to become "self-reliant, advanced, just, and prosperous" by 2025. Additionally, Indonesia wants to achieve "improved economic competitiveness of natural resources and upgraded human resources and increasing capability to master science and technology" by 2020 (BAPPENAS, 2007, pg. 33). USAID's work in Indonesia compliments Indonesia's growing leadership in addressing global development challenges.

U.S. - INDONESIA PARTNERSHIP

As Indonesia changes, so must the U.S. relationship with Indonesia. U.S. Government (USG) investment is vital to help Indonesia overcome serious, lingering development gaps, and position itself to play a credible, responsible role on issues of regional and global importance. Consequently, this CDCS represents a hybrid approach with an inward and outward Indonesia focus.

U.S. strategic interest in Indonesia's success is recognized by the U.S.-Indonesia Comprehensive Partnership, which is a long-term commitment by Presidents Obama and Yudhoyono to broaden, deepen, and elevate bilateral relations between the United States and Indonesia. Cooperation under the Comprehensive Partnership is outlined in a Plan of Action consisting of three pillars: political and security; economic and development; and socio-cultural, education, science, and technology cooperation. The partnership recognizes the global significance of enhanced cooperation, the tremendous possibilities for economic and development cooperation, and the importance of fostering exchanges and mutual understanding between two of the world's most diverse nations. It has a dynamic, all-encompassing agenda to increase collaboration.

FOCUS

In preparation for this strategy, consultations were held broadly across the archipelago with over a thousand members of government, academia, civil society, development partners, and the private sector, along with numerous assessments. Our consultations revealed several critical factors: (1) basic education is no longer widely perceived as a crucial need for our investment; (2) transformational impact in agriculture and economic growth is not possible with the resources available nor are these sectors considered a high priority for our engagement with the Government of Indonesia (GOI), except with respect to environmental sustainability; and (3) investments in elections and legislative and political party strengthening are not critical after the 2014 elections. It is therefore in our interest to exit areas such as basic education, agriculture, economic policy, parliament, political parties, and elections (following those in 2014) and shift to new areas such as science, technology and innovation, and partnership with the GOI on selected regional/global interests, including South-South and Triangular Cooperation.

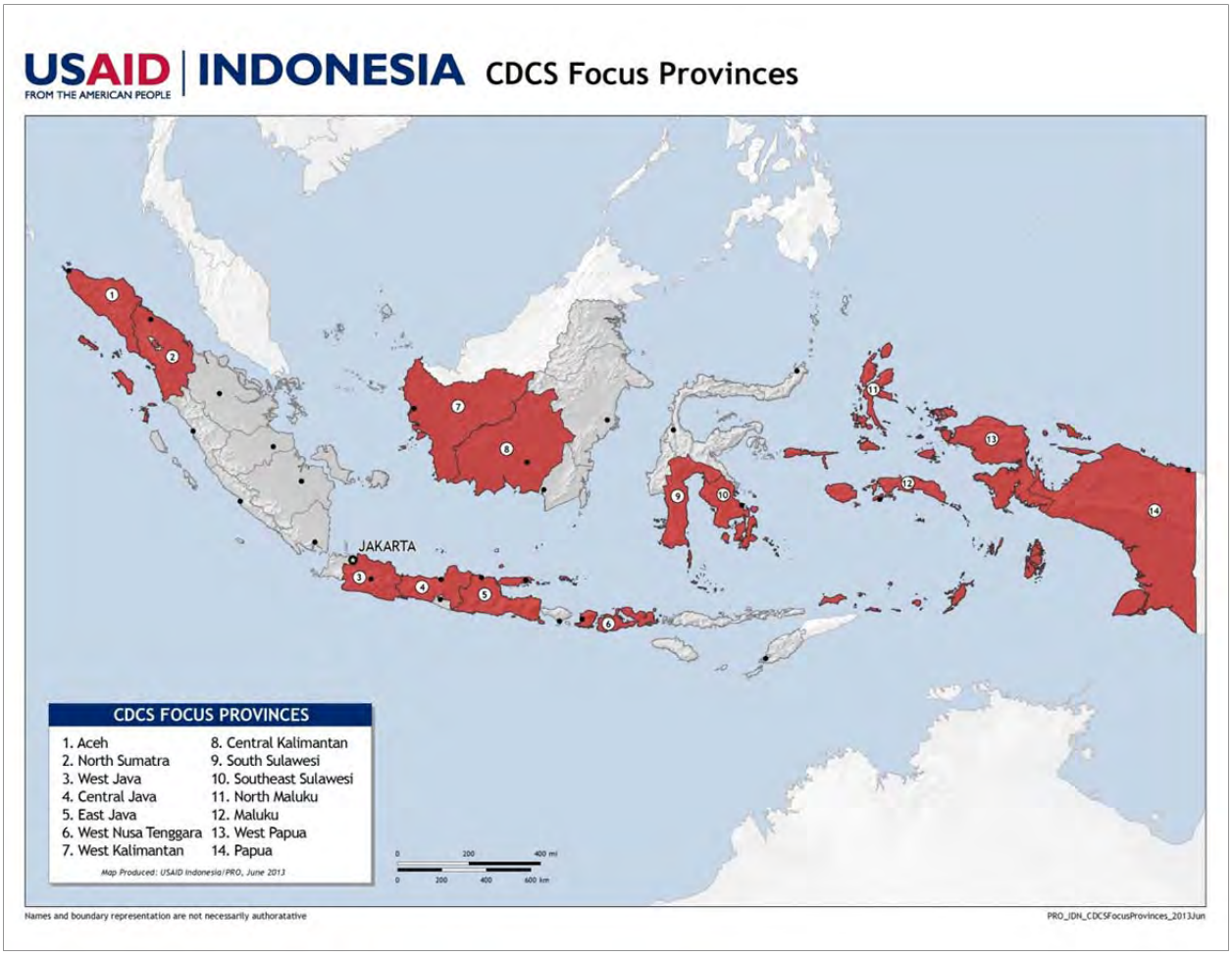
Our research and consultations with stakeholders and the Indonesian government underscore that USAID is highly sought after for technical assistance and capacity building, increasingly at the local level. The proposed, integrated four Development Objectives (DOs) capitalize on our experience and relationships with local stakeholders, where we effectively complement the work of other international partners, and where our comparative advantage will deliver impact. As we emphasize equal partnership in all our collaboration with Indonesia, we will increasingly seek to co-finance programs with the GOI. USAID also has a competitive advantage in the ability to partner with the private sector and other donors, which leads to the amplification of resources and accelerated impact. We will increasingly seek innovative ways to tap into private sector resources and ideas to find solutions to development challenges. This will affect how we plan, design, monitor, evaluate, and execute future programs.

The Mission will also increasingly promote gender equality and the empowerment of women and girls across the portfolio. The data in Indonesia concerning the status of women and girls is mixed. According to the OECD's 2012 Social Institutions and Gender Index report, Indonesia ranks 32 out of 86 countries in tackling social institutions that discriminate against women and girls, an improvement from 2009 when it ranked 55 out of 102 countries. The GOI has ratified the Convention of the Elimination of All Forms of Discrimination Against Women (but has not yet ratified the Optional Protocol), and has stated its commitment to pursuing gender equality and empowerment of women in various national plans. However, the implementation of these plans is under-resourced. There have been an increasing number of local regulations in Indonesia that directly discriminate against women, especially their freedom of expression and association. Further, gender-based violence continues to be a widespread problem. Evidence of growing intolerance to ethnic and religious minorities, and toward Lesbian, Gay, Bisexual, and Transgender (LGBT) people, are also of great concern (Ja et al, 2012). We will continue to expand our knowledge on gender-based and other forms of discrimination and address them through well-targeted investments.

GEOGRAPHIC TARGETING

In response to the call for greater selectivity and focus under the set of reforms embodied in the USAID's Policy Framework for 2011-2015 and USAID *Forward*, USAID/Indonesia applied rigorous geographic analysis to target the Fiscal Year (FY) 2014-2018 strategy (see also Annex 2). The Mission's geographic focus area has been reduced to less than half of the previous strategy. We now focus on a select number of provinces where USAID resources are expected to achieve the greatest measurable impact in key sectors that will shape Indonesia's overall stability and prosperity.

Our use of geographic analysis of data and maps allows for targeted information at the local level. Several overarching analytical criteria emerged as the key factors in focusing the strategy on specific sectors and population groups in select geographic areas. These criteria include: GOI development priorities, local government commitment and political will, likelihood of impact, other donor activities, previous experience and existing relationships, sector coordination opportunities, ability to co-invest with the private sector, population density (concentration of the poorest and vulnerable), disaster and climate change vulnerability/mitigation, and biodiversity. As a result, we selected 14 provinces for priority focus. While each DO theme was integrated into the analysis, geographic targeting was primarily driven by health and environmental considerations. Democratic governance activities under DO 1 and education activities under DO 2 will be targeted within the priority focus areas. Science, technology, and innovation activities under DO 4 will take place largely where the universities and research institutes are located.



DEVELOPMENT HYPOTHESIS

The goal of this strategy, "**A stronger Indonesia advancing national and global development**," reflects Indonesia's own aspirations for 2005-2025: "Indonesia that is self-reliant, advanced, just, and prosperous" (BAPPENAS, 2007, pg. 33). The Government of Indonesia's vision of long-term development is based on eight objectives, including stronger democratic institutions and rule of law; reduction of social gaps; balance among the utilization, sustainability, and availability of natural resources and the environment; and increased international engagement. "Stronger" in the Indonesia context connotes "more empowered" and "taking greater ownership". The qualities of a "stronger" Indonesia would be demonstrated by Indonesia's ability and willingness to take the lead in initiatives across sectors; continue to include completed, successful initiatives in their budget to sustain development impacts; and strengthen the emphasis of USAID as a partner and not a donor. The goal statement also acknowledges that Indonesia must address both its internal development gaps and its external development opportunities as it transitions from a traditional aid recipient to a partner and co-investor in development. The Mission worked closely with the Government of Indonesia (GOI) to refine this goal statement and ensure that it reflects our shared priorities for long-term investment.

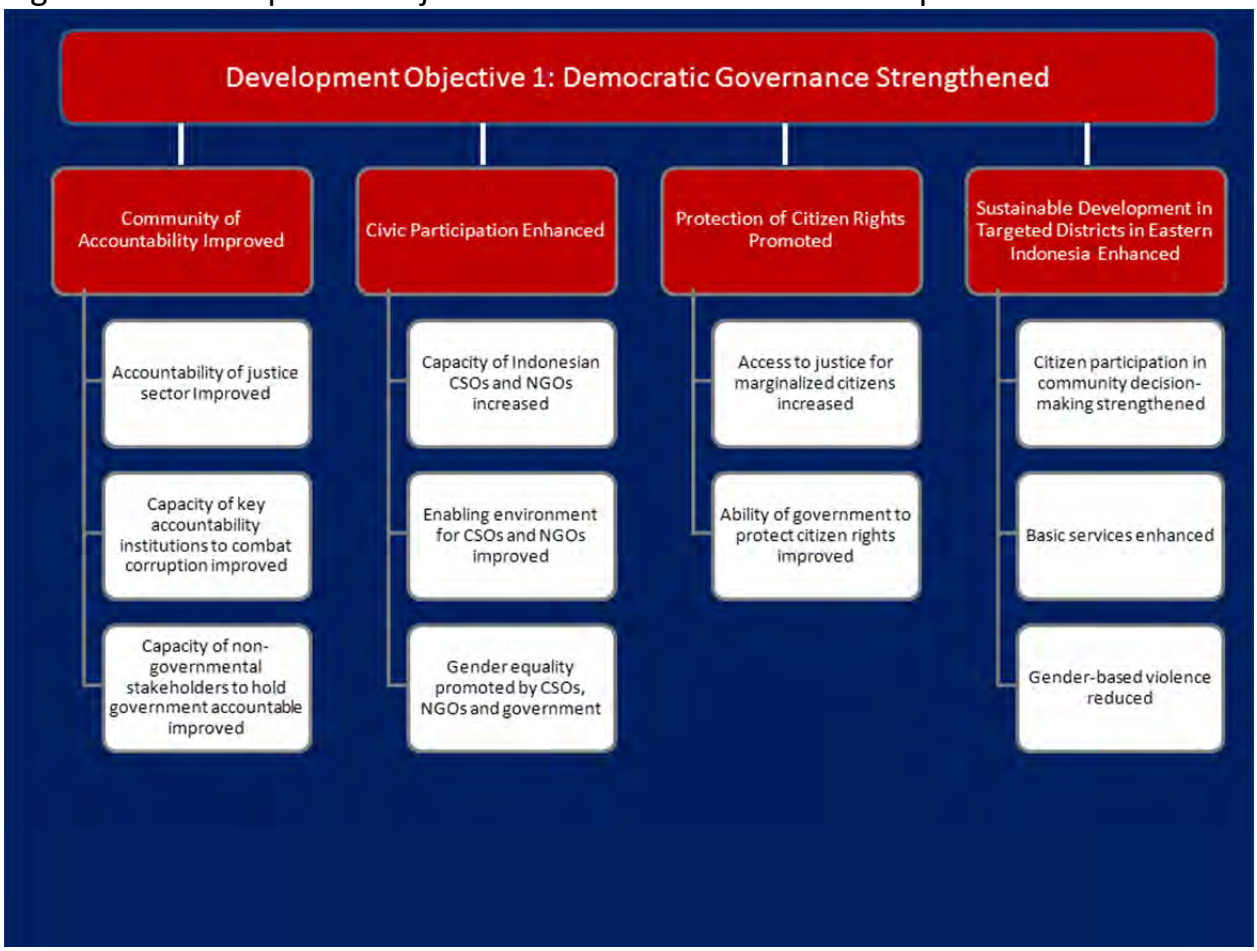
Middle-income countries (MICs) are playing an increasingly important role in the international development architecture as donors, partners, and sources of expertise. MICs, such as Indonesia, are both donors and recipients of aid, provide a unique perspective on the development experience, and play an increasingly important role in the global campaign to achieve the MDGs. The current eight MDGs – which range from halving extreme poverty to halting the spread of HIV/AIDS, addressing environment issues, and providing universal primary education – have been important milestones in global and Indonesian national development efforts. Global partnership in development is increasingly about solidarity and cooperation among countries and with the MDGs set to expire in 2015, Indonesia is helping shape international efforts to define milestones for progress through its leadership in the Post-2015 development agenda process.

This strategy's Development Hypothesis is based on the identification of key constraints to progress. Governance (including corruption) and service delivery were identified as the two critical points of intervention for Indonesia to address its internal development gaps. Regionally and globally, Indonesia should accelerate the development and application of state-of-the-art science and technology (S&T), and it must tackle global development challenges with national and regional implications, notably infectious diseases, biodiversity, reducing greenhouse gas emissions, and adapting to climate change, including disaster risk resilience.

The results framework links impact across DOs in a way traditional USAID sector-specific strategic approaches often do not. There are opportunities for multi-pronged approaches that link governance, S&T, innovation, and private-sector engagement with health, education, and environmental objectives. An integrated approach will lead to a greater impact than the sum of the parts. The Sub-Intermediate Results (Sub-IRs) feed into the Intermediate Results (IRs) that support the DOs and onto the overall CDCS goal.

Figure 1 - Results Framework Graphic

Figure 2 – Development Objective 1: Results Framework Graphic



DEVELOPMENT OBJECTIVE 1: DEMOCRATIC GOVERNANCE STRENGTHENED

As the world's third largest democracy, Indonesia is a key ally whose successful democratic consolidation has regional and global implications. USG interests are closely associated with a successful democracy in Indonesia for two principal reasons: first, Indonesia has the capacity to positively influence democratic trajectories in other countries in the region and the world, especially Muslim and/or former authoritarian-ruled countries; and second, improved democratic governance in Indonesia promises significant impact on the other Development Objectives identified in this strategy. Further, while Indonesia has been successful to date in the transition from authoritarian rule, the full consolidation of democracy is still a work in progress. In multiple analyses conducted by USAID, other donors and independent scholars, the need for Indonesia to make further progress against obstacles to democratic governance, including the guarantee of equality between men and women, has been clearly articulated (USAID/Indonesia, 2013a; Aspinall et al, 2010; Saich et al 2010).

Government accountability and responsiveness, civil society organizations' (CSOs) and non-governmental organizations' (NGOs) capacity, protection of citizen rights, provision of basic services, and sustainability in Eastern Indonesia have all been identified as key constraints to democratic governance and equitable economic development more broadly. Furthermore, with its extensive legal and judicial discrimination against women and girls, Indonesia currently has limited government capacity

to implement gender commitments at the national and local level. For example, of 154 local regulations passed in 2009, 63 directly discriminate against women, and many are judged by the public to be inconsistent with Indonesia's constitution (Komnas Perempuan, 2012). Gender-based violence, pervasive across the country, particularly in Eastern Indonesia, is a serious human rights issue to address. Consequently, investment in democracy and good governance carries the prospect of global impact by demonstrating that Indonesia can prosper and thrive as a function of its commitment to public accountability, broad civic participation, and the protection of the rights of all its citizens.

Accountability

USAID's recently completed Democracy, Rights, and Governance (DRG) Assessment concluded that "a weak and deeply corrupt justice system" constituted the principle governance challenge facing Indonesia, along with poor service delivery (USAID/Indonesia, 2013a). Even though Indonesia has made some progress in addressing the waste, fraud, and abuse associated with corruption, with high-profile corruption cases frequently in the news and broad public support for anti-corruption efforts, there is still significant progress to be made. Additionally, the DRG Assessment identified Eastern Indonesia as a region of special concern regarding these challenges.

To facilitate consolidation of Indonesia's democracy and enable more effective governance, it is critical that corruption be reduced and the rule of law strengthened. If there are improvements in the performance of the justice sector, the capacity of key accountability institutions to combat corruption, and the capacity of non-governmental stakeholders to hold the government accountable – with the help of a largely free but more professional press – then overall public accountability in Indonesia will be improved. To effectively address more systemic challenges, however, this fledgling community of accountability – including government institutions as well as civil society, media, universities, and private sector advocates – needs to be expanded and strengthened. Links to USG agencies charged with accountability functions in our own government and other organizations that participate in these efforts will be actively pursued to enhance results under IR 1.1.

Civil Society

Currently, Indonesian democracy benefits from a technically capable and active civil society, and in certain sub-sectors (religious associations and media outlets in particular) these organizations have deep roots in society. Some have demonstrated sustainability. In many of the sectors in which USAID works, CSOs (particularly those engaged in research and advocacy) remain overly dependent on funding from international development partners. These organizations tend to have weak management, suffer from other capacity deficits, and do not sufficiently promote gender equality or address inequalities affecting other disadvantaged groups (both within the organization and in society more broadly). Some of these weaknesses are internal to these organizations and some are exacerbated by deficiencies in the enabling environment. These organizations' technical contributions to achieving USAID objectives in Indonesia will be integrated throughout the results framework. If the organizational capacity of Indonesian CSOs and NGOs is increased, the enabling environment for these organizations improved, and human rights promoted by these organizations together with the Indonesian government, then meaningful civic participation in Indonesia will be enhanced across the sectors of governance and citizen rights, science and technology, education, health, and the environment.

Protection of Citizen Rights

The DRG Assessment found that another important gap in Indonesia's democratic governance is the protection of citizen rights. Marginalized groups – particularly religious and ethnic minorities, women, LGBT, sex workers, indigenous people, and the extreme poor – find it more difficult to access justice and

to have their rights protected by the state.[1] One important measure of the performance of a democracy is how well it protects the rights of its minorities from infringement by the majority; if these minorities feel included in and protected by the democratic system, they are less likely to support non-democratic alternatives to that system, thereby deepening democratic consolidation. If access to and equitable application of justice for marginalized citizens is increased and the ability of government to protect citizen rights is improved, then protection of citizen rights will be promoted. Further, by more routine protection of citizen rights, the civic virtue of increased tolerance can also be cultivated.

Equitable Sustainable Development in Eastern Indonesia

Persistent underdevelopment, and citizen discontent that accompanies it, in the target provinces and districts of Eastern Indonesia could jeopardize Indonesia's credibility as a modern democracy. Reversal of these trends will require significant improvement in accountable, inclusive governance and equitable access to quality basic services in these provinces. Recognizing the key role that poor governance plays in feeding public disquiet, Eastern Indonesia's biggest development challenges span multiple sectors. Thus, we will work in an explicitly cross-sectoral manner linking results in democracy and governance, education, health, and environment pursued through a participatory development approach that serves to enhance human security and opportunity. Increased civic engagement, improved basic service delivery and reduced levels of gender-based violence all serve to augment governance legitimacy which in turn supports the intended result of equitable sustainable development in these areas.

INTERMEDIATE RESULT (IR) 1.1: COMMUNITY OF ACCOUNTABILITY IMPROVED

This IR focuses on building and sustaining a culture of accountability in national and sub-national levels of governance in Indonesia. A combined supply and demand approach works under the development hypothesis that: (a) increasing the capacity, independence, and transparency of those institutions that are themselves mechanisms for greater accountability; (b) improving transparency in budget and human resources processes in key ministries; and (c) amplifying external pressure from civil society, media and the private sector will improve accountability and effectiveness of governance in Indonesia. This will lead to a stronger democracy and access to improved and equitable service delivery for Indonesian citizens. The work under this IR will also support the Mission's efforts under other DOs. For example, work with institutions like the Ombudsman of the Republic of Indonesia (ORI) and the Ministry of Civil Service Management and Bureaucratic Reform will be linked to the work under IR 2.3 on improving accountability at sub-national levels of government for the delivery of public services.

Targeted institutions may include those charged with the administration of the rule of law, anti-corruption bodies and those in the government explicitly charged with accountability functions (including entities such as the Corruption Eradication Commission (KPK), Audit Board of the Republic of Indonesia (BPK), Inspectorate Generals (IGs), State Finance Accountability Committee (BAKN) and the ORI). The focus of work will include enhanced rule of law and administration of justice and will promote progress on critical accountability processes, such as bureaucratic reform, greater sensitivity to the challenges faced by women in accessing the justice system, and transparency initiatives. Institutional reform activities under this IR will target ministries that are key to achieving other DOs under this strategy. For example, the Mission is working on a national quality of health care strategy that will include an accountability/sanctions element, which will likely involve the IGs, judiciary bodies, and licensing and accreditation bodies. Progress in enforcement against domestic and transnational

[1] The GOI's World Bank-supported PNPM Peduli program offers evidence of the critical link between poverty reduction and rights for marginalized citizens. http://pnpm-support.org/pnpm-peduli.

organized crime will help create sufficient deterrents to combat illegal logging, reduce wildlife trafficking, and minimize illegal, unreported, and unregulated fishing. IR 1.1 will also strengthen the ability of CSOs to utilize public information to demand greater accountability and the media to better communicate that information. Finally, the IR will seek common causes and partnerships with the private sector, many of whom contribute to the patterns of corruption while others are interested in and advocate for a more accountable government.

Sub-Intermediate Result (Sub-IR) 1.1.1: Accountability of justice sector improved

This Sub-IR will focus on the improvement of performance and transparency in the Indonesian Supreme Court and the Attorney General's Office by providing technical assistance to improve the recruitment of justice officials, and provide ethical oversight of prosecutors and judges. Greater transparency in the recruitment of judges and improved ethical oversight will reduce the incidence of corrupt judges and prosecutors, resulting in a more effective and efficient justice system. Likewise, a stronger emphasis on controlling corruption will result in greater credibility in the judiciary and the prosecutors' offices, prompting more citizens to report crimes. Access to public information for key institutions like the media and civil society is critical to improving justice sector transparency, improving performance and management within the courts and reducing corruption, and empowering citizens to know their legal rights. Increasing access to public information and improving judicial and prosecutor ethics standards has an impact on sectors such as environmental protection that suffer from corruption in the justice sector, lack of integration of environmental protection and rule of law - a finding of USAID's Forestry and Biodiversity Assessment (USAID/Indonesia, 2013b). To the extent practicable, this IR will support activities that expand the recognition and protection of land rights, including women's land rights, and will link natural resource access and property rights issues to low-emissions development and biodiversity conservation initiatives under DO 3.

Sub-Intermediate Result 1.1.2: Capacity of key accountability institutions to combat corruption improved

This Sub-IR will support efforts to improve the depth and breadth of the accountability system, its effectiveness, and synergy of the key accountability agencies in preventing and combating corruption. Agencies may include the KPK, Development and Financial Supervisory Board (BPKP) and IGs, BPK, BAKN, ORI, and the Public Information Commission (KIP). This supports reform efforts toward a more independent accountability system and synchronizing efforts between corruption prevention and enforcement, extending accountability system capacity and influence to targeted provincial and sub-provincial levels.

Activities under Sub-IR 1.1.2 will improve coordination on corruption prevention between KPK, as the champion anti-corruption agency, and other key accountability agencies. Potential activities include assistance in developing workable cooperation mechanisms between KPK and other judicial institutions to prevent and combat corruption and promote training in corruption prevention. Activities may include improving the independence and capacity of IGs, and providing support for an IG community that will aid in corruption prevention efforts. Activities may be undertaken to implement fraud control systems at key accountability agencies and other state agencies, improve action on recommendations from BPK reports, and help to promote compliance with public information requests in line with a strategy developed for proactive information provision. A media strategy may be developed for a campaign on the different effects of corruption in the daily lives of men and women. An integrated approach on corruption targeting local governments or cities with the highest spending may be piloted.

Sub-Intermediate Result 1.1.3: Capacity of non-governmental stakeholders to hold government accountable improved

Activities under this Sub-IR will contribute to increasing non-governmental actors' bargaining power to influence government policies related to transparency and accountability, using social and mainstream media, and strengthening the anti-corruption movement, especially at the regional level. Linked closely with work to enhance CSO/NGO capacity under IR 1.2 below, activities under Sub-IR 1.1.3 may include training on the use of social media for transparency and accountability and training for regional media on investigative journalism. Public forums may be created, on-line and off-line, at regional and national levels, to increase pressure for access to government information. Sharing and exchange of knowledge and best practices between national, regional and international civil society organizations that work in the anti-corruption sector will be encouraged, including through civil society's active participation as part of the Open Government Partnership. Additionally, research and advocacy will be promoted in key issues where corruption is likely rampant, possibly including natural resource management, trafficking in persons, business licensing, and public procurement. Other potential activities include measuring and indexing the corruption level in each province and holding education campaigns at the national and regional level on corruption and its damage to the people.

INTERMEDIATE RESULT 1.2: CIVIC PARTICIPATION ENHANCED

The second IR focuses on robust but strategic public participation in civil society, which holds the promise of serving three related functions in support of democracy in Indonesia. First, a watch-dog function holds the state (both national and local government) accountable to citizens; second, an advocacy function allows independent organizations to articulate the interests of constituent groups for specific goals; and finally, the civic education function equips civil society to serve as a laboratory for democracy. IR 1.2 will focus on CSOs (including selected think tanks) that emphasize DO 1-related issues (transparency, accountability and human rights) as well as CSOs involved in the work of DOs 2 and 3 (service delivery and community-based natural resources management).

In all three sub-IR areas, analysis identifies both promise as well as significant gaps in capacity among the groups that make up Indonesia's civil society (AusAID, 2012a; USAID/Indonesia, 2013a). If the enabling environment and capacity of Indonesian CSOs and NGOs is improved, and if these organizations and governments deliberately promote the inclusion of women and marginalized groups (often left out of public debate and opportunities), civic participation will be strengthened. Activities under the proposed IR will focus on increasing organizational development performance of targeted groups and the enabling environment in which all voluntary organizations operate to build their sustainability and internal capacity. For example, activities may include using Indonesian laws that confer control of sustainable natural resource use to communities, to support community-based resource management in areas of high biodiversity and vulnerability and ensuring that the interests, leadership, and expertise is included in these processes. Activities can also assure improved service delivery contributions by CSOs and NGOs in education and health. This IR will give particular support to organizations that advocate for and organize to support the empowerment of women and girls in the democratic, social, and economic life in Indonesia.

Sub-Intermediate Result 1.2.1: Capacity of Indonesian CSOs and NGOs increased

Activities under this Sub-IR will build the internal technical and managerial capacity of CSOs and NGOs to ensure their accountability and sustainability. Additionally, through innovative procurement methods, the capacity of CSOs and NGOs to receive and manage funds will be reinforced, including in sectors such as environment, health, and education. Potential activities include providing technical and administrative learning and mentorship opportunities and funding through a small and mid-sized grant

mechanism. Additionally, a system where CSOs/NGOs are audited, tracked, and monitored is in the planning stages, which will help build confidence of individual and institutional donors to invest.

Sub-Intermediate Result 1.2.2: Enabling environment for CSOs and NGOs improved

Potential activities under this Sub-IR will improve the enabling environment for CSOs and NGOs by supporting the development and implementation of laws and regulations that ensure the principle of freedom of association. Activities under Sub-IR 1.2.2 include providing assistance to the GOI to establish regulatory frameworks that enable the development of effective and accountable civil society, reduce the legal uncertainty for CSO activities, and promote citizen participation. Targeted interventions may include supporting the Coalition for the Freedom of Association (Koalisi Kebebasan Berserikat) to advocate for effective regulations on CSO governance such as law on associations, law on foundations, and law on mass organizations. Research and analysis on the effectiveness of policies related to CSO governance may be undertaken and disseminated. This can expose the GOI to laws and practices that are adopted and implemented by similarly situated countries.

Sub-Intermediate Result 1.2.3: Gender equality promoted by CSOs, NGOs, and government

This Sub-IR aims to improve women's access to justice, promote women's representation in government institutions, and redress discriminatory laws, policies, and regulations. The presence of women's organizations and growing attention to gender issues within CSOs and the GOI create opportunities for USAID to build upon existing capacities and priorities. Potential activities under Sub-IR 1.2.3 include building capacity to conduct and use data from gender analysis, improved gender equality practices of partner organizations, implementation of equality principles, development of activities that reduce gender inequality and/or gender-based violence, and the collection and use of sex-disaggregated data. Efforts under this sub-IR will complete operational research on topics such as gender-based barriers to political participation and access to justice; promote gender-sensitive materials in targeted education sectors; increase participation of female students in scholarship and training programs in science, technology and innovation; and ensure that gender needs, interests, and priorities are analyzed and addressed in natural resource management and climate change strategies and policies.

INTERMEDIATE RESULT 1.3: PROTECTION OF CITIZEN RIGHTS PROMOTED

Indonesia's constitution does not exclude anyone from social, political, or economic rights, and the country maintains relatively impressive cohesion given its immense geography and diversity of people. Nonetheless, there remain barriers to the realization of rights for many Indonesians. There continue to be troubling cases of intolerance and violence against religious, cultural, and sexual minorities and other marginalized Indonesians (Komnas Perempuan, 2012). Women also continue to face barriers to full inclusion in political, economic, and social life, and at the local level in some parts of Indonesia, policies restricting women's rights are becoming more common. The persistent exclusion of certain populations and violations of rights pose threats to the full consolidation of Indonesia's democracy, which depends, in part, on equal protection of all citizens' rights under the rule of law.

This IR works to ensure that the rights of all citizens are protected by the unbiased implementation of good laws, reliable enforcement, and predictable adjudication to which victims have access. Success under this IR would see greater acceptance of differences among Indonesians and a reduction in violent attacks targeting individuals, groups, and places of worship, as well as increased empowerment among women and marginalized populations, including LGBT communities. The challenges are in the implementation of official policy, so the focus of this IR is supporting human rights defenders including individuals, CSOs, and institutions; reducing impunity for those who commit human rights abuses including sexual and gender-based violence; and empowering governmental and non-governmental

actors to break what have become relatively predictable cycles of violence. This addresses the need for having a justice system where victims of rights abuses can have recourse, which is complemented by efforts in IR 1.1.

Sub-Intermediate Result 1.3.1: Access to justice for marginalized citizens increased

This Sub-IR will assist the judiciary and the prosecutor's offices, local governments and the community to empower poor and minority victims of violence. Access to justice for marginalized individuals is crucial to address issues of human rights and impunity. At the center of intolerance and violence against minorities is a weak rule of law system. A key component of this work aims at empowering victims to seek redress in crimes against them. Illustrative activities include enhancing community awareness of human rights complaint systems and the operation of the legal systems, improving access to legal services, and increasing use of paralegal and community-based advocacy services for marginalized persons, including women, religious minorities, and LGBT communities. This includes increasing the effectiveness of community referral systems that link to the judiciary, the prosecutor's offices, and respective local governments. An important component is technical assistance to improve the filing of human rights complaints through the legal system and advocacy to make sure the justice system addresses these complaints.

Sub-Intermediate Result 1.3.2: Ability of government to protect citizen rights improved

In addition to strengthening the capacity of advocacy organizations under IR 1.2, this Sub-IR will enhance collaboration between CSOs and the government on issues of rights protection. Activities may include facilitating dialogue through supporting processes where key GOI interlocutors, advocacy organizations, and representatives of marginalized groups or victims of rights abuse can productively interact. Assistance may be provided to improve sex-disaggregated data gathering, analysis, and communication of analyses by NGOs and advocacy organizations to help inform policy related to the protection of human rights. Technical assistance or peer mentoring may be provided to key government ministries and agencies, such as the Ministry of Law and Human Rights, the National Human Rights Commission, the National Commission on Women and Child Protection and others to enhance their ability to investigate and properly report on human rights violations. Activities may include training, technical assistance, and community outreach to expand legal aid to targeted marginalized populations and victims to ensure the justice system responds to protection imperatives and provides justice to victims. Additionally, support may be provided for advocacy for the prioritization of state budget allocations for legal aid for minority groups.

INTERMEDIATE RESULT 1.4: SUSTAINABLE DEVELOPMENT IN TARGETED DISTRICTS IN EASTERN INDONESIA ENHANCED

Eastern Indonesia has abundant natural resource wealth and a breadth of sociocultural diversity, which represent important assets for the country. Despite impressive progress in other areas, Indonesia will be a less compelling example of successful nation-building and democracy unless human development indicators in Eastern Indonesia improve significantly. Considering the positive resolution of the Aceh conflict, there are good reasons to believe Indonesia can tackle the development challenges in the East as well. In previous USAID nomenclature, Eastern Indonesia (provinces of Maluku, North Maluku, West Papua, and Papua) would be described as a Special Objective. Under current guidance, however, the Mission's intentions concerning Eastern Indonesia are included under DO 1, to accent that the most critical constraint and largest challenges to development in target provinces of Eastern Indonesia are related to democratic governance. These problems are manifest in the ways that national and local governments are able to deliver the public services that they are legally mandated to carry out. Further challenges include the need to enhance other aspects of human security including improved levels of inclusion and participation of citizens and better capacity to protect vulnerable groups who often lack

access to justice or other recourse when they find themselves victimized. Improving the democratic governance performance of selected provinces in Eastern Indonesia will help the nation realize its ambition to be a world leader in promotion of democracy, improve development outcomes, reduce discontent, and increase loyalty of citizens in these provinces.

In focusing on Eastern Indonesia, the Mission recognizes that it is taking on perhaps the hardest development challenge in Indonesia – one that will require a multi-sectoral investment which goes beyond the five-year period of this CDCS. USAID has an array of existing programs and a long history of engagement and relationships in Eastern Indonesia. This work endows credibility that positions us, perhaps uniquely among international development partners, to have impact in the target provinces. Strengthening the social fabric will require support as the GOI tries to better meet a set of basic needs and to convincingly demonstrate that the economic and political benefits of citizenship far outweigh the ephemeral attraction of greater autonomy. USAID work in this region will need a distinct and specific approach because of the depth of problems and how they are articulated in the national political arena. This IR will enhance efforts at civic participation that bring communities and the government together, channel grievances, increase efficacy, and better inform policy to reduce social and political tensions. Many citizen concerns are based on the lack of quality basic services available to many communities. Similarly, lack of equity in benefit from appropriate natural resource management has long been a source of social tensions that further deepen suspicion and will be an area of intervention under this IR.

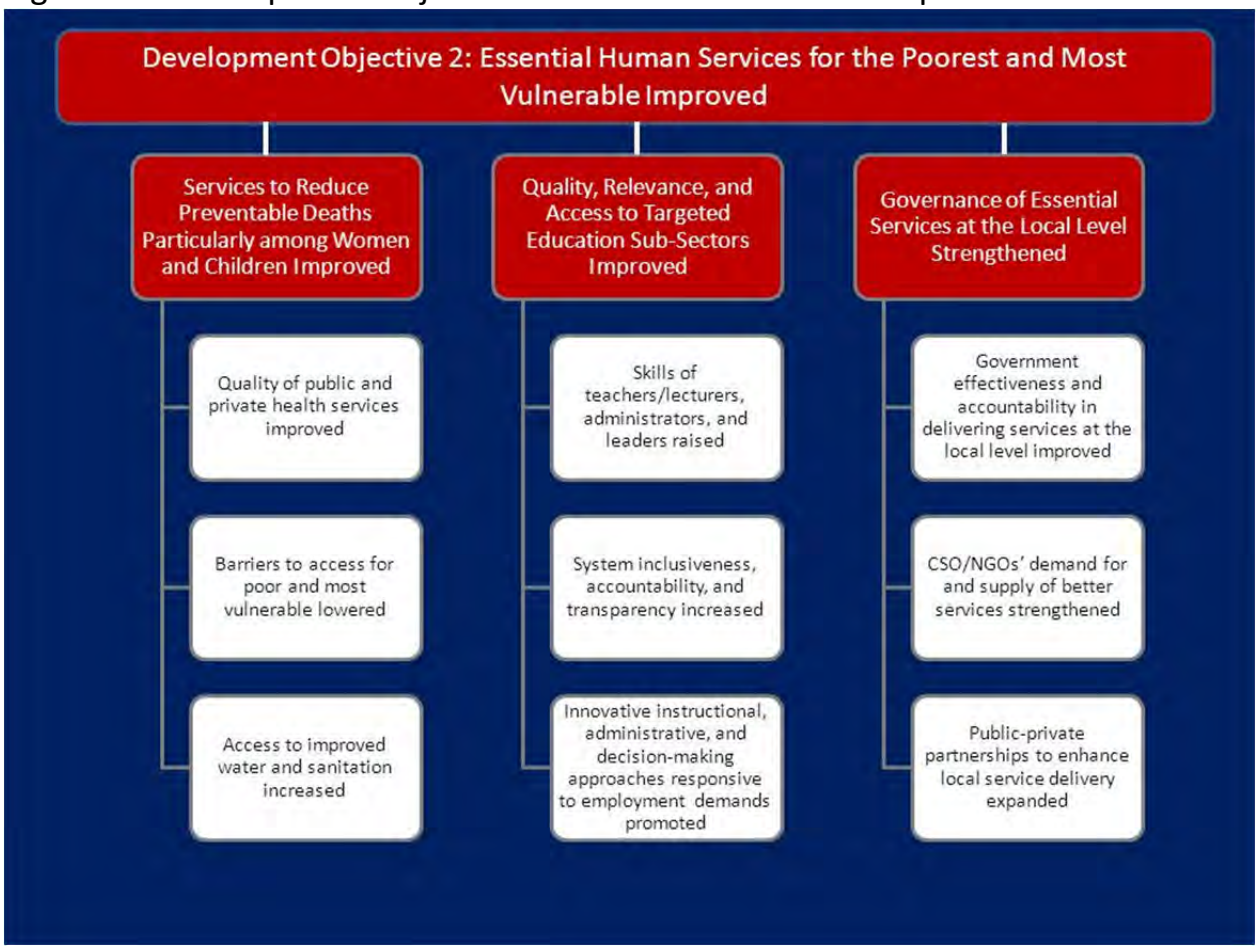
Sub-Intermediate Result 1.4.1: Citizen participation in community decision-making strengthened
This Sub-IR will strengthen citizen participation in community decision-making. Activities will include training and technical assistance to targeted government and CSO/NGO partners on enhanced community dialogue methods. Dialogue between the stakeholders on issues such as community-based natural resource management, among others, will be supported. Targeted interventions may include training, mentoring, and planning assistance for community-based NGOs and CSOs on advocacy for development planning. Activities will work toward increasing the number of resolved disputes at the community level.

Sub-Intermediate Result 1.4.2: Basic services enhanced
Activities will support enhanced delivery of basic services (health, education, water, and sanitation) from government, NGOs, and the private sector to improve access of the poorest and most marginalized. Potential activities include advocacy training to target state budget spending on improved infrastructure, maintenance, and supplies; training and technical assistance to improve human resource management and incentives for performance; and support for programs designed to enhance skills and cultural sensitivity of providers, improve administration, improve accountability and supervision, increase collection of sex-disaggregated data, and enhance data analysis skills to improve evidence-based decision-making.

Sub-Intermediate Result 1.4.3: Gender-based violence reduced
Efforts under this Sub-IR aim to reduce gender-based violence (GBV) in Eastern Indonesia. Potential activities include training and technical assistance to help increase state enforcement of the protection of women's rights and increase prosecution of perpetrators. Support may be provided for public awareness campaigns on existing laws against GBV to increase public and community commitment to securing women's and children's rights to security. Targeted interventions may include working with men and boys to change attitudes towards GBV, improving community-based response and reporting, referral services to support survivors, and spatial mapping to identify areas where incidences of GBV frequently occur so that activities can be more targeted. Efforts may support community centers,

domestic violence shelters, and other arenas that can establish safe areas for immediate protection and long-term support for survivors.

Figure 3 – Development Objective 2: Results Framework Graphic



DEVELOPMENT OBJECTIVE 2: ESSENTIAL HUMAN SERVICES FOR THE POOREST AND MOST VULNERABLE IMPROVED

This DO represents USAID's strategic contribution to eliminating preventable maternal and child deaths, improving job-related educational attainment, and building capacity of sub-national government, civil society, and private partnerships. USAID has a comparative advantage to achieve the most impact for the poor and vulnerable in these interlinked areas.

The benefits of Indonesia's fast-paced economic and democratic transition need to reach all Indonesians. Yet, a significant portion of the population – the poorest and most vulnerable – may be left behind if their basic needs are not addressed. Indonesia's health and education indicators continue to stagnate. These disparities are evident across most maternal and child health indicators, including deliveries in a health facility, vaccination rates, and unmet need for family planning, all of which are correlated to wealth and education. For instance, maternal and child mortality is highest among the poor and uneducated (BPS, 2007; BPS, 2012). Access to water and sanitation is also strongly linked to

economic status. In 2006, Indonesia lost an estimated IDR 56 trillion ($6.3 billion) due to poor sanitation and hygiene, equivalent to approximately 2.3% of gross domestic product (GDP) (World Bank, 2008). Conversely, the World Health Organization (WHO) estimates that investments in water and sanitation would yield economic gains of at least five to one (2009). There are significant linkages between poverty, education, and health. While Indonesia continues to grow economically, improved access to quality, relevant education, and health services for the poorest and most vulnerable accelerates and leverages impact on each of these indicators and ensures more Indonesians benefit from the country's growth. With decentralized government, building the capacity of local governments and CSO/NGOs is vital for implementation of national and sub-national policies. Further, strategic private sector innovations, technology, or investments can accelerate or build sustainability of progress.

Health

USAID's Global Health Initiative Strategy (2011-2016) reflects USAID's commitment to helping Indonesia achieve its MDG goals in health. Indonesia, however, has among the highest maternal mortality ratios (MMR) in the region, which appear to have risen significantly in the past five years, from 228/100,000 to a range around 359 per 100,000 women. This ratio is a strong indicator of the quality of the health system to end preventable deaths. Under-five child mortality has declined slightly, from 44/1,000 to 40/1,000. The Newborn mortality rate has not declined in 10 years, and now constitutes over half of all under-five deaths. It is clear that Indonesia will not achieve its 2015 MDG goal of 102 maternal deaths per 100,000 births, and may also not achieve its goals for under-five child mortality. Inequity is a key element to these basic health services: The poorest 25% of Indonesians have an under-five mortality over three times higher than the wealthiest 25%. There are even greater problems with access to quality health services (BPS, 2012). Delivery in a health facility is directly correlated to wealth quintile, and skilled birth attendants at a facility are directly related to maternal outcomes (BPS, 2007). Because most cases of maternal mortality are preventable, it is important to look at the status and empowerment of women in relation to their reproductive health rights, especially among young poor women, as critical for explaining some part of this problem.

With 84% of households having some access to improved water supply, just 59% have access to improved sanitation, and Indonesia is falling short on its MDG goals – all issues that are strongly linked to rates of diarrheal disease. Expanded access to water and sanitation services, including increased capacity of water utilities to sustainably deliver these services, and the promotion of improved hygienic practice, is imperative to reduce incidence of disease and improve quality of life. According to WHO estimates, diarrhea is the second leading cause of under-five mortality or 18% of child deaths (2009). Significant national efforts are needed to accelerate progress on maternal and child health and water and sanitation targets.

Complex financial, social, and cultural factors restrict women's access to health services. All too often, decisions about reproductive health are being made by male or older female relatives. In 2014, GOI will roll out Universal Health Coverage (UHC) in an effort to reduce cost as a barrier to services. This will be a multi-year effort to ensure appropriate and equitable coverage. Maintaining quality of care, appropriate regulation and a robust health system are essential to improving overall health outcomes, and to reaching poor and vulnerable women.

Education

Indonesia possesses significant resources in support of basic education and already demonstrates high net enrollment rates (95%) at the primary level. Education is free (though schools may apply fees for some services) and compulsory up to the junior secondary level (Grade 9) with a high literacy rate.

Despite these gains, there are still gaps in education quality particularly at post-primary educational institutions serving the poor. Gross and net enrollment rates drop sharply after the junior secondary level with only 58% of students continuing their studies, while the poorest and most vulnerable have almost no access to higher education opportunities. While Indonesia has made great strides in advancing access to and the quality of primary education, a large unmet need exists in helping Indonesian students make the transition to attend either academic programs to obtain higher level skills, or vocational/practical job skills training to effectively enter the workforce (World Bank, 2012a). The education system still tends to represent men and women in traditional roles and to channel male and female students into gender-specific studies and career choices, resulting in few women in the science, technology, and innovation sectors – the sectors in which the GOI wants to grow its economy. In addition, more must be done to reduce the drop-out rates, improve the graduation advancement rates, and increase employment rates of post-primary educational institutions serving the poor.

Two basic education activities previously initiated will continue under this strategy in order to meet prior commitments. The Mission's Basic Education PRIORITAS program (2012-2017) is being modified to be partially aligned with Goal 1 of the USAID Education Strategy, which is *Improved Reading Skills for 100 Million Children in Primary Grades by 2015*. An earlier focused Early Grade Reading Assessment (EGRA) showed that reading comprehension remains a challenge in primary schools. Therefore, the second activity is a planned national EGRA to help inform what additional modifications to PRIORITAS are needed. Basic education programs are expected to be fully funded with FY 2014 Basic Education funds. Any additional basic education resources, beyond what is needed to fully fund these programs, will be for work in Eastern Indonesia that will be aligned with the USAID Education Strategy.

The skills learned at in vocational school programs generally are poorly linked to the skills needed by private and even public sector employers. The GOI has prioritized secondary education and vocational training as the key to meeting the nation's economic needs and ensuring future growth. The higher education sector (which includes polytechnics, community colleges, and teacher training institutions as well as universities) has a critical role to play in both training those who manage essential services and educating future managers, technical specialists, and leaders. Transition rates to higher education are extremely low with gross enrollment rates of approximately 25%, which highlights a limited ability to train service providers and cultivate a highly educated workforce (World Bank, 2012a). Enrollment in vocational school programs tends to reflect labor market gender segmentation with male students concentrated in industry-oriented fields while female students are concentrated in service-oriented programs. The GOI is currently assessing different strategies to expand access to secondary and vocational education by bringing more services to remote and underserved areas. Among these strategies is expansion of universal (compulsory) education to secondary-level, which was recently launched by the Ministry of National Education and Culture (MOEC). Under this initiative, the GOI will increase school operational budgets for senior secondary education, provide scholarships for students from poor families, build new schools, and provide incentives to educators.

INTERMEDIATE RESULT 2.1: SERVICES TO REDUCE PREVENTABLE DEATHS PARTICULARLY AMONG WOMEN AND CHILDREN IMPROVED

This IR targets the reduction of preventable deaths of women during labor and delivery and of newborns and children under five. In order to achieve this result: (1) the quality of health services must be improved; (2) barriers to access must be lowered; and (3) access/use of safe water and sanitation increased. To address the need for improved health services, the Mission will target both public and private providers of health services. Wide variation in the quality of care in health facilities is a critical factor in lagging health indicators. Improving adherence to a high quality of health services and

reducing the cultural, logistical, political, and financial barriers to accessing these services for the poorest and most vulnerable will reduce maternal and child mortality at both the local and national level. This is a high GOI priority, as evidenced by the plan to roll out Universal Health Coverage UHC from 2014-2019 (the period coinciding with this strategy). Accelerating referral of women and children to appropriate health services is important and has many social, cultural, gender, and financial components. Health providers have varied levels of pre-service or in-service training and capacity and their performance is poorly regulated, with private service providers having hardly any regulation at all. Accountability for poor care does not exist. In addition, access by the poor to water is met by financial, time, poverty, and cultural barriers and this contributes to ill health and reduced opportunities for economic growth. This IR will include activities to improve all of the following: improving quality of health services and health information to promote maternal and newborn survival; improving referral from community and district levels to higher levels of care; reducing barriers to accessing health services; improving access to water and sanitation services; encouraging commercial viability of water utilities; and promoting of the use of better hygiene in order to improve child health, particularly among the poorest and most vulnerable.

Sub-Intermediate Result 2.1.1: Quality of public and private health services improved

Illustrative activities under this Sub-IR include improving the quality of emergency obstetric and newborn care at key facilities; establishing mentoring networks between hospitals and clinics to promote continuous quality improvement; improving quality of clinical and administrative/management standards; providing technical assistance to professional associations of clinical professionals to adopt and promote evidence-based lifesaving interventions for maternal and newborn health; and improving health education and empowerment of mothers, families, and village health care providers so that quality of care extends into the community. Other potential activities include: targeted technical assistance to national government and stakeholders to develop a National Quality of Health Services Strategy; support to national hospital accreditation bodies to improve and maintain quality standards; and targeted short or long-term technical assistance to key government or non-government partners.

Sub-Intermediate Result 2.1.2: Barriers to access for poor and most vulnerable lowered

Barriers to access to services for the poor and most vulnerable must be lowered, including gender-based barriers, such as the practice of requiring a husband's consent before a woman can be referred for emergency obstetrical care, or barriers which preclude unmarried women from accessing care. Potential activities under Sub-IR 2.1.2 include support for national roll out and sub-national implementation of UHC, particularly for the poorest quintiles. Targeted interventions will improve referral systems to ensure better access to health services by the poorest quintiles, for instance by expanding the SMS-based Referral Exchange Network[2] and strengthening and expanding the network of hospitals (both public and private) with community health centers (*puskesmas*) to strengthen quality and referral services and to reduce barriers to seeking care.

Sub-Intermediate Result 2.1.3: Access to improved water and sanitation increased

Potential activities under Sub-IR 2.1.3 include improving knowledge, attitudes, and behaviors of improved Water, Sanitation, and Hygiene (WASH) through training, capacity building, and community education efforts such as the GOI's Community Led Total Sanitation program to generate demand for

[2] Under a current program an electronic system called "SIjariemas" allows midwives to inform hospitals of a referral by SMS through one number, and receive feedback from the hospital to ensure faster and more appropriate referral to the right place, and that the hospitals are prepared to care for the patient.

services. Access to water and sanitation services will be expanded to poor people through strengthened engagement with and amongst the financial, public, and private sectors. Technical and capacity-building assistance will be provided to the institutions that service this population to ensure their operational viability following USAID's intervention, and continued, independent expansion of service. Efforts will help national and local governments and legislatures foster an enabling environment that ensures sustainable water supply and sanitation services to the poorest populations through consensus building on targets, policy and regulatory development, and identification of financial sources.

INTERMEDIATE RESULT 2.2: QUALITY, RELEVANCE, AND ACCESS TO TARGETED EDUCATION SUB-SECTORS IMPROVED

IR 2.2 addresses the lack of education opportunities for disadvantaged and vulnerable Indonesians by raising job-related educational attainment through improving the quality, relevance, and accessibility of vocational schools and tertiary institutions. A focus on post-primary and tertiary education will contribute to improved essential services (in health, water/sanitation, and vocational education) by training key service providers including teachers, teacher trainers, nurses, and public service providers. USAID's focus on improved relevance of vocational and tertiary education will equip Indonesia with a better educated workforce, address the significant unmet needs of skilled and semi-skilled labor, and position the country to become more productive and competitive. Interventions under IR 2.2 will increase the capacity and competency of educators and administrators to deliver instruction to poor and vulnerable populations through established service delivery systems, such as teacher training institutes, education departments at local universities, quality assurance boards, schools, and education ministries (Ministry of Education and Culture as well as the Ministry of Religious Affairs). Interventions will also seek to reduce drop-out rates, improve graduation and advancement rates, and increase the level of employment in high quality jobs. Both formal and non-formal education will be strengthened through improved instructional and budget preparation at the local government level incorporating innovative approaches to education involving the private sector and NGOs. A variety of education stakeholders will be involved in coordination and policy advocacy – including media and central government – to ensure wider access to vocational and higher education services.

<u>Sub-Intermediate Result 2.2.1: Skills of teachers/lecturers, administrators and leaders raised</u>
Improvements in the quality of and access to post-primary education allows for those who would otherwise drop out of the school system (likely those in underserved areas or the poorest) to continue their education. Potential activities include providing technical assistance to improve the quality of instruction at vocational schools polytechnics and community colleges, thereby helping to reduce drop-out rates and increase graduation rates leading to increased and higher quality employment. Efforts will also include coordinating with the GOI on the development of education policy initiatives particularly to improve the quality of teachers and administrators, providing them with the skills needed to make their students more employable. We will also encourage partnerships between post-primary institutions (particularly vocational schools and polytechnics) and potential private sector employers. In addition, interventions may work to improve the organizational, budgetary, and administrative capacity of tertiary institutions (e.g. community colleges, polytechnics) serving the poor and vulnerable, thereby helping to increase enrollment and improve educational quality.

<u>Sub-Intermediate Result 2.2.2: System inclusiveness, accountability, and transparency increased</u>
Potential activities under Sub-IR 2.2.2 include improving student assessment processes/systems of vocational education and providing technical assistance to the government to strengthen technical supervision and standardization of school quality and services. Interventions may facilitate information and data sharing within the education sector to generate demand for better services and support students' transition through the education cycle (e.g. via scholarships and other mechanisms).

Increased inclusiveness, accountability, and transparency is expected to result in stronger schools producing graduates with better job-related skills and better prepared for additional educational opportunities.

Sub-Intermediate Result 2.2.3: Innovative instructional, administrative and decision-making approaches responsive to employment demands promoted

Potential activities under Sub-IR 2.2.3 include increasing linkages between schools, universities, colleges, and private sector to enhance the relevance of education services to meet the standards required by the GOI and private sector and desired by students. Improved management and governance at the school level will increase data-based program planning and decision-making. Technical assistance may be provided to the GOI for rigorous sex-disaggregated data collection and analysis for education policy and programming to improve access and quality of vocational schools, community colleges, polytechnics, teacher training institutions, and universities that enroll the poorest and most vulnerable. The private sector and higher education institutions will be engaged to identify innovative approaches for education and for possible co-investment. Additionally, support may be provided for community-based education initiatives/models to enhance the potential and opportunities for disadvantaged students and/or other marginalized groups.

INTERMEDIATE RESULT 2.3: GOVERNANCE OF ESSENTIAL SERVICES AT THE LOCAL LEVEL STRENGTHENED

Improving local governance capacity to deliver high-quality essential human services is key to furthering DO 2. Under IR 2.3, capacity and partnerships with government, CSO/NGOs, and the private sector will be developed and enhanced. IR 2.3 is at the core of achieving DO 2. Poor governance of public sector services, particularly at the local level, and the need for better capacity within the NGO sector and engagement from the private sector are all major limiting factors for achievement of the DO. In decentralized Indonesia, the capacity of local governments to deliver services in an effective, responsive, inclusive, and accountable manner is critical. In addition, ensuring that local governments have sufficient capacity to continue to deliver services in the face of political changes, or other upheavals is an important component of this capacity. The role of civil society to hold government accountable, transmit factual information to the public, and help uphold high standards for services is vital. In addition, NGOs play a pivotal role in delivery of services for the most vulnerable, and while civil society is increasingly active and engaged, there is a need to build their capacity to be self-sustaining. Finally, the private sector has great potential to be a constructive and important partner in investing in service delivery and as a civil society advocate. This IR will seek increased private sector investment toward improving supply and demand for high quality services.

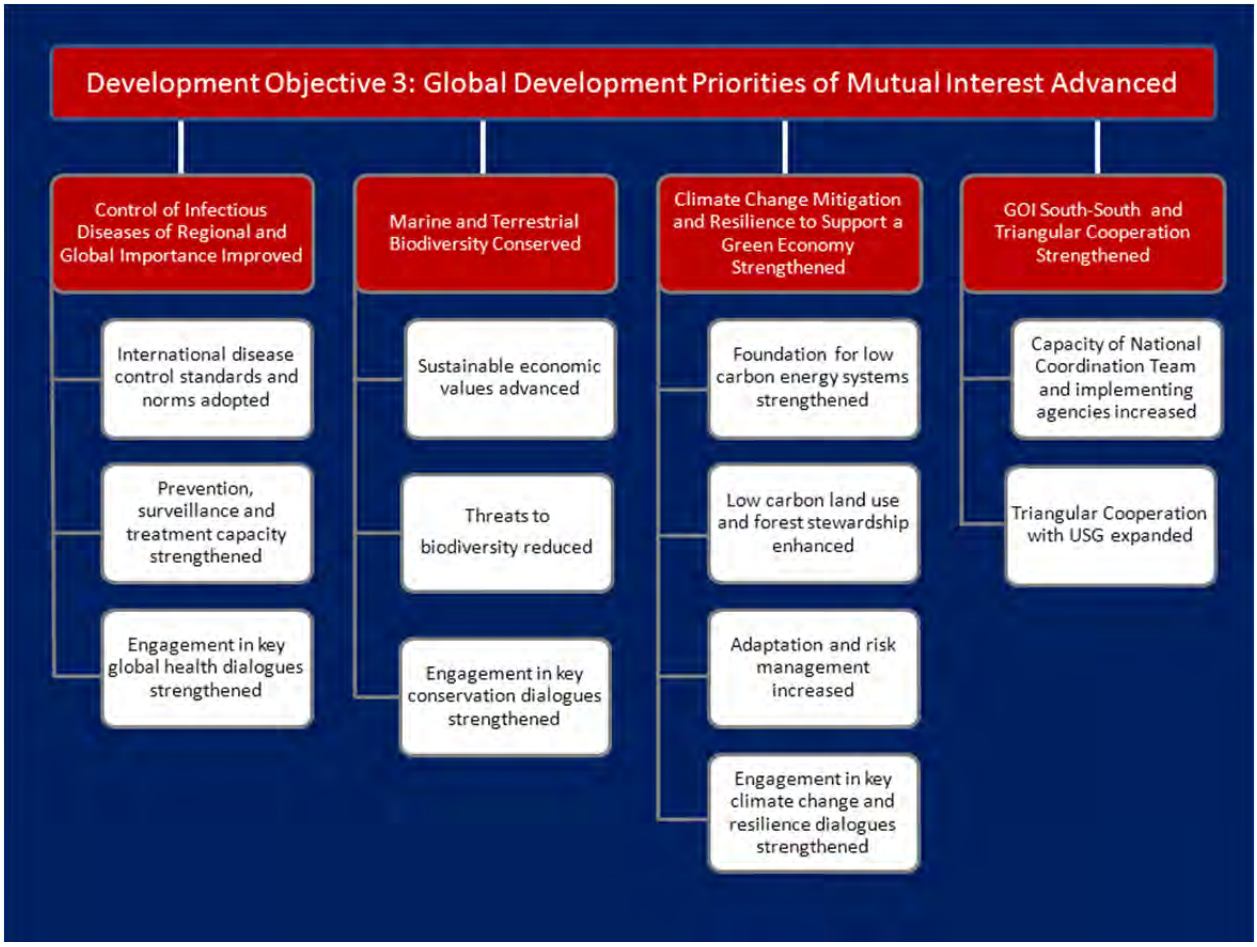
Sub-Intermediate Result 2.3.1: Government effectiveness and accountability in delivering services at the local level improved

Potential activities under Sub-IR 2.3.1 include providing technical assistance to increase the accountability, supervision, and adherence to standards of local government institutions that provide services, with special attention to how those services reach the poor and vulnerable. Assistance will be provided to local governments to plan and budget for essential services in health, education, sanitation, and water, and to build capacity, transparency, and public responsiveness into the process. This Sub-IR, linking with IR 4.2, will develop evidence-based decision-making - for example increased use of maternal and perinatal audit to improve policy related to maternal and newborn deaths at the district level. It will also support the local government's capacity to listen to and respond to citizen feedback. Technical assistance will also include developing the capacity of local governments to implement national gender mainstreaming directives and undertake gender-sensitive planning and budgeting.

Sub-Intermediate Result 2.3.2: CSO/NGOs' demand for and supply of better services strengthened
Potential activities under 2.3.2 include bolstering the role of news outlets, including social media, to inform citizens of minimum standards for targeted services, provide a platform for their input, and hold service delivery entities accountable. Interventions will increase the capacity of NGOs/CSOs to not only better deliver basic services and otherwise achieve their own organizational goals, but also to become stronger watchdogs and advocates to the government for improved access to and quality of services, according to their area of expertise and representational capacity. NGOs/CSOs that focus on maternal and child health, water, education, including job-training, and environmental stewardship will all be prioritized. All interventions will focus on organizations that work at the local level.

Sub-Intermediate Result 2.3.3: Public-private partnerships to enhance local service delivery expanded
The private sector has the potential to contribute to goals within this DO and others, through innovation and advocacy, high standards for their services or products and potential for scalability. Potential activities under Sub-IR 2.3.3 include partnering with private sector companies and foundations that deliver services at the local level and innovative financing for water and sanitation, expanded and promoted. Other key partnerships in support of DO indicators will also be developed.

Figure 4 – Development Objective 3: Results Framework Graphic



DEVELOPMENT OBJECTIVE 3: GLOBAL DEVELOPMENT PRIORITIES OF MUTUAL INTEREST ADVANCED

This DO targets several global development priorities that USAID will tackle in tandem with the GOI. The priorities include: control of infectious diseases of national, regional, and global importance; conservation of Indonesia's unparalleled biological diversity; mitigation of rapidly-increasing greenhouse gas emissions; and building resilience to climate change impacts and natural disasters.

In the context of Indonesia, the first three IRs of this DO are important areas where internal and external pressures are mutually reinforcing. Diplomatic pressure imposed by the international community may support Indonesian leaders to meet commitments made in international forums (Putnam, 1988). For example, the Minister of Health of Indonesia now chairs the board of the Global Fund, yet there is still much to be done to conquer HIV/AIDS, malaria, and tuberculosis in Indonesia. Indonesia's engagement on these diseases with other countries bilaterally and at international forums is expected to improve its application of international standards of care. Conversely, domestic political success will empower Indonesia to lead the region in important cross-border reforms necessary to confront these issues globally, thus strengthening their domestic success. Indeed, if Indonesia wins the battle to halt infectious disease, reduce carbon emissions, and preserve biodiversity, the probability of the global community succeeding in these endeavors is increased.

Infectious Disease, Biodiversity, and Climate Change

Infectious diseases such as tuberculosis (TB), HIV/AIDS, lymphatic filariasis (LF), and pandemic influenza are serious health burdens in Indonesia. Given the size and mobility of Indonesia's population, these serious health issues are not just significant problems for Indonesia but have global implications. Although rates are below 1% nationally, HIV prevalence is much higher in key affected populations: female sex workers, men who have sex with men (MSM), people who inject drugs, female partners/wives of male clients of sex workers, and transgender persons. HIV prevalence is highest in Papua (2.4%), where it is a generalized epidemic exacerbated by gender-based violence. With large mining and fishing industries and high numbers of migrant workers, Papua is potentially a source of increased HIV transmission throughout the region. Sex trafficking also contributes to high HIV prevalence. Indonesia has the fifth highest TB burden globally and ranks among the top 10 for multi-drug resistant TB (MDR TB). LF and soil transmitted helminthiasis (intestinal worms) are endemic throughout Indonesia. Indonesia accounts for 10% of the world's at-risk population, with an estimated 125-200 million people at-risk for LF. Soil transmitted helminthes are a national problem affecting child health, growth, and development. Indonesia is one of five countries still endemic for avian influenza (AI). The virus remains widespread across the massive poultry sector and continues to cause human illness and death. Indonesia has more human AI cases than anywhere else in the world and the highest case fatality globally.

Indonesia is a priority country of the U.S. Government's Global Climate Change Initiative because of its high greenhouse gas emissions (third highest in the world), globally significant forests (third largest tropical forest cover containing 10% of global forest cover) and large population that is highly vulnerable to the impacts of climate change. Indonesia's forests and oceans are also among the world's richest in terms of biodiversity. Indonesia is a focal point for species protection, especially for charismatic mammals, birds, reptiles, coral, and fish. However, with economic incentives that foster widespread deforestation, land conversion, and unsustainable extraction of terrestrial and marine resources, the viability of these species and their habitats are increasingly at risk as evidenced by the recent listing of

5,015 Indonesian species at risk for extinction on the International Union for Conservation of Nature (IUCN) Red List for Indonesia (2012).

Fortunately, for the first time in recent history, the GOI and corporations express willingness to holistically confront the issues, which requires heightened management and stewardship as well as close engagement with the private sector to sustainably and economically benefit from Indonesia's robust resource base. Both the U.S. and Indonesian governments agree that Indonesia's forests and marine ecosystems are global treasures under tremendous threat. If Indonesia fails to conserve and protect them, globally significant biodiversity will be lost and global carbon emissions will continue to accelerate. Strong linkages between IRs 3.1 and 3.2 – especially with regard to co-location – are anticipated for terrestrial biodiversity conservation and sustainable landscapes management activities.

Progress on mutually agreeable development interests will be a collective barometer of the strengthening and direction of our partnership, reflecting how our nations, together, interact on a global scale. Recognizing Indonesia as a rising economy and emerging global leader, South-South and Triangular Cooperation (SSTC) has been included as a complementary effort in this DO. It is within U.S. interest to support Indonesia as a relevant, effective donor partner and mutually beneficial to do so.

The additive impact of strengthening our partnerships and co-investments in health, education, and environment will enhance our bilateral relationship and lead to economic and social transformation. This will be reflected in impacts such as contributing substantially to the global targets for controlling TB and MDR TB and saving thousands of lives, sustaining millions of hectares of coastlines and forests, improving terrestrial and marine habitat stewardship for conservation of biodiversity, reducing the risks of climate-derived and natural disasters and assisting Indonesia to be a responsible member of the global community.

INTERMEDIATE RESULT 3.1: CONTROL OF INFECTIOUS DISEASES OF REGIONAL AND GLOBAL IMPORTANCE IMPROVED

This IR will work to strengthen the GOI's commitment to, and capacity to participate responsibly in, regional/global efforts to control the spread of infectious diseases and prevent epidemic outbreaks, notably HIV/AIDS, TB and MDR TB, pandemic influenza, emerging pandemic threats, and neglected tropical diseases (NTD). Indonesia must be able to respond effectively to the threat of infectious diseases and to protect the health of its citizens. Indonesia is also poised to take a regional and even global leadership role in prevention, control of, and response to infectious disease threats. Cutting-edge USG assistance will be provided – including developing and testing approaches and technologies that show promise for regional and global replication to improve diagnosis, treatment, and surveillance of infectious disease threats.

<u>Sub-Intermediate Result 3.1.1: International disease control standards and norms adopted</u>

USG supports and strengthens Indonesia's position as a regional and global leader in disease threat management and response and encourages the use of international standards for disease care treatment (especially for TB, influenza and acute respiratory infections, NTD control, maternal and child health, and HIV). Potential activities under this sub-IR include providing technical assistance to a variety of ministries and actors. These include: assistance to local pharmaceutical manufacturers to obtain WHO pre-qualification for producing second-line TB drugs to help address the global shortage of these essential medicines; assistance to the Ministry of Health for adoption of global de-worming policies and rolling out a national strategy for de-worming children; assistance to the Ministry of Health to scale up application of International Standards of TB care among public and private sector providers; and support to the National Institute for Health Research and Development to improve laboratory biosafety. Finally,

technical support will be provided to the Ministries of Agriculture and Health to conduct research to characterize influenza strains through international standards and practices while tracking influenza viruses with pandemic potential and to develop effective vaccines.

Sub-Intermediate Result 3.1.2: Prevention, surveillance and treatment capacity strengthened
Indonesia's achievement of MDG goals is critical for global targets to be achieved. USG provides targeted support to improve Indonesia's ability to monitor, prevent, and treat infectious diseases of global importance. Activities under this sub-IR include technical assistance to increase the capacity for laboratory diagnostics and increase local capacity to improve prevention, diagnostics, and treatment for influenza and emerging diseases, HIV, and TB. For selected NTDs, USG will provide technical support to: control and elimination efforts in compliance with international standards; strengthen epidemiological capacity within the Ministries of Health and Agriculture, and in the academic sector to respond to outbreaks; strengthen the diagnosis, management, and treatment of TB, including MDR TB and HIV-TB; and improve availability and use of oxygen therapy, including development of a new training manual and repairing and replacing equipment, to treat severe, acute respiratory infections.

Sub-Intermediate Result 3.1.3: Engagement in key global health dialogues strengthened
USG investments engage Indonesian health leaders in high-level global dialogues on strategic initiatives and policy development to motivate Indonesian policy makers to commit to and assure high quality control programs through engagement with their technical peers. Such Indonesian international engagement will provide valuable insight and experience for other countries, including the U.S., as well. This includes membership in global technical partnerships such as the Stop TB Partnership, World Health Organization TB working groups and the Global Alliance to Eliminate Lymphatic Filariasis, which leverages Indonesia's leadership and commitment to eliminating NTDs and adherence with global standards for disease control.

INTERMEDIATE RESULT 3.2: MARINE AND TERRESTRIAL BIODIVERSITY CONSERVED

This IR will establish stronger incentives for biodiversity conservation and stronger governance and regulatory controls to address the principal threats to biodiversity and drivers of habitat degradation (USAID/Indonesia, 2013b). Within these ecosystems – particularly coral reefs and tropical rainforests – Indonesia possesses what is generally recognized as one of the greatest concentrations of biodiversity on earth. However, over decades of resource-driven development, Indonesia has experienced massive land use change and over-exploitative fishing practices that resulted in irrecoverable damage to ecosystems crucial not only to orangutan, tigers, rhinos, elephants, sharks, rays, and other charismatic species, but also to smaller animals and plants endemic to and/or significantly represented in Indonesia and unique to the world.

Based on recent evaluations of USAID's ongoing forestry and marine programs in Indonesia (USAID/Indonesia, 2012b, 2013e), and through the application of years of accumulated international best practice experience, USAID has identified areas necessary to achieve significant conservation progress. With the Ministry of Marine Affairs and Fisheries (MMAF), local governments, the fishing industry, communities, and other stakeholders, we will address the key threat of overfishing due to poor regulation, weak enforcement, inappropriate fishing practices, and poor systems management. Based on lessons-learned under the current strategy, the governance and incentive structure for sustainable marine resource management needs to be recast using a seascape approach as an organizing platform that encompasses both marine and coastal areas and works where the interests of local communities, private sector, and local and national governments compete.

Sub-Intermediate Result 3.2.1: Sustainable economic values advanced

To further the improvement of marine and terrestrial biodiversity conservation, advancement of sustainable economic value from appropriate natural resource stewardship is essential. Such economic advancement is imperative to address indirect threat to biodiversity that results from Indonesia's development priorities overemphasizing economic gain through resource extraction over sustainable ecosystem stewardship. To achieve this sub-IR, potential activities include incentivizing conservation by: developing appropriate models for sustainable revenues and financing, such as equitable payment for ecosystem services, eco-tourism and management and restoration concessions; empowering women's leadership in the development of sustainable economic strategies; promoting inclusive public, private and community business development; and supporting international sustainability initiatives, such as the Marine Stewardship Council. Other illustrative activities include strengthening regulatory regimes for transparent; evidence-based fisheries and forest/land-use governance (e.g., regulations, licensing, and enforcement); strengthening the operation of ports to monitor, control, and survey fish catch and movement; reducing illegal, unreported, and unregulated fishing; reducing illegal logging; supporting improved marine and terrestrial sustainable certification schemes; and increasing enforcement of marine and forest management regulations. Finally, to maximize community sustainable economic benefits from forest/mangrove ecosystems, coastal habitats, and near-shore reef fisheries, USAID will invest in efforts that optimize value-added and contribution of natural capital from sustainable terrestrial and marine natural resource production, processing, and marketing, to those communities, especially through deepening engagement with the private sector.

Sub-Intermediate Result 3.2.2: Threats to biodiversity reduced

To effectively conserve marine and terrestrial biodiversity, activities under this sub-IR address direct and indirect threats identified through the Biodiversity and Tropical Forests analyses, as well as site-selection reports and numerous recently conducted activity-level analyses to focus interventions on high-biodiversity conservation value terrestrial and marine ecosystems. Threats include accelerated marine and coastal conversion, unsustainable and destructive terrestrial and marine resource extraction, corruption and weak law enforcement, and inadequate government capacity. Key interventions will build on proven investments and lessons learned, such as: support to local (district and provincial) and national governments to adopt and implement policies and practices that conserve biodiversity; support to NGOs and CSOs that are promoting local government transparency, community development, local rights, and diversified incomes through sustainable community-based marine and terrestrial resource management; integrated landscape and seascape planning; spatial and development planning at the district and provincial level; mapping and data integration; and biophysical monitoring. Furthermore, an essential component to this work is improving management of protected areas by both the Ministries of Forestry and Marine Affairs and Fisheries, associated local governments, and communities, and ensuring that management protects the roles and interests of both men and women in affected areas.

Sub-Intermediate Result 3.2.3: Engagement in key conservation dialogues strengthened

An essential component in improving marine and terrestrial biodiversity is strengthening the engagement of GOI and/or under-represented sectors in international conservation forums. To achieve this sub-IR, activities will include the expansion of Indonesian participation in national and international dialogue and technical exchanges on biodiversity conservation. Furthermore, efforts will be made to increase the capacity of Indonesian counterparts to communicate biodiversity conservation issues of global significance. These efforts will allow Indonesia to grow as a leader in biodiversity efforts, and also provide valuable experience and insights to other countries, including the U.S.

INTERMEDIATE RESULT 3.3: CLIMATE CHANGE MITIGATION AND RESILIENCE TO SUPPORT A GREEN ECONOMY STRENGTHENED

This IR mitigates the impact of Indonesia's rapidly growing population and economy on rising carbon emissions and increasing the resilience of vulnerable communities to the adverse impacts of global climate change. As the third largest global emitter of greenhouse gases, Indonesia has a strong, vested stake in controlling its carbon emissions. Rising energy production to support a growing economy (Wolde-Rufael, 2004) will soon contribute more to Indonesia's carbon emissions than forestry and peatland conversion unless major policy shifts and investment climate improvements drive transformation in energy efficiency, renewable power production, efficient power management, and smart clean transport solutions. In a country comprised of over 17,000 islands, rising greenhouse gas (GHG) concentrations will lead to increased climate variability and change that will stress development progress through more frequent extreme weather events, such as floods and landslides, and slower onset impacts, such as increased ocean acidity and sea-level rise. When compounded with myriad natural disasters associated with Indonesia's location in the Ring of Fire, the impacts of these phenomena will undermine broader social and economic development. Understanding the link between GHG emissions and climate change impacts must be extended to a broader audience in order to develop a strong domestic constituency in favor of conservation and reducing emissions. The GOI recognizes the need to address this global threat, but efforts to date are tentative and not yet firmly anchored in legislation and implementation to ensure achievement of calculated, well-defined targets. The next five years will set the foundation for Indonesia's future carbon footprint if significant high-profile progress can be made on low emissions development.

This IR extends natural resource governance across government and civil society, especially in communities that are affected by GCC. Also vital are private sector activities to reduce emissions and impacts on carbon-critical landscapes, such as tropical forests, peatlands, and mangroves. To facilitate clean energy investments, especially in renewable power production, energy efficiency, and clean transport are vital. Many activities to be undertaken in this IR will contribute to the U.S.-Indonesia agreement on Enhancing Capacity in Low Emissions Development Strategies (EC-LEDS).

<u>Sub-Intermediate Result 3.3.1: Foundation for low carbon energy systems strengthened</u>

Indonesia is one of 20 EC-LEDS countries with which USAID works globally, underscoring the importance of efforts to strengthen climate change mitigation and resilience to support green economic development and confirming this as a development challenge that is of mutual interest to both nations. Under this sub-IR, potential activities will facilitate clean energy initiatives such as the building of capacity of local governments to develop, resource, and implement legally-mandated integrated, evidence-based low carbon energy development plans. Potential activities will support the GOI in establishing implementation guidelines, funding mechanisms, standards, monitoring, coordination, and investment promotion schemes that reduce barriers to, and incentivize renewable energy developments over fossil-fuel based solutions, promoting investment in energy efficiency to help reduce overall energy consumption and implementation of clean transport solutions that can directly reduce emissions. Technical support and training will be provided to project developers, utilities, governance authorities, commercial banks, and government financial institutions in preparing and reviewing high-quality engineering-based, financially-viable proposals for renewable energy and energy efficiency projects. Assistance will develop financing approaches, tools, and products that will unlock GOI, private sector, and donor funds to facilitate investment in renewable energy and energy efficiency. Communications efforts will aim to change behavior about clean energy, environmental issues, low carbon approaches as well as reform on subsidies and other key energy policy issues directly impacting

clean energy development. Finally, potential activities will include developing partnerships and technical exchanges with Indonesian and U.S. universities, think tanks, trade associations, research institutions, utility companies, and the private sector, focused on transfer of best practices and deployment of proven, market-ready clean energy technologies new to Indonesia. Training and local institution capacity development will link the partnerships to research, data, and science and technology (S&T) needs.

Sub-Intermediate Result 3.3.2: Low carbon land use and forest stewardship enhanced

This sub-IR strengthens climate change mitigation by protecting and managing forests to support sustainable landscapes and low carbon land use. Potential activities include shifting incentives that encourage unrestricted growth to those that favor conservation. Key initiatives to achieve this paradigm shift in community, GOI, and corporate practice are similar to biodiversity conservation initiatives within this DO, and include: developing appropriate models to maximize profitability and reduce impact; encouraging financing for sustainable resource management; encouraging green economic activity such as equitable payment for eco-system services, eco-tourism, community-based natural resource management, and forest restoration concessions; and catalyzing the deployment of voluntary international sustainability initiatives and maximizing the conservation value of analogous home-grown initiatives with which all resource-extractive industries must comply. Finally, activities will include supporting public participation mechanisms – especially those that recognize and strengthen women's leadership in this sector – for local land use decision-making processes. Adoption of GOI use of S&T, such as remote sensing to monitor forest cover change, will be facilitated to improve the utilization of scientific and forensic evidence in decision-making and enforcement.

Sub-Intermediate Result (Sub-IR) 3.3.3: Adaptation and risk management increased

An important component in strengthening climate change mitigation and resilience is support to adaptation efforts, including the expansion of climate change vulnerability and adaptation assessments while supporting implementation of community and district action plans. Evidence shows that climate-related disasters are on the rise, and that preparing communities results in both physical and economical resilience. Potential activities support GOI authorities to develop gender-sensitive disaster preparedness plans. USAID will engage disaster-management authorities, vulnerable municipalities, research institutes, and provincial universities to provide technical services for informing policy decisions and guiding climate change adaption actions. Partnering with the GOI, particularly the Disaster Management Agency (BNPB), other donors, and NGOs will raise public awareness of potential climate change impacts and gain resources and support for climate change adaptation and risk resilience actions. Finally, closely related efforts will be conducted in relation to disaster risk reduction with the GOI to design, develop and implement a Global Flash Flood Guidance System, an end-to-end system that provides the data and information, analyses, communications, and protocols for accurate and timely warnings of flash floods.

Sub-Intermediate Result (Sub-IR) 3.3.4: Engagement in key climate change and resilience dialogues strengthened

USG investments engage Indonesian climate change leaders by increasing their capacity to communicate on global climate change and disaster resilience issues in terms of policy development and implementation. Potential activities will motivate Indonesian policy makers to commit to and assure high quality control programs through engagement with international technical peers. They will also enable other countries, including the US, to learn from Indonesia's considerable experience.

INTERMEDIATE RESULT 3.4: GOI SOUTH-SOUTH AND TRIANGULAR COOPERATION STRENGTHENED

As Indonesia continues to benefit from development assistance, it is also quietly embarking on its own program of providing foreign assistance (USAID/Indonesia, 2013d). Over the past 10 years, the GOI estimates that it has provided approximately $42 million in South-South and Triangular Cooperation (SSTC) programs. In addition to technical cooperation, Indonesia has delivered more than $8 million in humanitarian assistance in the past two years alone. Indonesia extended aid to Japan after the 2011 earthquake and tsunami, to Australia following the Queensland floods (News.com.au, 2011), to New Zealand after the Christchurch earthquake (New Zealand Embassy, 2011) as well as to Haiti (Antara News, 2010), Pakistan (Rogers, 2010), Turkey (Nugroho et al, 2011) and others. Of the $8 million, within ASEAN, Indonesia provided a combined $3.1 million of grants to six flood-affected countries in 2011. In 2013, the Indonesian government provided $1 million to the government of the Philippines for the victims of typhoon Bopha (Antara News, 2012).

Indonesian SSTC strengthens cooperation among countries to exploit mutual opportunity, promote collective self-reliance, accelerate development, and strengthen solidarity. Indonesia's SSTC is expected to be prioritized on economic development that promotes international trade and strengthens international diplomacy. To implement the GOI's SSTC Strategy Grand Design document (2011-2025), four task forces under the Indonesian National Coordination Team have been established: (1) legal and institutional framework; (2) funding mechanism; (3) program development; and (4) a monitoring and evaluation and information system. Both the GOI and international donors welcome U.S. involvement to increase Indonesia's capacity as an assistance provider.

A strong Indonesia is an increasingly influential regional and global partner, interested in issues we both care about, such as democracy, regional integration, peace, and stability. Indonesia can stand out as a model of inclusive democracy approaches to the Muslim world, serve as a peace-broker in various international conflicts, and act as an interlocutor in the dialogue between the Muslim world and the West. Indonesia can also provide leadership by fully incorporating women and girls into diplomatic, security, and development efforts as beneficiaries and as agents of peace, reconciliation, development, growth, and stability, as the USG government is committed to do through its National Action Plan for Women, Peace, and Security.

USAID support through this IR will lay the groundwork to help bring forth an Indonesia International Development Agency ("Indo Aid"), an enduring legacy of more than 60 years of partnership. There are also opportunities to coordinate triangular cooperation activities between USAID/Indonesia's bilateral assistance program with USAID/RDMA's regional assistance program (and linkages with other Asian emerging donors). A proposed "Indo Aid" could assume responsibility for all of Indonesia's outgoing international development cooperation and assistance, coordinate policy formulation on Indonesian development cooperation and ensure aid coherence in cooperation.

This IR supports Indonesia's role as a leader and emerging donor and reflects new ways of doing business. But it is not intended to only support the three areas of global concern in the first three IRs. This IR addresses a key component of the overall results framework, which is a partnership between the U.S. and Indonesia on development priorities that succeeds the traditional donor-recipient model. Efforts to advance these priorities add up to higher, collective impacts reflective of the transformation of the U.S.-Indonesian relationship and the convergence of development and diplomacy. Indonesia has received assistance requests from dozens of countries around the world, and how Indonesia responds is important. There is a significant U.S. foreign policy interest in helping Indonesia to be a relevant,

effective donor partner. Indonesia can gain at home when it showcases its efforts internationally, illustrating the importance of triangular cooperation to the achievement of progress in this DO.

Sub-Intermediate Result 3.4.1: Capacity of National Coordination Team and implementing agencies increased

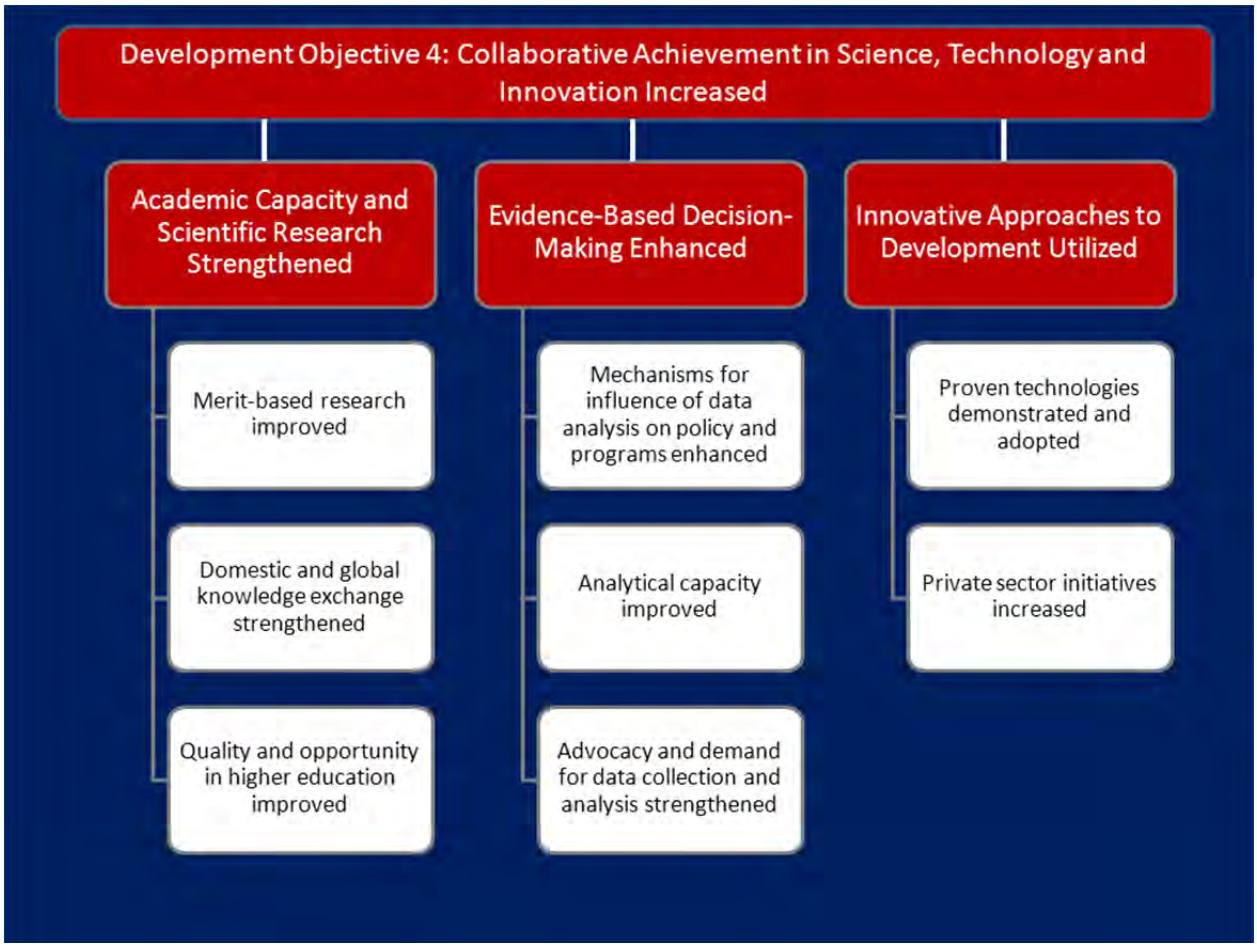
To strengthen GOI South-South and Triangular Cooperation, it is essential that we increase the capacity of the national coordination team, implementing agencies and cooperating organizations. Specific activities include forming a professional staff exchange program between USAID/Indonesia and the GOI National Coordination Team where each agency can host staff in their offices to share expertise and collaborate to facilitate peer-to-peer learning on donor best practices. Furthermore, activities will include the development of comparative studies of other development agencies, governance structures, legislative frameworks and organizational arrangements. This will help with developing legislation forming the future legal basis for development cooperation. The legislation will clearly set out the country's commitment to development cooperation, the overall objectives of its Overseas Development Assistance (ODA) and implementation and accountability and the roles and relationships between ministries and other actors in development cooperation.

Potential activities under this sub-IR will include technical assistance to the National Coordination Team to develop a human resources plan for attracting and retaining quality professionals dedicated on a full-time basis to development cooperation and to the GOI for the purpose of building a strong independent monitoring and evaluation system in line with international standards. The proposed program will include strengthening statistics and reporting of Indonesian development aid, assistance to government agencies in organization of aid projects, monitoring, efficiency and impact evaluation. This may include international partnerships for preparation and delivery of university courses on development aid that are needed for educating future Indonesian development practitioners.

Sub-Intermediate Result 3.4.2: Triangular Cooperation with USG expanded

Another essential component in strengthening GOI South-South and Triangular Cooperation is expanding triangular cooperation in partnership with the USG. This will include identification of trilateral cooperation projects in third countries that will be designed and implemented by the GOI and the U.S. in cooperation with the beneficiary country. While USAID will be the lead USG agency for such projects, other agencies may also participate. Such projects will be in areas where all three countries have mutual interests, such as promoting clean water and sanitation, reducing infectious disease, or combatting gender-based violence. Most will probably be in the Asia region, but initiatives elsewhere, such as promoting democracy in the Middle East, will also be considered. Other potential activities could include assistance to establish an "Indo Aid" Fund in the national budget with appropriations in parliament. Money vested in the fund could also stem from foreign governments – for trilateral cooperation – and also the private sector/charitable organization contributions. Funds would be used for development cooperation and assistance expenditures, and remuneration and allowances of a Governance Board.

Figure 5 – Development Objective 4: Results Framework Graphic



DEVELOPMENT OBJECTIVE 4: COLLABORATIVE ACHIEVEMENT IN SCIENCE, TECHNOLOGY, AND INNOVATION INCREASED

Despite the promising outlook for Indonesia's future economic growth, the archipelago lags far behind most other countries in its investments in research and development (R&D). Indonesia allocates below 0.08% of its GDP for R&D investment – less than 1/10 the average for the BRIC (Brazil, Russia, India and China) economies (World Bank, 2012b). As a result, Indonesia is not adequately utilizing science, technology, and innovation to advance its development goals and global competiveness. Yet, science, technology and innovation are among the top priorities for the GOI as reflected in the Second (2010-2014) and Third (2015-2019) phases of their National Medium-Term Development Plan (Government of Indonesia, 2010).

Indonesia's knowledge and innovation performance needs improvement, given the country's position compared to other MICs in global rankings such as the Global Innovation Index (100 of 141) (INSEAD and WIPO, 2012), Knowledge Economy Index (108 of 143) (World Bank, 2012b), and Global Competitiveness Index (50 of 144) (Schwab, 2012). More effort is required to increase the number of scientists,

publications, patents, and funds allocated for R&D. Like other countries around the world, very few women are engaged in science, technology and innovation in Indonesia and more must be done to ensure that women are recruited into these fields and that investments fairly respond to the priorities of women and girls, especially the poorest.

Table 1: Indonesia's science, technology, and innovation metrics compared to BRIC economies

	Indonesia	Brazil	Russia	India	China
Research and Development as % GDP	**0.08**	1.17	1.25	0.76*	1.70
Researchers per million citizens	**90**	668	3,091	136*	863
Patent applications, resident	**437**	3,921	25,598	7,262	229,096
Scientific and technical journal articles	**262**	12,306	14,016	19,917	74,019

*Source: World Bank, 2012a. *Data from 2007*

Another challenge is that Indonesia's knowledge systems, level of international collaboration, use of evidence, and the utilization of technology hinder advancement in key developmental sectors, including environment, health, and education. Improving quantity and quality of human resources in S&T will be the key for Indonesia to successfully address those issues. A 2010 Harvard report stated that given its lagging science, technology and innovation status, Indonesia will be vulnerable to losing its labor intensive jobs and its most talented citizens to other countries because of low investment and lack of skill-intensive jobs. Both McKinsey and Boston Consulting Group cite similar findings, reporting that Indonesia will experience major shortages of qualified science and engineering candidates in the coming decade (Oberman et al, 2012; Tong et al, 2013). According to the Organisation for Economic Co-operation and Development (OECD), part of the problem is that while there are several research universities, there is not yet a world-class university able to attract foreign talent, an important factor in improving standards (2010).

All Indonesian faculty members have to meet at least three obligations: teaching, research and community service. Most of them choose to teach primarily, partly to top up their low salaries. Moreover, many teaching faculty also have the dual responsibility of managing their institutions, which leads to poor financial and organizational management, along with a lack of quality assurance in instruction. A few leading universities exist, such as University of Indonesia, Bogor Agricultural University, Gadja Mada University, and Bandung Institute of Technology. They have established collaborative programs with private companies and foreign universities through joint research and innovative products development. Given that the number of registered higher education institutions exceeds 3,000, this is a small number of universities at a high caliber and is far below Indonesia's potential.

Indonesian scientists and researchers also have relatively low numbers of scientific publications, a hallmark of science. While the number of overall joint publications has been on the rise since 2008, Indonesia continues to lag in output of citable documents and publications in the top international journals (Faisal, 2012). Indonesia's universities and researchers need access to global knowledge and an improved capacity to engage in scientific discourse on the global level. Helping to increase interactions between Indonesian scientists and their foreign counterparts provides researchers with access to advanced techniques and methodologies and improves the overall national capacity to conduct their rigorous science (Latikan et al 2012). According to United Nations Educational, Scientific, and Cultural Organization (UNESCO), international collaboration is an area where Indonesia must improve (2011). In

order to address this issue, the Ministry of Education and Culture through the Directorate General of Higher Education (DIKTI) is promoting research publication in accredited electronic and printed journals by linking it with professional allowances and English skills.

Indonesia is in the top 20 countries of origin for international students in the U.S. In the 2010-11 academic year, just under 7,000 Indonesian students attended U.S. universities while about 200 Americans studied abroad in Indonesia. By comparison, in the same academic year, over 150,000 Chinese students studied in the U.S. and 15,000 Americans studied abroad in China (IIE, 2012). Increasing the number of exchanges of scientists, students, fellows, and interns – in both directions – is a central goal the U.S.-Indonesia Comprehensive Partnership and a priority for USAID. The State Ministry of Research and Technology (*Kementerian Riset dan Teknologi,* RISTEK) has indicated that one of their top priorities is to send Indonesians to the U.S. to earn higher degrees. Only about 16% of all researchers in Indonesian institutes (higher education, government, industry) hold PhDs (Ha et al, 2011). Other RISTEK priorities include partnerships in research for health, agriculture, environment, and biodiversity as well as strengthening research investments through improved granting and procurement processes, and translation of scientific data into policies and programs. In these key areas RISTEK has invited USAID to assist in the development of their next S&T mid-term strategy. USAID has an opportunity to promote the integration of S&T in the strategy and priorities of other ministries (particularly the education ministry) to improve the S&T and innovation "ecosystem" in Indonesia.

There is a tremendous opportunity for Indonesia to advance science, technology, and innovation by building on its wealth of human capital, by affirmatively expanding opportunities for promising female students and researchers, increasing GOI investments and increasing readiness to collaborate with international partners to enhance its achievements. In 2010, the U.S. and Indonesia signed a Science and Technology Agreement and held a Joint Committee Meeting on Science and Technology in 2012 that will convene bi-annually. Science is a highly visible component of the Comprehensive Partnership where diplomacy and development have converged effectively. There is strong momentum on both sides for expanding this cooperation.

USAID is well-positioned to accelerate the development of science, technology, and innovation in Indonesia by providing catalytic inputs that will have effects across the scientific ecosystem. Our programs will elevate local institutions and leaders who are proving that they can advance Indonesia's development by raising the quality of science to an international standard. This DO will put tools in the hands of scientists, students, higher education institutions, and the private sector that have potential for creating Indonesia's own response to its major development challenges.

Our assistance will improve research quality and productivity, linkages to broader scientific communities, and education opportunities and standards especially for women students and academics and increase the technical and management capacity of research institutions to foster more sustainable programs and approaches to development issues. It will also support the evidence-to-policy continuum, including increased demand for the use of scientific data in decision-making and enable technology adoption in key sectors of development such as health care, energy, and climate.

INTERMEDIATE RESULT 4.1: ACADEMIC CAPACITY AND SCIENTIFIC RESEARCH STRENGTHENED

Robust science requires a healthy ecosystem in which to thrive. Scientists must have access to flexible and appropriate funds, international knowledge networks, and training and must be able to constantly improve their work through acquisition of new skills, and the mentoring of junior scientists to join the research ranks. This IR looks at three critical areas for Indonesia's research systems: improving merit-

based research, strengthening domestic and global knowledge exchange, and improving quality and opportunity at targeted research institutions. This IR focuses on higher education elements that are critical to the overall strengthening of Indonesia's academic infrastructure.

Sub-Intermediate Result 4.1.1 – Merit-based research improved

Improving standards for competitive research funding is a core component of the S&T infrastructure in any country and a key missing element in Indonesia. The quality and integrity of this must be rooted in merit-based and transparent review processes. The Indonesian Academy of Sciences (*Akademi Ilmu Pengetahuan Indonesia*, AIPI) recently released a report sponsored by the World Bank and AusAID on the critical need for a central and independent scientific grant-making body (Brodjonegoro, 2012). An Indonesian Science Fund (ISF) would fill a critical gap in Indonesia by becoming the national cornerstone for excellence in science through awarding competitive research awards to Indonesian scientists and institutions. It would be merit-based, allow for flexibility of research activities, and be able to accept funds from private, public, and international donors. Other reports have confirmed this need in Indonesia, most recently a World Bank report that describes systemic problems in the extremely fragmented and uncoordinated expenditure of public research funds in Indonesia (2013c). The road to establishing an ISF-type body led by the GOI is a lengthy process that requires reconciling fragmented policies, dedicated funding, and legal authority.

An illustrative activity is the creation of an Indonesian-American Bilateral Research Fund. USAID's intellectual legacy in Indonesia will be greatly advanced by supporting the vision for the ISF. As a precursor that will help build the foundation for an ISF, USAID will seek to establish a bilateral fund for scientific research that will jointly fund priority projects of mutual importance. The fund would be a natural evolution of existing USAID programs such as Partnerships for Enhanced Engagement in Research (PEER) in Science and Health and would continue to work in conjunction with partners such as the National Science Foundation and the National Institutes of Health. This joint fund would be a mechanism not only for funding collaborative science, but also for transferring the technical expertise and best practices of grant-making and administration of scientific funding to Indonesia.

Sub-Intermediate Result 4.1.2 – Domestic and global knowledge exchange strengthened

In addition to support for high-quality research, Indonesian scientists and their colleagues from academic institutions across Indonesia must have greater access to global science. This addresses the highly fragmented scientific ecosystem and prevents duplication of efforts nationwide. A key aspect is increasing exchanges with foreign scientists. Through greater connectivity, Indonesia will be able to raise its profile in the global scientific community, which will aid American and other foreign scientists to engage in exchanges with the Indonesian scientific community.

A potential activity is a digital library portal through which Indonesian universities and ministries can streamline journal publication practices and information sharing by taking content online. Indonesian scientists also require increased open-access web portals with subscriptions to major international scientific databases that would give researchers access to international publications and the latest scientific advancements. The result of these programs would also greatly increase the number of international collaborations that scientists could initiate on their own. Through the education, environment, and health portfolios, support will continue to be provided to key stakeholders in these fields to continue technical skill development and their contributions to priority areas such as climate change and infectious disease.

Another illustrative activity may be USAID's Global Research and Innovation Fellowship Network (GRIFN) partnership that will place American graduate and undergraduate students in S&T fields in universities across Indonesia.

Sub-Intermediate Result 4.1.3 – Quality and opportunity in higher education improved

This sub-IR focuses on addressing institutional barriers which stymie productive research, enhancing institutional management to strengthen academic quality, and increasing the production of qualified graduates and scientific research. Creating a research culture in higher education institutions is a critical need. For example, one of the striking barriers to creating more opportunities for higher education institutions is the current strict regulation applied by DIKTI that obligates faculty to focus on teaching duties with only a small share of time for research. USAID can work with DIKTI on regulation to incentivize the higher education institutions to cultivate a research culture and provide students and faculty with incentives to conduct research and increase linkages by the application of theoretical knowledge and practical research skills. By focusing on the quality of higher education at targeted research institutions and increasing the opportunities available to Indonesian scientists, USAID will make a significant difference in helping raise Indonesian science and research to an international standard. Existing programs will be adapted in the future to build on lessons learned to improve teaching curricula and skills for administration and research capacity at targeted research institutions.

In Indonesia, as in the rest of the world, gender imbalance exists in science, technology, engineering, and mathematics education, where male students outnumber female students due to a range of barriers for women. In order to achieve USG goals to promote gender equality and support the leadership of women and girls, scholarships and exchange opportunities will promote female students and scientists.

INTERMEDIATE RESULT 4.2: EVIDENCE-BASED DECISION-MAKING ENHANCED

This IR focuses on three areas: enhancing mechanisms for influence of data analysis on policy and programs, improving analytical capacity, and strengthening advocacy and demand for the use of evidence. This cycle is perpetuated by the demand from experts and non-experts to utilize the best possible evidence to make the most-informed decisions possible. Each of the sub-IRs focus on an element of the cycle and the necessary roles that, taken together, will have a major impact on Indonesia's policy-making on key development issues.

Sub-Intermediate Result 4.2.1 – Mechanisms for influence of data analysis on policy and programs enhanced

The use of data in government and other decision-making structures is central to realizing this Sub-IR. Support will be given to convene government, university, and industry partners in forums addressing common concerns that require greater knowledge sharing in order to discuss, develop, and refine policies. Currently, USAID technical projects support a range of data collection and analysis geared toward informing policies and programming. This work will be enhanced by greater support for improved quality of data, systems that effectively manage and utilize data, and assistance to improve the analytical capacity of institutions.

An illustrative activity is the creation of Government-University-Industry Roundtables that enhance the use of evidence for decision-making. USAID can use its convening power to create a forum where stakeholders from government, academia, and private companies come together and share perspectives on important issues. Besides this new forum, we need to assess the availability of knowledge sharing mechanisms within the government system that USAID can build upon and strengthen in a sustainable

fashion. The assumption is that RISTEK or the National Research Council (DRN) has the inherent function to facilitate and support coordination for data analysis on making policy. This can also be utilized to promote collaborative research efforts and investments by different ministries in Indonesia who tend to be working in silos. Members would be invited to periodically participate on a current issue such as water scarcity, agriculture, genetically-modified organisms, or health care for rural areas. There is no such forum in Indonesia currently, though this type of exchange is needed to which this model could be adapted. Another activity is support for data analysis and disease surveillance advisors to sit within key divisions of the Ministry of Health to mentor staff and help build better data collection and analysis processes, systems, and skills.

Sub-Intermediate Result 4.2.2 – Analytical capacity improved

USAID will continue working with academic groups and investigators to produce quality research in Indonesia. But without links to policy, their work will not have an impact on development. USAID will help empower local entities who are champions of science policy and who can play a lead role in producing evidence-based expert opinions by drawing on the best research in Indonesia and elsewhere to answer important development questions.

A potential activity is the strengthening of the Indonesian Academy of Sciences (AIPI) that inhabits a space between scientific experts and policymakers and plays an important function in "science-for-policy." AIPI is well-positioned to convene objective panels of experts to analyze research findings and communicate informed opinions and recommendations to decision-making centers. USAID can help build AIPI's capacity to produce high-quality consensus reports on topics relevant to development, and to bring those expert opinions to relevant policy makers and the public. In addition, technical assistance to government entities will mentor focal GOI staff to better use data for policy and program decisions. Supplemented by ongoing investments in advanced degree training, this will also contribute to a great depth of analytical capacity.

Sub-Intermediate Result 4.2.3 – Advocacy and demand for data collection and analysis strengthened

Also important is the need to enhance public understanding and the role of non-experts in advocating for informed decision-making in health, forestry, marine, climate change, energy, education, and other areas under USAID's strategy. Young and early-career scientists are particularly well-placed to do this as their role will only increase as future leaders who are the credible voices on important issues.

An illustrative activity is the creation of a Young Indonesian Academy of Sciences. Indonesia must invest heavily in its future scientific leaders. The USG and USAID are already enhancing the role of young scientists through the U.S.-Indonesia Frontiers of Science – a symposium that fosters exchanges and partnerships between the top early-career scientists in each country. The result of bringing together these excellent young minds from across disciplines is new scientific collaborations, and it has also cemented critical connections among a young and impressive group of Indonesian participants and organizers. A formalized Young Academy of Sciences will build on this significant achievement and will be a valuable forum for the next generation of young Indonesian scientists where they will have a collective voice on issues important to Indonesia's future. In addition, ongoing support will help civil society demand data driven policies and programs and advocate at the local level to help build this demand.

INTERMEDIATE RESULT 4.3: INNOVATIVE APPROACHES TO DEVELOPMENT UTILIZED

This IR focuses on driving the demonstration, adoption, and scaling of proven technologies and other novel approaches to development. A strong focus of this effort will be on (Sub-IR 4.3.2) partnerships

with the private sector. This IR will build upon the successes USAID has achieved in partnering with Indonesia to pilot new technologies in health, natural resources management, renewable energy, energy efficiency, and agriculture. Under this IR, other activities could include conducting analyses that identify critical obstacles that hinder research and innovation in Indonesia (e.g. rigid procurement, weak institutional support, or lack of intellectual property rights) or promising new opportunities in Indonesia's innovation ecosystem (e.g. university incubators, technology parks, or industrial incentive programs). Assuming innovation is understood as a process concluding with new products, services, methods, processes technologies, or other creations that have been taken into use and created a value in the society, there is a growing literature bringing attention to gender differences in development of, access to and use of innovations. USAID will ensure that not only will its promotion of development innovations contribute to creating value for the poor and vulnerable, but will also contribute to bringing attention to reducing gender inequality as an essential component of innovation adoption/adaptation.

Sub-Intermediate Result 4.3.1 – Proven technologies demonstrated and adopted

The introduction of proven new technologies can have major impacts on development outcomes. Technology evaluation and implementation of an effective pilot program will be made through new models of partnership with USAID. For example, new innovations and technology can play a role in the goals of DO 2 and DO 3 for providing essential services and addressing infectious diseases. New disease diagnostic tools, often quicker and simpler to use than traditional technologies, bring testing to the point of care — an important consideration for remote areas. The ability to test technologies in-country and address the questions and concerns specific to Indonesia will increase the adoption of new tools. This IR seeks to strengthen the ability to design and conduct pilot studies, analyze the results, and incorporate the effective approaches into the relevant technical sectors for scale-up. One example of a technology that USAID is already supporting in Indonesia is GeneXpert, a point-of-care technology for drug-resistant TB diagnosis that dramatically reduces the time of diagnosis from eight weeks to two hours in most cases, resulting in immediate treatment and fewer deaths (USAID/Indonesia, 2013, April 18). Innovations can also aid in the transparency of data and results. USAID's infectious disease programs utilize short message services (SMS) text technologies to collect and disseminate data related to important health information. Electronic databases and automated reporting have great potential to increase the use of data locally, regionally, and internationally.

An illustrative activity under this sub-IR is participating in the Higher Education Solutions Network which USAID/Washington has launched as a five-year $130 million effort to create development labs at universities committed to science and technology innovations for the developing world. In particular, the Massachusetts Institute of Technology Comprehensive Initiative on Technology Evaluation and the International Development Innovators Network projects can be linked more closely to our priorities in Indonesia. An important component to the increased use of technology is the robust testing of new technologies in-country. USAID will continue to support pilot projects that have the potential to be scaled and have a high development impact, with the ultimate goal of creating platforms and systematic approaches that can be led by Indonesia. Another important opportunity is that researchers and their partners can be encouraged to obtain patents for their research products. USAID has a potential niche to develop skills in preparing patent applications.

Sub-Intermediate Result 4.3.2 – Private sector initiatives increased

The other focus of this IR is to partner in new ways with the private sector. Its involvement is key to the adoption and scale of new technologies and innovations and to new ways of influencing development. These partnerships could include new industry-university programs in higher education to better link industry needs to university curriculum to produce more qualified and work-ready graduates. Other

private sector models of cooperation include incentive mechanisms such as challenges and prizes that can be used to harness big data (e.g. crowdsourcing) or bring non-traditional actors into efforts to utilize technology for development.

A potential activity is the Innovations for Indonesia program through the USAID Office of Science and Technology, which is considering providing seed funding to Indonesian entrepreneurs to develop and apply innovative technologies and approaches for the generation and sharing of data for international development.

CRITICAL ASSUMPTIONS AND RISKS

The critical assumptions and risks detailed below apply broadly to USAID/Indonesia's work over the period of this CDCS. Assumptions or risks that pertain to specific areas of the Mission portfolio are indicated as such.

Assumptions and Risks

1. *Alignment with the priorities of the GOI will continue, even after the 2014 elections:* This strategy assumes that, regardless of the outcome of the 2014 elections, the GOI will remain a committed partner in accomplishing our shared goals, and public support will continue.
2. *Macroeconomic performance in Indonesia will remain stable*: Indonesia's economic growth has been stable. Current and planned programs for USAID/Indonesia are designed within the context of GOI budget priorities, but significant adverse changes in macroeconomic conditions could limit the potential for programs to achieve results.
3. *Decentralization will continue to evolve positively:* Indonesia will continue to be decentralized, with the process continuing to evolve positively. In the space created by decentralization, government, civil society, and the private sector will respond to the needs of local populations.
4. *Private sector engagement*: This strategy assumes that private sector alliances and public-private partnerships can, if well-designed, contribute to education, health, and environment activities and to the scaling-up of innovative technologies, and that active private sector engagement can move beyond typical corporate social responsibility models.
5. *Natural disasters will occur and the frequency and intensity of climate related weather events will continue to increase*: Indonesia's susceptibility to natural disasters and climate change-related natural disasters may adversely affect the accomplishment of CDCS objectives in the time frame of this strategy.
6. *Eastern Indonesia Sustainable Development* (specific to IR 1.4): Success assumes a continued ability to operate relatively freely in Eastern Indonesia with GOI buy-in and USG's own institutional ability to commit to sustained, robust, cross-sectoral support. We will continue to enjoy strong collaboration with a few other key donors (UN, AusAid, and New Zealand Aid). Finally, the decision for USAID to engage in Eastern Indonesia should recognize upfront that this is a long-term effort. While we are confident that significant progress can be obtained in targeted communities/areas during the CDCS period, such accomplishments will require continued attention beyond the five-year period of this CDCS.
7. *South-South and Triangular Cooperation* (specific to IR 3.4): Indonesia's successes and its commitments to its neighbors will result in a maintained interest in SSTC. Overall U.S.-Indonesian relations will remain positive and there will be continued interest in working together on development issues elsewhere. Bilateral USAID programs in other countries in the region and their counterpart governments will welcome collaboration and possibly jointly fund programs with Indonesia on development issues of mutual concern.

These assumptions and risks collectively set the background for USG programming, and these assumptions and risks will be assessed as part of normal monitoring and evaluation to determine the extent to which USG objectives are hindered or promoted by changes in assumed risks. Any modifications in the goals, objectives, or programmatic approaches in this CDCS implied by substantial changes in these assumptions and risks will be taken into consideration within the context of outlined M&E frameworks.

MONITORING, EVALUATION AND LEARNING

Overview and Rationale

Monitoring and Evaluation (M&E) outlines the processes, resources, and indicators necessary to demonstrate accountability. Through these processes USAID/Indonesia will gauge progress toward the achievement of DOs, justify the application of assistance resources with empirical evidence and data, and define a framework for determining any necessary course corrections during program implementation. In order to be an effective tool for learning, however, M&E must include an element of flexibility. M&E will be more than a tracking mechanism, but part of the process of program and project design and implementation. This ensures that M&E becomes a dynamic process from which analytical results are used to guide actions. In this way, the quality of program management is improved, and accountability for results is enhanced.

M&E efforts will persistently seek to verify the progress of specified indicators as well as the causal linkages to higher levels within the Results Framework. This involves the rigorous, consistent, and timely collection of disaggregated indicator data, as well as regular consultation with stakeholders and implementing partners. Timelines of data collection, process evaluations, and solid channels of communication are essential in order to ensure the ability to make adjustments and course corrections before projects reach an end. M&E must also include an element of feasibility. Tracking of indicators, consultations, and collection of relevant data must be an integrated part of project implementation so that there are systems to gather and assess information regularly.

Collaboration, Learning, and Adapting

The overall Mission plan for Monitoring and Evaluation engages a feedback CLA (Collaboration, Learning, and Adapting) mechanism consisting of three key elements:

- *Collaboration*: Establishing systems and networks of reporting and communication between Mission staff and appropriate stakeholders.
- *Learning*: Monitoring indicators, generating systems for data analysis, and assessing progress through the lens of the development hypothesis.
- *Adapting*: Utilizing evidence to enhance program management and performance to strengthen results.

M&E Tools

USAID/Indonesia will apply policies and tools from both the Agency and Mission level to guide Monitoring, Evaluation, and Learning. Agency Guidance/Policy and Evaluation Policy will define broad parameters for M&E practice while the Mission will develop a CDCS Performance Management Plan, and define and adopt Mission Orders on Evaluations, Performance Monitoring, and Portfolio Reviews. Data collection and management tools will include a GIS that will be supported by colleagues in the Regional Development Mission for Asia in Bangkok and USAID/Washington's GeoCenter. It will also include an external M&E contract that will both ensure greater transparency and provide an unbiased appraisal of project performance. Periodic Data Quality Assessments will ensure the accuracy of indicator data that is used for management decisions and reporting of results.

USAID POLICY FRAMEWORK AND STRATEGIES

This CDCS is consistent with USAID Policy Framework 2011-2015 and will support two of the Core Development Objectives: (1) Science, Technology and Innovation, captured in DO 4; and (2) Aid Effectiveness and Donor Coordination. This CDCS aligns to draft and final Agency Policies and Strategies, including but not limited to the Draft Biodiversity Policy, the Global Climate Change Strategy and GCC Supplemental Guidance, and Water and Development Strategy, and was developed in coordination with technical assistance from USAID/Washington Offices responsible for their implementation.

USAID Forward

USAID/Indonesia has made a concerted effort to implement USAID Forward reforms and will continue to apply USAID Forward principles throughout the program cycle and implementation of the CDCS. Each DO Team will integrate USAID Forward into Project Appraisal Documents (PADs) and team coordinators are responsible and accountable for furthering the reform agenda and providing periodic updates of results achieved. USAID/Washington has been collecting data on key USAID Forward indicators and the Mission will continue to track and report this data.

Strengthening Capacity to Deliver Results: USAID/Indonesia will develop a detailed evaluation plan that outlines questions to test key assumptions and demonstrate progress towards objectives outlined in the results framework. The evaluation plan will be outlined in the CDCS Performance Management Plan and then detailed in each of the PADs. The evaluation plan will ensure we continually learn from our progress and maximize the impact of foreign assistance resources. USAID/Indonesia will also continue to seek to build internal capacity by bolstering talent management. Throughout the CDCS period, USAID/Indonesia will conduct a mentoring program for staff, both Foreign Service Officers (FSOs) and Foreign Service Nationals (FSNs). A Mission Order on the Mission Mentoring Program outlines standard practices. FSNs will take leadership roles in implementing and managing development programs under the CDCS, and will be encouraged to engage in FSN Fellowship opportunities in Washington and with other USAID Missions.

Partnering for Sustainable Development: Throughout development of the CDCS, USAID/Indonesia has engaged in a series of thorough consultations with the GOI, civil society, the private sector, academics, and implementing partners. USAID will continue to build on these partnerships throughout the CDCS period. USAID is in the process of hiring dedicated liaison officers within two key government bodies, the Coordinating Ministry for People's Welfare (Menko Kesra) and National Development and Planning Agency (BAPPENAS), to strengthen these key partnerships. DO Teams will continue close collaboration with GOI ministries. While developing PADs, DO Teams will seek opportunities to invest directly in GOI development activities in support of DOs and in local organizations where capacity exists. Opportunities for Public-Private Partnerships will also play a key role in implementation of development projects.

Unlocking Game-Changing Solutions: Indonesia is not producing science or innovation at the rate it should. This impacts its progress toward critical developmental goals. A high priority for the GOI, which is reflected in their mid-term development goals, is to advance in S&T. DO 4 is cross-sectoral and builds upon effective activities in each development sector in a strategic way. USAID/Indonesia will deepen existing partnerships with key technical ministries (Research and Technology (RISTEK), Health, Environment, Education (including the Directorate General for Higher Education)), universities, the Indonesian Academy of Sciences, and foster more private and public sector partnerships to advance

Indonesia's capacity in defined areas of S&T. USAID is uniquely positioned to leverage the robust scientific support of the U.S. to improve development.

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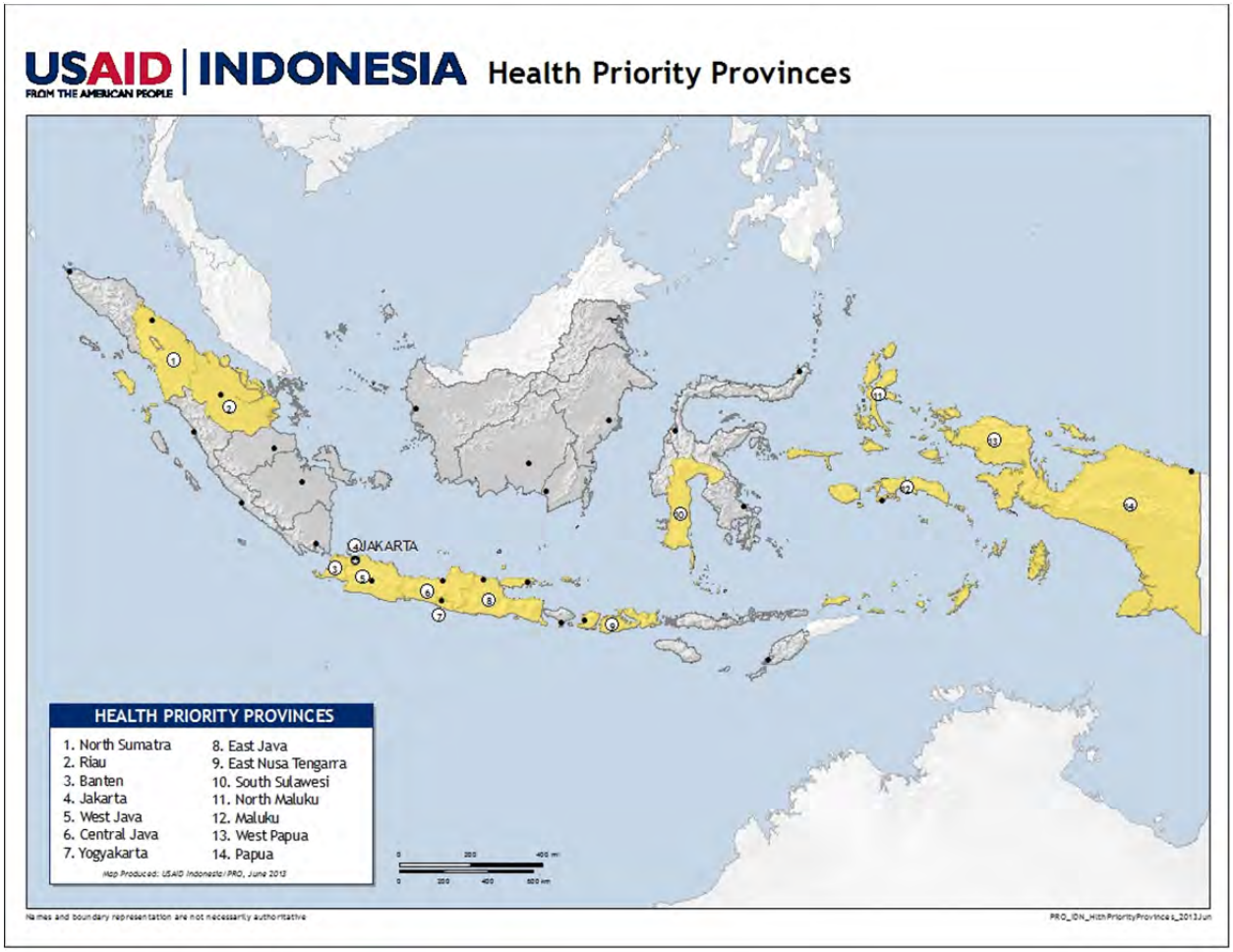
ANNEX 2: GEOGRAPHIC TARGETING

Geographic targeting is primarily driven by Health and Environment considerations:

- Largest earmarks – Health and Environment
- Health – highest population densities and poverty rates
- Environment – greatest impact can be made in biodiversity conservation
- Democratic Governance – will follow Health and Environment activities
- Science andTechnology – focused on universities, research institutes
- Education – will follow Health and Environment activities



Health

Indonesia's expansive island geography and diverse environment combined with a large mobile population engenders a unique health profile characterized by internal regional variation of disease prevalence, high maternal and neonatal mortality rates, and insufficient access to quality health care despite impressive economic growth. The rigorous analysis of key analytical criteria resulted in the selection of 14 health priority focus areas. These criteria included: GOI priority areas, areas with the highest total number of maternal and neonatal deaths, and areas with high prevalence of HIV and TB, much of which occur in the most densely populated parts of the country. The water program is

strategically targeted to coincide with concentrations of urban poor in the population centers, which overlap with the health priority areas. Provinces in Eastern Indonesia (Papua, West Papua, North Maluku and Maluku) were chosen for higher rates (though fewer numbers) of maternal and newborn deaths, lack of access to health facilities, and a generalized HIV epidemic. Targeting resources in these priority areas is expected to achieve the greatest measurable results and maximize development impact in the health sector.

Ref: 2007 DHS, National AIDS data, Riskesdas 2010.

Environment

In an effort to identify priority geographic areas where the greatest impact can be made in biodiversity conservation and climate change mitigation and adaptation, the Mission conducted the Indonesia Biodiversity and Tropical Forestry Assessment (FAA 118/119) as well as the marine and forest sector progress evaluations and assessments. These assessments analyzed biophysical criteria such as terrestrial and marine species richness, endemism, forest cover, location of protected areas, and areas of deep peat for highest carbon sequestration potential. In addition, factors such as the location of GOI marine and terrestrial conservation priorities and existing USAID investments were considered. Twelve priority provinces were identified for biodiversity and climate change programming as a result. Targeting USAID investments in these priority areas is expected to achieve the greatest measurable results and maximize development impact in addressing biodiversity conservation and climate change mitigation and adaptation objectives. Furthermore, it is important to note that efforts will be developed

from USAID's established comparative advantages and be coordinated with and complementary to the interests of the GOI and other donors.

Conclusion

USAID/Indonesia is actively engaging in the transformation of USAID's "discipline of development" by implementing the rigorous analysis and data-driven approaches to development programming that are called for in the ambitious reforms embodied in USAID'S Policy Framework 2011-2015. Integrating robust geographic analysis into the strategy development process has resulted in the selection of 14 provinces where USAID investments are expected to achieve the greatest measurable results under the FY2014-2018 strategy and set the stage for integrating data and analysis into project design, monitoring, evaluation, and learning. USAID/Indonesia's commitment to implement an integrated Program Cycle driven by data and evidence will result in a proactive and living strategy that learns from and responds to changes in Indonesia's development priorities to remain current, effective, and focused, thereby maximizing development impacts that will shape Indonesia's long-term stability and prosperity.