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ECONOMIC GROWTH SUPPORT ACTIVITY (EGSA)

ECONOMIC GROWTH (EG) DONOR MAPPING

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COR Name : Peter Novak
ACOR Name : Thomas Crehan

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AIP-PRISMA	Australia-Indonesia Partnership - Promoting Rural Income through Support Markets in Agriculture
AUD	Australian Dollar
BAPPEDA	District Planning Agency (Badan Perencanaan Pembangunan Daerah)
Bappenas	National Planning Agency (Badan Perencanaan Pembangunan Nasional)
BEE	Business Enabling Environment
BIRU	Biogas Rumah
BKPM	Badan Koordinasi Penanaman Modal
BMZ	Bundesministerium für Wirtschaftliche Zusammenarbeit (Federal Ministry for Economic Cooperation and Development of Germany)
BMUB	Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (Kementerian tingkat kabinet Republik Federal Jerman)
BPS	Biro Pusat Statistik (Statistics Indonesia)
BULOG	Badan Urusan Logistik
BUMDES	Badan Usaha Milik Desa (Village-owned Enterprises)
CDCS	Country Development Cooperation Strategy
CMEA	Coordinating Ministry for Economic Affairs
CSO	Civil Society Organization
DFAT	Australian Government's Department of Foreign Affairs and Trade
DFID	British Government's Department for International Development
EG	Economic Growth
EGSA	Economic Growth Support Activity
EU	European Union
EUR	Euro
FCO	British Government's Foreign Commonwealth Office
GBP	Pound sterling
GDP	Gross Domestic Product
GEF	Global Environment Facility
GESI	Gender Equality and Social Inclusion
GIZ	German International Development Cooperation (<i>Gesellschaft für Internationale Zusammenarbeit</i>)
GOI	Government of Indonesia
GPF	Government Partnerships Fund
IBRD	International Bank for Reconstruction and Development
ICED	Indonesia Clean Energy Development
IDR	Indonesian Rupiah
IFish	Inland Fisheries Practices in Freshwater Ecosystems of High Conservation Value
IPS	Indo-Pacific Strategy
ISD	Indonesian Service Dialogue
ISED	Inclusive Sustainable Economic Development
J2SR	Journey to Self-Reliance
JICA	Japan International Cooperation Agency
JPY	Japanese Yen
KIAT	Indonesia-Australia Partnership for Infrastructure
Kompak	Kolaborasi Masyarakat dan Pelayanan untuk Kesejahteraan

KPPOD	Komite Pemantauan Pelaksanaan Otonomi Daerah
KPPU	Komisi Pengawas Persaingan Usaha
KPBU	Kerjasama Pemerintah dan Badan Usaha
KUR	Kredit Usaha Rakyat
MCA	Millennium Challenge Corporation
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MOV	Ministry of Villages
Musrenbangda	Musyawarah Perencanaan Pembangunan Daerah
MSME	Micro, Small, and Medium Enterprises
NGO	Non-Government Organization
NSLIC	National Support for Local Investment Climate
NSELRED	National Support for Enhancing Local and Regional Economic Development
PFM	Public Financial Management
PLN	Perusahaan Listrik Negara
PPP	Public-private partnership
PNPM	Program Nasional Pemberdayaan Masyarakat (National Program for Community Development)
READ-SI	Rural Empowerment and Agriculture Development Scaling-up Initiative
RPJMN	National Medium-Term Development Plan (Rencana Pembangunan Jangka Menengah Nasional)
SECO	Swiss State Secretariat for Economic Affairs
SFP	Sustainable Fisheries Partnership
UN-FAO	United Nation- Food and Agriculture Organization
USAID	US Agency for International Development

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INTRODUCTION

BACKGROUND

The Economic Growth Support Activity (EGSA), being implemented by DevTech Systems Inc. since November 2019, aims to assist USAID/Indonesia reengage in the economic growth space, assist Government of Indonesia (GOI) strengthen its capacity to effectively collect taxes and improve budget execution, and improve the business enabling environment in Indonesia. EGSA will be implemented over two years through October 2021 with the possibility of a one option year.

EGSA's three objectives are: **Objective 1:** Enable evidence-based decision making through ongoing analysis linking the Indo Pacific Strategy (IPS), Journey to Self-Reliance (J2SR), GOI's priorities and potential USAID/Indonesia assistance under USAID/Indonesia's next Country Development Cooperation Strategies (CDCS); **Objective 2:** Increase and improve GOI technical capacity in tax collection, public expenditure, and financial accountability; and **Objective 3:** Improved business enabling environment (BEE) for foreign and domestic business entities.

The work implemented under EGSA's Objective 1 (Economic Growth) is intended to conduct detailed analysis and assessments in priority areas identified in discussions with the GOI, findings from previous assessments by international donors such as the World Bank, Asian Development Bank (ADB), and International Monetary Fund (IMF), as well as internal discussions with USAID in order to help USAID/Indonesia reengage in the EG sector.

OBJECTIVE

The Donor mapping aims to provide EGSA team and USAID with a comprehensive overview and understanding of the technical assistance that bilateral and multilateral donors provided to the GOI institutions, business associations, and community groups in the area of economic growth. This helps to identify gaps in technical assistance and reveal opportunities for USAID to supply or enhance support and collaboration with other EG stakeholders.

The mapping exercise draws on information obtained from; both (i) interviews with representatives of donor agencies; (ii) desk reviews and secondary sources including reports and documents on the other donors' activities, and (iii) online sources (i.e. websites, news articles). At the end of this report, EGSA provides conclusion and recommendation of potential EG areas that could benefit from USAID support and collaboration.

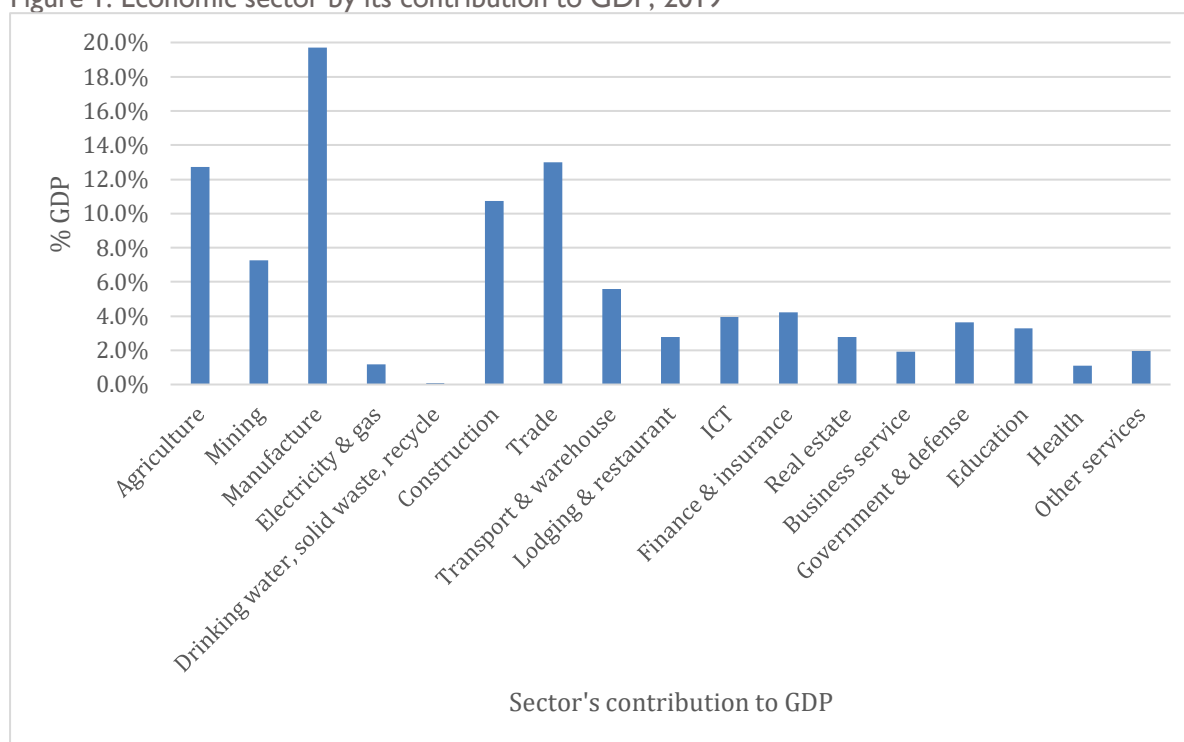
OVERVIEW OF INDONESIAN ECONOMY

BACKGROUND

Indonesia is the largest economy in Southeast Asia, and 10th largest economy in the world based on purchasing-power parity. Since 2003, Indonesia has been considered as lower-middle income country according to the World Bank's classification¹. Indonesia's economic growth has stagnated in the last five years with growth at 5% in 2019. The Statistics Indonesia (BPS) attributed slowing growth in 2019 due to trade wars, commodity price fluctuation, and decreasing domestic consumption.

The Indonesian economy is built on industry sector (with 19.7% contribution to GDP in 2019), trade (13.0%), agriculture (12.7%), and construction (10.8%). These leading sectors are also labor intensive, where agriculture provides employment for 29.5% of labor force, retail employs 18.9%, and manufacturing absorbs 14.1% of labor force in 2019. However, these sectors are not among the fastest growing sectors of the economy, which also contributes to economic stagnation.

Figure 1. Economic sector by its contribution to GDP, 2019



Source: [Statistics Indonesia \(BPS\)](#), 2020

¹ <https://www.worldbank.org/en/country/indonesia/overview>

BPS reported unemployment rate at 5.01% or 6.82 million people in May 2019. The unemployment is not evenly distributed throughout the country, as unemployment in rural areas is almost doubled unemployment at urban areas at around 6.3%. It is estimated that about 17% of unemployment is among young people aged 15-24 years old.

The economic activity is concentrated in two major islands, Java and Sumatera, with contribution of 59% and 23% to the economy, respectively. The rest of the islands contributed total of 18% to the economy. Maluku and Papua contributed only 2.2%, although both experienced the highest growth of about 7.4% in 2019.

CONSTRAINTS TO ECONOMIC GROWTH

Indonesia is entering the last implementation phase of its National Long-Term Development Plan (RPJPN) 2005 – 2025. Development planning for this period is guided by the National Medium-Term Development Plan (RPJMN) 2020 – 2024. GOI envision this period as the transformative period to prepare Indonesia to become developed country by 2045.

The RPJMN 2020 – 2024 targets an annual economic growth rate between 5.7 – 6%. To achieve the targeted growth rate, it is essential for the economy to undergo a transformation. GOI defines economic transformation as shift from a natural resource-based economy to industry and modern services-based economy which will improve welfare and social justice for all Indonesians. GOI plans to use the following strategies for economic transformation:

- Industrialization using natural resources and global production chains.
- Improvement of priority tourism destinations through improvement in accessibility, amenities, and attraction sites; and
- Strengthening creative and digital economy in culinary, fashion, craft, digital app and content, games, film, and music.

GOI growth diagnostic identified major binding constraints to economic growth, such as: (i) regulations that do not support the creation and development of businesses; (ii) weak institutions; (iii) inadequate capacity and human resources; (iv) low tax revenue and poor quality of spending; and (v) weak infrastructure, especially poor connectivity.

From a regional perspective, studies from Millennium Challenge Corporation (MCC), USAID, the World Bank and IMF have identified numerous factors that worsen Indonesia's regional competitiveness especially when compared to its regional peers (i.e. India, Malaysia, Philippines, Thailand, and Vietnam). These factors are: (i) high barriers to export-oriented competitiveness; (ii) high barriers to domestic productivity and innovation; and (iii) high costs of financial intermediation.

GOI DEVELOPMENT AGENDA FOR QUALITY AND EQUITABLE ECONOMIC GROWTH

GOI has put the sustainable economic growth as major priority in the RPJMN. The following are the key development agenda to support inclusive and sustainable economic growth:

1. Strengthening economic resilience to achieve quality and fair growth.
2. Innovation and quality investment are the main drivers for sustainable, inclusive, and equitable economic growth. GOI will focus on: (i) better management of economic resources, including food resilience, agriculture, marine resources, fisheries, energy, and forestry; and (ii) effort to

improve value added from the following sectors: agriculture, fisheries, maritime, energy, industry, tourism, creative and digital economy.

3. Developing regions to reduce inequality and ensure equity, through: (i) development of leading regional sector/commodities/activities; (ii) creation of growth centers in undeveloped areas; (iii) developing human resource capacity, science, and technology based on regional excellence; (iv)
4. improving access to infrastructure and basic services; and (v) improving the carrying capacity of the environment as well as disaster resilience and climate change.
5. Strengthening infrastructure development to support economic development and basic service provision through: (i) development of basic infrastructure; (ii) development of multimodal connectivity to support economic growth; (iii) development of urban infrastructure; (iv) development of energy and electricity; and (v) development and utilization of information and communication technology (ICT) infrastructure to support digital transformation.

NEW CHALLENGE TO THE ECONOMY: COVID-19 PANDEMIC

The COVID-19 pandemic which hit Indonesia in March 2020 has halted economic growth even more due to significant decrease in economic activity. GOI is currently implementing a large-scale social distancing policy (*Pembatasan Sosial Berskala Besar* or PSBB) to curb the spread of COVID-19, where all but essential services are encouraged to temporarily stopped their operations.

If the on-going situation continues, MOF predicted that next quarter will be the hardest period for the Indonesian economy in the last two decades. The economic growth could stagnate even further, down to -0.5% under the worst-case scenario. As of April, unemployment has reached 1.5 million, and will continue to worsen as businesses shut down their operations. Unemployment is predicted to increase by 2 to 5 million in 2020 under different scenarios.

GOI has planned for a stimulus program amounted to IDR 405.1 trillion (USD 26 billion) or 2.8% of GDP to respond to the pandemic. The stimulus will be used to finance curative and preventive measures, provide support to businesses in various economic sectors, and provide welfare support for population affected by the pandemic. Critics consider this insufficient, especially compared to neighboring countries Malaysia (17% of GDP), Thailand (9%), and Singapore (12%). GOI is considering options for additional financing through bonds issuance and international borrowing, as government budget has been strained by sudden halt in economic activity, lower tax collection, and substantial increase in government expenditure.

The COVID-19 pandemic presents additional challenge for Indonesia to realize its vision for economic transformation to overcome growth stagnation and build strong foundation for long-term economic advancement. Regardless of how dire the situation seems now, there is an optimism that Indonesia will be able to rebound in the post pandemic period. IMF projects a recovery in 2021 as the country's economy could expand by 8.2% after experiencing 0.5% growth in 2020. Private sector, citizen groups, and donor community should take an active role to support GOI's effort to respond to the pandemic, accelerate the economy in the post crisis period, and assist in realization of Indonesia's vision for economic transformation.

DONORS' ASSISTANCE IN THE EG SPACE

The EG development partnerships in Indonesia are extensive and cover most of Indonesian economic sectors. Support and partnerships in EG are provided by bilateral and multilateral development partners alike. EGSA observes several unique features of development partnerships in EG area, those are:

- Donors support is not limited to government-led initiatives, but also to private sector especially to micro, small and medium enterprises (MSMEs), business associations, and community groups.
- There is a greater diversity in donors' origins and size of operations compared in other development areas; and
- Donor engagement with GOI is not concentrated in one or two agencies, instead the engagement is well spread between many agencies.

In this exercise, EGSA groups donor activities by type of institutions, level of engagement, and economic sector supported by the activity. Identification of donor activities by economic sectors is presented in Section 4 of this report.

TYPES OF DONOR AGENCIES

BILATERAL DONORS

Bilateral partnerships that are actively engaged and support EG reforms in Indonesia are, among others:

- USAID
- The Australian government, through its Department of Foreign Affairs and Trade (DFAT) aid program
- The German International Development Cooperation (*Gesellschaft für Internationale Zusammenarbeit/ GIZ*)
- The Canadian Government
- The British Government through Foreign and Commonwealth Office (FCO)
- Japan International Cooperation Agency (JICA)

MULTILATERAL ORGANIZATIONS

- The United Nations (UN) family
- The World Bank Group, includes the International Financial Corporation (IFC); and
- The Asian Development Bank (ADB)

NON-GOVERNMENTAL ORGANIZATIONS (NGOS)

There are independent organizations that operate in EG space in Indonesia. These organizations are typically active in specific development sectors and operate in select geographical areas. Mercy Corps, HIVOS, and Swisscontact are example of NGOs supporting EG initiatives in Indonesia.

DONOR'S AREA OF ENGAGEMENT

Donor engagement can be differentiated by the administrative level of the location of their activity. In general, we categorize them as follow:

1. National level engagement

Donors that operate at this level are focused on supporting policy formulation and policy reforms at the national level. Their main counterparts are GOI ministries and other government agencies. The World Bank and ADB are example of donors that more engaged at the national level by supporting GOI with research, capacity building, workshop and advocacy on policy development.

2. Combination between national and sub-national level of engagement

This type of donor engagement works both with national level agencies to support national policy formulation and reform, and also implement some activities at the sub-national level. DFAT and some USAID projects use this approach in defining their engagement, where support is provided to both central and sub-national governments.

3. Local engagement

This type of engagement focuses on implementing activity and influencing habit and policy at the local level. The support could be given to sub-national government, local community, local NGO, or local group of profession. Examples of local engagement are: Swisscontact support to cocoa farmers and HIVOS-Biru activity for renewable energy.

EG DONOR MAPPING

This chapter groups donors and development partners by the economic sector and cross-cutting subject they operate in. The number of donors mapped for EG are greater compared to donor mapping for Public Financial Management (PFM) and Business Enabling Environment (BEE), as the sectors relevant to EG and donor support are more diverse. Due to the expansive nature of EG sector, there may be some support in economic sectors and cross-cutting topics that have not been explored, or key donors that have not been identified in this report. EGSA considers this report as a living document and should be periodically updated to capture the dynamic of economic development in Indonesia.

SUPPORT FOR GOI ECONOMIC POLICY AND ANALYSIS

Support in this cross-cutting sector is important for GOI to help with policy formulation and studies/analysis to support evidence-based decision making. While most GOI agencies have in-house research units, donors' support help GOI to elevate the research and policy discussions. Donors focusing in this area can mobilize international and national experts, bring lessons from international best practices, and facilitate learning opportunities and policy discussion.

Multilateral donor agencies like The World Bank and ABD have provided support in this area on regular and on-demand basis. The support is part of their research and advisory services, usually provided by the Macroeconomic and Financial Management branch of the institutions. There is no specific name and budget allocation for these activities, however they have been providing essential support to GOI, especially to MOF, over the years.

Recently GOI has issued a series of Law to simplify Indonesia’s complicated regulations, known as the Omnibus Law. The draft currently is being discussed between the government and the parliament. We find that DFAT, through Prospera project is providing support to improve capacity and strengthen the process of government policy making, which includes support for formulating implementation guidelines related to the Omnibus Law.

TABLE 1. DONOR SUPPORTING GOI CAPACITY IN ECONOMIC POLICY AND ANALYSIS

Project Name	Australia-Indonesia Partnership for Economic Development (Prospera)
Donor	DFAT
Thematic Area	Capacity in Economic Policy and Analysis among GOI agencies
GOI Counterpart	<ul style="list-style-type: none"> • Coordinating Ministry of Economic Affairs (CMEA) • MOF • Ministry of Trade • Ministry of Telecommunication and Informatics • Indonesia Investment and Promotion Center • Indonesian Service Dialogue (ISD) • Indonesian Competitiveness Supervisory Committee (<i>Komisi Pengawas Persaingan Usaha/KPPU</i>) • Ministry of Transportation • Government of Jakarta Province
Status	Active (2018-2023)
Funding Commitment	Total project budget: AUD 100 million (with option to extend for three years)
Support Activities	<ul style="list-style-type: none"> • Prospera support a policy development, dialog and services to Indonesian national stakeholder. Their office is embedded with MOF and CMEA. • Prospera is working very closely with the lobbying body, Indonesian Service Dialogue (ISD) to attach to the policy makers in Indonesian Government. Dialogue formalized in MOU to support the funding and activities of the secretariat in organizing forum for dialogues, workshops as well as facilitating the service firms and services associations to partner with the Government of Indonesia and research institutions on policy. • Prospera also support the research and data collection for policy reform in the area of trade, custom, and other activities mandated by the ministries. They also perform a communication services to assist the coordination among the stakeholders.
Modality / Type of Activity	<ul style="list-style-type: none"> • Grant. • Policy advice • On-demand research support
Location	National level (Central Government)
Objectives	<ul style="list-style-type: none"> • Expanding markets and creating jobs • Safeguarding economic and financial stability • Improving public finances and government performances
Source	<ul style="list-style-type: none"> • https://www.prospera.or.id/

- Interview with Prospera staff.

SUPPORT FOR ECONOMIC POLICY REFORMS

The Indonesian economy is facing various challenges in realizing its growth potentials. On the external side, the main challenges stem from the risk of weak global economic growth and falling commodity prices. On the domestic side, structural challenges relate to: (i) food, energy and water security; (ii) industrial, maritime and tourism competitiveness; (iii) long-term financing; and (iv) an inclusive economy. Therefore, reforms in these areas are supportive of GOI's EG initiatives.

Similar to the support for policy analysis, multilateral donor agencies (i.e. The World Bank, ABD, and various UN agencies) have been providing support in this area on regular and on-demand basis. For this report, we identify two activities focusing on tax reform and local service delivery reform as a sample of donor operating in this area. The tax reform is supported by ADB, while local service delivery reform is supported by DFAT through its Kompak project.

TABLE 2. SUPPORT FOR ECONOMIC REFORM

Project Name	Kompak (Kolaborasi Masyarakat dan Pelayanan untuk Kesejahteraan)	Tax Revenue Administration Modernization and Policy Improvement in Local Governments
Donor	DFAT	Swiss' State Secretariat for Economic Affairs (SECO) – implemented by ADB
Thematic Area	Reform of economic policy that affects economic growth	Reform of economy that affects economic growth
GOI Counterpart	<ul style="list-style-type: none"> • MOF DG Fiscal Balance • Bappenas • Ministry of Home Affairs • Ministry of Village (MOV) • Select provincial government 	MOF DG Fiscal Balance
Status	Active (2 nd phase until June 2022; 1 st phase 2015 -2018)	Active (2015-2020)
Funding Commitment	Total Project Budget: AUD 178 Million	USD 5 Million from Government of Switzerland with contribution from Indonesian Government amounted to USD 250,000
Modality / Type of Activity	Grant: <ul style="list-style-type: none"> • Policy advice. • Research • Training, capacity building • Technical assistance • Grants to CSO and NGO. 	Grant: Technical assistance
Support Activities	Kompak support the national level policy decision especially in improving basic services and local economic development in the sub-national level. Kompak works in close collaboration with local district and provincial level to support	<ul style="list-style-type: none"> • Improving the capacity of the MOF's DG Fiscal Balance in overseeing the revenue assignment process from Central government to Local Government to take place in a smooth and sustainable

	the development of RPJMD, support the local participatory planning process (<i>Musyawah Perencanaan Pembangunan Daerah/Musrenbangda</i>), and harmonization of the program with national level	manner. These supports are conducted through visit and series of workshop. <ul style="list-style-type: none"> • Conduct joint research on the effectiveness of law no 28/2009 on fiscal decentralization. Especially on the effect of incentive for local government revenue mobilization. • Strengthening local tax revenue administration and policy at the local level and national level
Location	<ul style="list-style-type: none"> • National level • Sub-national level (Aceh, Nusa Tenggara Barat, Nusa Tenggara Timur, Jawa Timur, Jawa Tengah, Papua, Papua Barat, Sulawesi Tengah) <p>Kompak establish an office unit in each priority location</p>	<ul style="list-style-type: none"> • National level • Sub-national Level (Jakarta, Bandung, Medan, Semarang, Bali, Balikpapan and Makassar)
Objectives	<ul style="list-style-type: none"> • Basic service improvement • Village Service improvement • Market linkages 	Improved tax administration and policy making capacity of selected local government
Source	<ul style="list-style-type: none"> • https://www.kompak.or.id/ • Interview with Kompak staff 	<ul style="list-style-type: none"> • https://www.adb.org/ • Interview with ADB staff

AGRICULTURE

Agriculture sector is the third largest contributor to Indonesian economy, which accounted for 12.7% of the GDP in 2019. Agriculture in Indonesia is dominated by estate crops, food crops, and horticulture crops. The agriculture sector is essential in developing the rural areas which employed around 37 million people (almost 30% of the labor force) in 2019. However, agriculture sector's contribution to the economy, as well as the employment, have been declining during the last five years. The declining trend is attributed to low capacity of the farmers, low productions scale, less incentive for farmers and inaccurate supply data that triggering importing activity. To solve the problem, GOI has initiated various programs, such as developing irrigation facility, developing farming polytechnic under Ministry of Agriculture, and improving synergies among the stakeholders.

EGSA has identified 3 major donors who support agriculture. Most donors' assistance is limited to specific geographical areas on leading commodities like coffee and cocoa. Those donors are: UN-FAO which has multi-commodities projects; AIP- Prisma for agriculture product using private sector engagement in the driving seat; and Swisscontact with focus on cocoa and coffee plantations in several provinces.

TABLE 3. DONOR IN AGRICULTURE SECTOR

Project Name	Australia Indonesia Partnership for Promoting Rural Income through Support Markets in Agriculture (AIP-PRISMA)	Mainstreaming Biodiversity Conservation and Sustainable Use into Inland Fisheries Practices in Freshwater Ecosystems of High Conservation Value	Sustainable Cocoa Production Program (SCPP)
Donor	DFAT	UN FAO - GEF	SECO, Barry Callebaut, Cargill, Ecom, JeBeKoko, Krakakoa, Mars, Mondelēz International and Nestlé – implemented by Swisscontact
Thematic Area	Agriculture sector	Agriculture sector	Agriculture sector
GOI Counterpart	<ul style="list-style-type: none"> Ministry of Agriculture Bappenas 	<ul style="list-style-type: none"> Ministry of Agriculture Bappenas Ministry of Maritime and Fisheries Affairs 	No direct engagement with GOI as Swisscontact focuses on community/farmer groups, but lesson learned are shared with the Ministry of Agriculture
Status	Active, 2019-2023 (2 nd phase); 1 st phase 2013-2018	Active (2017-2021)	Active (2012-2020)
Funding Commitment	AUD 88 Million (2 nd phase) 1 st phase 112 Million	USD 6,192,694	Total Budget USD 60 Million
Modality / Type of Activity	Grant: <ul style="list-style-type: none"> Research Capacity building Grants Technical Assistance. 	Grant: <ul style="list-style-type: none"> Technical Assistance Capacity Building 	Grant: <ul style="list-style-type: none"> Technical Assistance Capacity Building

Project Name	Australia Indonesia Partnership for Promoting Rural Income through Support Markets in Agriculture (AIP-PRISMA)	Mainstreaming Biodiversity Conservation and Sustainable Use into Inland Fisheries Practices in Freshwater Ecosystems of High Conservation Value	Sustainable Cocoa Production Program (SCPP)
Support Activities	AIP- Prisma project has an integrated approach project combining the collaboration between private sector activity, research, market surveys, grants, training and technical assistance. They work based on the close collaboration with private sectors and the farmers through research and surveys. The surveys will be the media to develop an intermediary role between farmers and private sectors. All commodities mentioned above must be working in collaboration with private sector to ensure the increase of 30% from 700,000 small holder farming by the end of project in 2023.	To strengthen the management framework for sustainable use of inland aquatic biodiversity to increase the protection of high conservation-value freshwater ecosystems and their biodiversity in Indonesia.	<ul style="list-style-type: none"> • Swisscontact provide integrated farming practices in cocoa plantation in Indonesia. Their target is farmers group totaled to 165,000 farmers in 11 provinces and covering 57 selected districts in Indonesia. The approach is including: <ul style="list-style-type: none"> • Good farming practices • Technology transfer systems • Climate-smart agriculture • Nutrition and gender sensitivity integration • Farmer organizations • Market access and certification • Integrated agribusiness financing facility • Community development • Stakeholder management • Networking platforms • Swisscontact works in collaboration with cocoa processing company like; Barry Callebaut, Cargill, Ecom, Guittard, JeBeKoko, Krakakoa, Mars, Mondeléz International and Nestlé. • Swisscontact working on cocoa commodity from upstream to downstream.
Location	Sub-national level (Central Java, East Java, West Nusa Tenggara, East Nusa Tenggara, West Papua, Papua).	<ul style="list-style-type: none"> • Sub-national level (Kuala Kapuas, Cilacap, Sukabumi, Palembang) • National level (Central Government) 	District level (Aceh Barat Daya, Aceh Tamiang, Aceh Tenggara, Aceh Timur, Aceh Utara, Banggai, Bireuen, Boalemo, Bone, Buleleng, Bulukumba, Buol, Deli Serdang, Donggala, Ende, Flores Timur,

Project Name	Australia Indonesia Partnership for Promoting Rural Income through Support Markets in Agriculture (AIP-PRISMA)	Mainstreaming Biodiversity Conservation and Sustainable Use into Inland Fisheries Practices in Freshwater Ecosystems of High Conservation Value	Sustainable Cocoa Production Program (SCPP)
Objectives	<ul style="list-style-type: none"> Targeted farming households achieve greater access to and improved use of new services, inputs and technologies supplied by private sector partners and their intermediate agents or service providers, such as retailers, traders and brokers. An expanded pool of private sector actors systematically targeting small holder farming households in their business growth strategies and increasing their profit as a result. Selected decision makers (e.g. local and national government) and policy influencers (eg. businesses, industry groups, think tanks, consultants) are equipped with evidence to influence changes in the Indonesian business 	<ul style="list-style-type: none"> Mainstreaming of in-land aquatic biodiversity into resource development Demonstrating conservation and sustainable use of inland aquatic biodiversity Monitoring and assessment of inland aquatic biodiversity 	<p>Jembrana, Karo, Kolaka, Kolaka Timur, Kolaka Utara, Konawe, Konawe Selatan, Limapuluh Kota, Luwu, Luwu Timur, Luwu Utara, Majene, Mamasa, Mamuju, Muna, Padang Pariaman, Parigi Moutong, Pasaman, Pasaman Barat, Pesawaran, Pesisir Barat, Pidie, Pidie Jaya, Pinrang, Pohuwato, Polewali Mandar, Poso, Pringsewu, Sigi, Sikka, Sinjai, Soppeng, Sumba Barat Daya, Sumba Tengah, Tabanan, Tanah Datar, Tanggamus, Tapanuli Utara, Toli-Toli, and Wajo)</p> <p>Provincial level: Aceh, North Sumatra, West Sumatra, Lampung, Bali, East Nusa Tenggara, South-east Sulawesi, South Sulawesi, West Sulawesi, Central Sulawesi, and Gorontalo.</p> <ul style="list-style-type: none"> USD 43.4 million annual net income increase by 2020 50% reduction of cocoa farmers living below the \$1.25 poverty line and a 41% reduction of cocoa farmers living below the \$2.5 poverty line 30% reduction in Greenhouse gas emissions (CO2e) from cocoa farms 2,600 additional jobs created in the cocoa sector value chain 0 child laborers in cocoa farmer households 30% of decision-making positions in community groups filled by women 4,800 Cocoa Producer Groups established and linked to sustainable and transparent markets.

Project Name	Australia Indonesia Partnership for Promoting Rural Income through Support Markets in Agriculture (AIP-PRISMA)	Mainstreaming Biodiversity Conservation and Sustainable Use into Inland Fisheries Practices in Freshwater Ecosystems of High Conservation Value	Sustainable Cocoa Production Program (SCPP)
	enabling environment at the national and local levels.		<ul style="list-style-type: none"> • 65,000 smallholder cocoa farmers trained in Good Agricultural Practices and Good Business Practices to increase their income from cocoa by at least 75% • 100,000 smallholder cocoa farmers trained to adopt climate smart agriculture to mitigate climate change impacts • 90,000 smallholder cocoa farmer households are trained in Good Nutritional Practices to improve nutrition intake and reduce malnutrition • 100,000 smallholder cocoa farmers trained in financial literacy and linked to financial institutions for access to finance and saving products
Source	<ul style="list-style-type: none"> • https://www.aip-prisma.or.id/ • Interview with PRISMA staff 	<ul style="list-style-type: none"> • https://www.fao.org/ • Interview with FAO staff 	<ul style="list-style-type: none"> • https://swisscontact.org/

INDUSTRY

Industry is the largest contributor to the economy, with share of almost 20% of GDP in 2019. Similar to agriculture sector, its share in the economy has been declining over the last 5 years. The escalation of trade war and the long process of Brexit deal between the EU and UK have contributed to slowing of manufacturing growth in the first quarter of 2019 (3.9%) compared to the same period in 2018 (4.3%).

BPS reported that growth in industrial sector is supported by textile and apparel industry which have experienced significant growth in the last 3 years, followed by paper, chemical and pharmaceutical, and furniture industries. Other industries have not been performing well in 2019, such as rubber and machinery industries. The complexity in improving the industrial sector performance is defined in several factors: low capacity of labor skills, availability of raw materials and sources, bottlenecks in trading system as well as inadequate and effective regulations that hamper the business growth.

In 2020, GOI plan to implement reform actions and activities to tackle these issues, such as:

- Focusing on industrial human resource development program
- Implementing technology development and industrial policy
- Focusing on program for growth and development of small, medium and large industries
- Implementing industrial management support program
- Implementing resilience enhancement program, industrial regional development and international industrial access
- Implementing program for the development of the metal industry, machinery, electronics and transportation
- Implementing chemical, pharmaceutical and textile Industry development program
- Implementing agro-based industrial development program
- Enhancing accountability program within the ministerial office.

We identified GIZ as an active donor through ISED project which partners with Bappenas, sub-national governments and local communities. The activity promotes vocational education to support leading industries at their focus location, which supports GOI priority in putting quality human resources as the vital actors in economic growth.

TABLE 4. DONOR MAPPING: INDUSTRIAL SECTOR

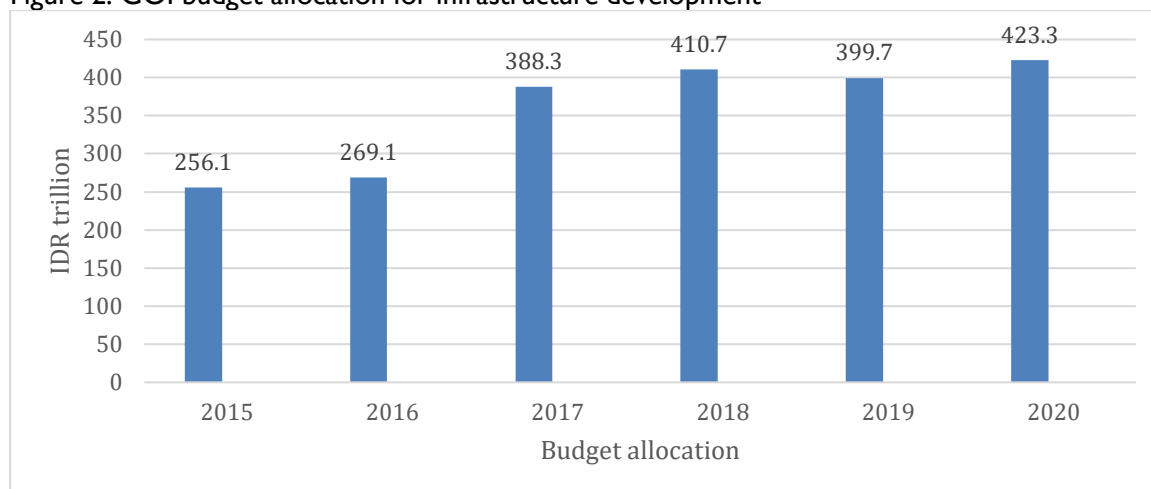
Project Name	ISED (Innovative and Sustainable Economic Development)
Donor	BMZ, implemented by GIZ
Thematic Area	Industrial sector <ul style="list-style-type: none"> • Manufacturing • Tourism
GOI Counterpart	<ul style="list-style-type: none"> • Bappenas • Bappeda (sub-national development planning agencies)
Status	Active (June 2017- June 2021)
Funding Commitment	EUR 7 Million

Modality / Type of Activity	Grant: <ul style="list-style-type: none"> • Capacity building • Research • Technical Assistance
Support Activities	<p>ISED supports tourism and food and beverage industries based on their MOU with Bappenas as their main counterpart.</p> <p>At the local level, ISED collaborates with private sector in project implementation.</p> <p>For support to tourism in Lombok island, ISED works in close collaboration to provide training and capacity building in the village level to create inclusive tourism business (Village based tourism), improving skills and capacity among the hoteliers, improving the job creation in the village level, as well as connected them to the private sector (facilitation demand and supply). In Java, ISED focuses on supporting food and beverages industries by providing technical skills and capacity building to the company and community to create an inclusive business.</p>
Location	Sub-national level (Java and Lombok Island)
Objectives	<p>The program develops the capacity of private sector actors in selected economic sectors to create inclusive employment, through:</p> <ol style="list-style-type: none"> 1. Linkages to national level, replication and connectivity; 2. Collective training and cross-company qualification 3. Qualification of SMEs in the supply chain through Inclusive Business Models 4. Cross-company working-group.
Source	<ul style="list-style-type: none"> • https://www.giz.de/en/worldwide/72542.html • Interview with GIZ staff

INFRASTRUCTURE

GOI has put infrastructure development as its top priority since the previous medium-term planning period (2014 – 2019). Indonesia’s widening infrastructure gap, especially compared to its peer countries, is the main impediment to realizing the country’s economic growth potential. To close this gap, GOI under President Joko Widodo rule has been allocating significant budget for infrastructure development since last five years (Figure 2), which resulted in construction and completion of 980 kilometer of toll road, 3,793 kilometer of national road, 2,778 kilometer of border road, 330 unit of suspension bridge, 7 cross-border outposts, 18 maritime route, 15 airports, MRT and LRT in Jakarta, 79 sport infrastructure, and 65 dams.

Figure 2. GOI budget allocation for infrastructure development



Source: State Budget (APBN) 2020, MOF

All infrastructure sub-sectors contribute to the economic growth, either directly or indirectly. In this mapping exercise EGSA will focus on the 2 aspects of the infrastructure, the transport sector and the public private partnership (PPP) models, as donors' support is considerably larger in these areas.

TRANSPORT

About half of Indonesian population lives in the urban area. Urbanization and city development have opened opportunities for high-return economic activities, which contributes to increase development and prosperity. The World Bank noted that the GDP has increased nine-folds in real terms since the 1950s, and average Indonesian now enjoys standard of living that far surpassing the previous generation.² However, rapid urbanization also presents its challenges, one of them is increasing demand for transportation infrastructure to support passengers and cargo mobility. The expansion of megacities and metropolitans, coupled with lack of mass transit facilities, created traffic jam in metro areas all over Indonesia. Study by Bappenas estimated that traffic jam in Jakarta Metropolitan area alone resulted in IDR 65 trillion loss, annually. To respond to this challenge, GOI in the RPJMN 2020-2024 has planned mass transportation projects in 6 cities: Jakarta, Surabaya, Bandung, Medan, Semarang and Makassar.

Donor mapping activity has identified two donors with active projects in transport sector. GIZ through Sutri Nama Indobus Bus Rapid System (BRT) assists several major cities in Indonesia using the low carbon emission approach in the transportation system. JICA is supporting the government

² <https://www.worldbank.org/en/country/indonesia/publication/augment-connect-target-realizing-indonesias-urban-potential>

through providing loan and technical assistance for Mass Rapid Transit (MRT) development in DKI Jakarta. These activities are intended to assist GOI and select sub-national governments to reduce the traffic jam as well as reducing carbon emission.

TABLE 5. DONOR ACTIVITIES IN TRANSPORT SECTOR

Project Name	Sutri Nama Indobus by GIZ	Jakarta Mass Rapid Transit System Project
Donor	BMUB, SECO	JICA
Thematic Area	Transportation	Transportation
GOI Counterpart	<ul style="list-style-type: none"> • Bappenas • Ministry of Transportation 	<ul style="list-style-type: none"> • Ministry of Transportation • Provincial Government of DKI Jakarta
Status	Active (2016-2020)	Active (2020-2024)
Funding Commitment	Total fund USD 21 Million	JPY 1.8 Billion
Modality / Type of Activity	Grant: <ul style="list-style-type: none"> • Capacity building • Advisory services 	Loan: <ul style="list-style-type: none"> • Construction activity • Construction feasibility study
Support Activities	<p>Sutri Nama Indobus aims to assist five municipalities in developing BRT corridors as a backbone for sustainable urban mobility systems, through a combination of technical assistance and capacity-building.</p> <p>The project is helping traffic planning authorities in these cities to set up a continuous local transport system. Examples of measures include creating bus lanes separated from other traffic.</p> <p>The project is advising the Ministry of National Development Planning and provincial and city authorities on devising an urban transport strategy that focuses in particular on BRT systems</p>	<p>To increase the transport capacity in Jakarta metropolitan through the advanced development of Jakarta Mass Rapid Transit System in order to reduce congestion and give contribution to improving the investment climate in Jakarta Metropolitan Area.</p> <p>Several activities related with the supports are as follows:</p> <ul style="list-style-type: none"> • Variation order • Civil works: Underground works, railways system, rolling stock, Substation building, River diversion, Elevated guide way and station) • Procurement • Consulting services
Location	<ul style="list-style-type: none"> • Sub-national level (Batam, Pekanbaru, Bandung, Makasar, Semarang) • National Level 	Sub-national level (Jakarta)
Objectives	<ul style="list-style-type: none"> • Development of BRT corridors: Sutri Nama Indobus shall assist municipalities in identifying the appropriate high-demand corridors for the BRT services and defining the access to the bus stops so as to ensure a corridor's link with the wider urban mobility system. • Public transport management for the BRTs: Indobus shall help to define 	The development of construction of mass rapid transportation line 2, north and south line in Jakarta.

Project Name

Sutri Nama Indobus by GIZ

Jakarta Mass Rapid Transit System Project

	roles and responsibilities between local and national levels in the planning and construction phase, but also the division of labor for managing and supervising the BRT services.
	<ul style="list-style-type: none">• 3. Urban transport policies at central and city levels: INDOBUS will engage at national level with the Bappenas and the Ministry of Transport to specify the current urban transport policies with regard to the implementation of BRTs.
Source	<ul style="list-style-type: none">• https://www.nama-facility.org/projects/indonesia-sustainable-urban-transport-program-sutri-nama/• Interview with GIZ staff
	https://www.jica.go.jp/

CAPACITY TO IMPLEMENT LARGE-SCALE PUBLIC-PRIVATE PARTNERSHIPS (PPP) RELATED TO INFRASTRUCTURE

Indonesia has huge financing gap to implement large-scale infrastructure projects, as the need for infrastructure is too large to be financed by government budget alone. From 2020 -2024, financing need is projected at IDR 2,058 trillion (USD 135.7 billion), of which only 30% will come from government budget due to budget limitation. Therefore, GOI has been exploring alternative options for infrastructure financing, such as borrowing, PPP, and other non-budgetary financing.

PPP is a financing scheme that allows private sector to partner with government in project planning and implementation. This scheme was initiated in Indonesia based on Presidential Decree no 67 at 2005, which allows PPP scheme to be applied for development of connectivity, city infrastructure, and social infrastructure. The participation of the private sector can help in maximizing product quality and services, sharing equity and risk, transfer of knowledge and competency.

PPP scheme is still limited in its implementation, mostly due to limited capacity to prepare, plan, and execute PPP projects. Donor activities such as KIAT and the World Bank’s technical assistance provide support to GOI to strengthen its capacity so that it can successfully plan and implement large-scale PPP projects in the infrastructure sector.

TABLE 6. DONOR ACTIVITIES IN STRENGTHENING CAPACITY TO CONDUCT AND ADVANCE PPP

Project Name	KIAT (Kemitraan Indonesia-Australia untuk Infrastruktur)	Indonesia Infrastructure Finance Facility Project: additional financing and restructuring	Indonesia's Infrastructure Finance Development (IIFD)
Donor	DFAT	IBRD – World Bank	IBRD – World Bank
Thematic Area	Improving Capacity to develop PPP	Improving Capacity to develop PPP	Improving Capacity to develop PPP
GOI Counterpart	<ul style="list-style-type: none"> • Bappenas • Ministry of Public Works and Public Housing • PLN (National Electricity Company), • Provincial government of West Nusa Tenggara, South Sumatra. • City government of Semarang 	MOF	<ul style="list-style-type: none"> • MOF • Bappenas
Status	Active (2019-2021)	Active (until 2022)	Active (until December 2020)
Funding Commitment	Total budget AUD 146,2 Million	USD 200 Million	USD 8.28 million
Modality / Type of Activity	Grant: <ul style="list-style-type: none"> • Capacity building • Technical Assistance 	Loan: Investment	Grant: <ul style="list-style-type: none"> • Capacity building • Technical assistance
Support Activities	In line with Presidential Decree no 58, 2017 AIP-KIAT support infrastructure financing project by design the outline business case and financial business case for the final disposal project in Semarang, Central Java. The document will be used to support the government in attract the investor to join in the project. Later on, the project will turn in to renewable energy source. The project is supported by PLN and local government of Semarang.	The development objective of the Indonesia Infrastructure Finance Facility Project for Indonesia is to strengthen and further develop the institutional framework of the financial sector to facilitate financing of commercially viable infrastructure projects, and thereby increase provision of private infrastructure in Indonesia.	IIFD is a recipient executed technical assistance, run by MOF's DG Risk Management, is designed to increase GOI's capacity related to PPP. There are four pillars of the activity: Pillar 1: Strengthening Agencies Pillar 2: Legal and Regulatory Frameworks

Project Name	KIAT (Kemitraan Indonesia-Australia untuk Infrastruktur)	Indonesia Infrastructure Finance Facility Project: additional financing and restructuring	Indonesia's Infrastructure Finance Development (IIFD)
		<p>World Bank is supporting the activity through loan to PT IIF (Indonesia Infrastructure Finance). This is the third extension of the projects. The project life started at June 2009 until February 2022.</p> <p>PT IIF is a national private sector which established by donor alliance like ADB, KFW, IFC and PT SMI. PT SMI is a company national company to support infrastructure financing, under the management of MOF.</p>	<p>Pillar 3: Project Selection, Preparation and Transaction</p> <p>Pillar 4: Inter-Agency Coordination</p>
Location	Sub national level (Palembang, Semarang, Lombok Barat, Lombok Timur)	National Level (Central Government)	National Level (Central Government)
Objectives	<ul style="list-style-type: none"> Improved GOI policy and regulatory framework for infrastructure development High quality projects prepared and financed by GOI, the private sector or MDBs (Multi-lateral development banks) High quality infrastructure delivery, management and maintenance by GOI 	<p>Increase in the number of commercially viable infrastructure projects achieving financial closure through long-term debt financing, other financial products, and advisory services from PT IIFF over the life of the project</p> <ul style="list-style-type: none"> Increase in the amount of private capital (including long-term debt and equity) available for infrastructure projects over the life of the project Increased support to Government's policy making in private provision of infrastructure through advisory services from PT IIFF Increase in privately financed infrastructure in Indonesia 	<p>To assist Indonesia in closing its large public infrastructure gap by supporting the flow of private capital into infrastructure development and improving the institutional, legal and regulatory framework to enhance the ability of private capital and public institutions to work together for infrastructure development.</p>
Source	http://kiat.or.id/	<ul style="list-style-type: none"> https://projects.worldbank.org/en/projects-operations/project-detail/PI54779 Interview with WB staff 	https://projects.worldbank.org/en/projects-operations/project-detail/PI57490

ENERGY SECTOR REGULATION AND REFORMS

Indonesia is dependent on non-renewable source of energy, which is not sustainable and costly in the long run. To reduce the dependency of the mineral energy, the Minister of Energy and Mineral Resources in the Indonesian Energy Outlook 2019 has announced its strategy to shift from mineral energy to renewable energy such as wind, solar, hydro, geothermal and biomass. The use of renewable energy will support the sustainable economic growth, protect the environment, and reduce GOI budgetary burden for energy subsidy.³ Despite GOI's effort, the development of Indonesian renewable energy sector is relatively stagnant due to financing constraints and lack of access to modern technology.

We identified at least four donors operating in renewable energy sector: USAID's ICED project, HIVOS, The World Bank, and ADB. Each donor focuses on different source of renewable energy and operate at different scale of financing. ICED and HIVOS are operating at local level and closer to end-user, while The World provides USD 150 million loan to GOI and ADB placed USD 40 million direct investment to private company in photovoltaic energy generation.

³ <https://www.esdm.go.id/assets/media/content/content-indonesia-energy-outlook-2019-english-version.pdf>

TABLE 7. DONOR ACTIVITY IN ENERGY SECTOR REGULATION AND REFORM

Project Name	USAID- ICED II (Indonesia Clean Energy Development)	HIVOS- Biogas Rumah (BIRU) Program	Indonesia Geothermal Resource Risk Mitigation Project (GREM)	Investing in Photovoltaic Energy Generation
Donor	USAID	Netherlands Directorate General for International Cooperation, ENDEV, Carbon funds	The World Bank, Green Climate Fund and the Clean Technology Fund – implemented by The World Bank	ADB
Thematic Area	Renewable energy sector	Renewable energy sector	Renewable energy sector	Renewable energy sector
GOI Counterpart	<ul style="list-style-type: none"> Ministry of Energy and Mineral Resources Bappenas MOF 	Ministry of Energy and Mineral Resources	<ul style="list-style-type: none"> MOF PT Sarana Multi Infrastruktur (PT SMI), a state-owned non-banking financial institution (NBFI) owned by MoF 	No GOI counterpart
Status	Active (until 2020)	Active (until 2022)	Active (until 2029)	Active (signed May 2018)
Funding Commitment	N/a	Euro 9.4 Million	Loan: USD 150 Million Grant: USD 10 Million	USD 40 million (as part of ADB's USD 160 million commitment to support renewable energy in Indonesia)
Modality / Type of Activity	Grant: <ul style="list-style-type: none"> Advisory service Capacity building 	Grant: <ul style="list-style-type: none"> Construction activity Technical assistance Capacity building 	Loan: for exploration and desalination Grant: technical assistance and capacity enhancing for PT SMI and MOF	Loan: project financing to Vena Energy

Project Name	USAID- ICED II (Indonesia Clean Energy Development)	HIVOS- Biogas Rumah (BIRU) Program	Indonesia Geothermal Resource Risk Mitigation Project (GREM)	Investing in Photovoltaic Energy Generation
Support Activities	<ul style="list-style-type: none"> • Policy advisory • Technical assistance • Sustainable finance • Capacity building <p>Those pillars are integrated within the policy development of renewable energy in the national level, provincial level in energy efficiency, renewable energy and development. USAID ICED helping the provincial level to develop the long-term energy plan. While other approach is facilitating private sector to invest in the clean energy development.</p>	<p>BIRU program has been supported the installation of household biogas digester in several subnational areas in Indonesia. They work closely with private sector such as dairy industry (Nestle, Indo lacto, SGM etc) to support their farmers with biogas digester. They provide the subsidy of the digester price through installation service and technical assistance amounted to USD 220; the remaining required fund will be provided by the farmer.</p> <p>BIRU Program has been installed 24,700 biogas digesters in 10 provinces in Indonesia. It's also known that their best practices have been adopted in many provinces in Indonesia to support the reducing local carbon emission through household biogas.</p> <p>Small medium enterprises are identified to use the biogas technology for their product. It's also well known that the project also engaged local supplier to supply the biogas appliances.</p>	<p>Component 1 (loan) to mitigate risks in geothermal resource drilling supported through the establishment of a new financing facility is financed with USD 455 million, which consists of USD150 million from IBRD loan, USD 97.5 million from the GCF loan and reimbursable grant, USD 72.5 million from the Clean Technology Fund (CTF) loan and contingent recovery grant, USD 75 million from Gol's PISP loan which will leverage USD 60 million in private developers' equity.</p> <p>Component 2 (grant) for technical assistance and capacity strengthening is financed with USD 10 million grant, which consists of USD 2.5 million from GCF, USD 2.5 million from CTF, USD2.5 million from the Energy Sector Management Assistance Program (ESMAP) and USD 2.5 million from the Global Infrastructure Facility (GIF)</p>	<p>Development of Indonesia's first utility scale photovoltaic generation:</p> <ul style="list-style-type: none"> • 21 MW capacity in Likupang, North Sulawesi • 7 MW capacity each in Pringgabaya, Selong, and Sengkol, Lombok
Location	Sub national level (Aceh, North Sumatera, South Sulawesi, West Nusa Tenggara, and East Java)	Sub-national level (Bali, East Java, West Java, Central Java, Jogjakarta, Lampung, Central Sulawesi, South Sulawesi, East Nusa Tenggara, South Nusa Tenggara)	Central government (MOF, PT SMI)	Sub-national: North Sulawesi, Lombok

Project Name	USAID- ICED II (Indonesia Clean Energy Development)	HIVOS- Biogas Rumah (BIRU) Program	Indonesia Geothermal Resource Risk Mitigation Project (GREM)	Investing in Photovoltaic Energy Generation
Objectives	To improve the governance of clean energy development in Indonesia, with an emphasis on establishing an effective policy, regulatory and incentive environment for low-emission growth in the energy sector	Promote the use of biodigesters as a local, sustainable, energy source by developing the market while working towards the development of a commercial, market-oriented sector, leading to the creation of jobs.	The project aims to increase the share of renewable energy in Indonesia's energy mix. In its first phase, the project aims to scale up investment in geothermal energy development and support Indonesia in its efforts to reduce greenhouse gas emissions.	<ul style="list-style-type: none"> • Help to finance energy generation especially for low-tariff customers and bring these projects to market. • Provide concession financing to help private company to increase returns so that it can overcome risks as a pioneer, while overcoming various technical and regulatory challenges. • To show the commercial feasibility of limited recourse financing for renewable energy projects and help Indonesia open the renewable energy market to the private sector.
Source	https://www.iced.or.id/	<ul style="list-style-type: none"> • https://www.hivos.org/ • Interview with HIVOS staff 	https://projects.worldbank.org/en/projects-operations/project-detail/PI66071?lang=es	https://www.adb.org/id/news/adb-finances-first-ever-utility-scale-solar-pv-plants-indonesia-160-million-renewables-deal

MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES)

MSMEs is one of the most important business in Indonesia. In 2018, BPS reported that there are 64.2 million MSMEs which contributes to 38% of the GDP. The informal sector, where most of MSMEs are, employed 70.5 million labor or 55.7% of total labor force. Despite its large size, MSMEs is behind with regards to capital sources, market access, regulatory framework and guidance. Those has led in the slow growth and development for the enterprises.⁴

GOI has been supporting MSMEs through different initiatives, from lowering capital requirement for company registration to providing access to credit. One of them is *Kredit Usaha Rakyat* (KUR), a special loan to support MSMEs. This program is expected to reduce the barrier faced by MSMEs in accessing finance as KUR's interest rate is only 7% per year or nearly a half of commercial loan's interest rate as offered by banks. In 2019, KUR has delivered IDR 140 trillion (USD 9.2 billion) and projected to increase to IDR 190 trillion (USD 12.5 billion) in 2020. By December 2019, 4.7 Million MSMEs have benefited from this facility.

Donor mapping activity find out that NSLICH/NSELRED project funded by Canadian Government has been actively working on MSMEs at the local level.

TABLE 8. DONOR ACTIVITY IN SUPPORT TO MSMES

Project Name	NSLIC/ NSELRED (National Support for Local Investment Climate/National Support for Enhancing Local and Regional Economic Development)
Donor	Government of Canada through Global Affairs Canada (GAC)
Thematic Area	Support MSMEs
GOI Counterpart	<ul style="list-style-type: none"> • Bappenas • CMEA • Ministry of SMEs and Cooperatives • MOV • Ministry of Manpower and Transmigration • Investment Coordinating Board (BKPM).
Status	Active (2016-2022)
Funding Commitment	CAD 18 Million
Modality / Type of Activity	Grant: <ul style="list-style-type: none"> • Capacity building • Coordination and communication • Research activity

⁴ https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_695134.pdf

Support Activities

NSLIC/NSELRED provide support to those areas of intervention through doing research activities for potential economic activity in the region, preparing research and baseline study. From those, then they develop the structure of potential intervention like develop the guidelines, develop pilot project, implementation and evaluation.

For an example, their intervention in Lombok aims to tackle the poverty by increasing the households income (for farmers and fishermen's families) through the development of sustainable production centers and the development of MSMEs in agriculture and fishery, strengthening the institutional capacity of community groups and village – owned enterprises (BUMDES) as business centers, and creating inter-villages cooperation network.

Location	Sub-national level (Gorontalo, Kendari, Banyuwangi, Boalemo, Bombana, Central Maluku, East Lombok, Kubu Raya, Pinrang, Pohuwato, Tabanan, Wakatobi)
Objectives	<ul style="list-style-type: none">• Address key constraints in business regulations;• Promote regional and national economic cooperation;• Support coordinated national support to local and regional economic development; and• Increase access to business development services.
Source	https://nslc.or.id/

WOMEN'S ECONOMIC EMPOWERMENT

Women in Indonesia are relatively active in the entrepreneurial space. Statistics Indonesia's analysis of the follow up to the 2016 Economic Survey published in February 2019 shows that 43.4% of the MSMEsn in the non-agricultural sector are owned by women. Women-owned enterprises in the non-agricultural sector are primarily found to be operating in trading (51%), hospitality and food & beverage industry (34%) as well as the processing industry, which include home industries for handicrafts and fashion products (15%).

The above statistics are also consistent with the findings of the International Finance Corporation (IFC)'s survey on women-owned MSMEs in Indonesia⁵ that women-owned enterprises make up half of all MSMEs, respectively. However, the same survey also found that women-owned enterprises represents only 34% of medium-sized enterprises in urban areas and estimated that women-owned MSMEs only contribute 9.1% of Indonesia's GDP.

Given the prevalence of informality among the MSMEs in Indonesia, and women-owned enterprises' minor representation in the medium-sized enterprise population, women-owned enterprises tend to be smaller and informal compared to those owned and operated by men.

Anecdotal evidence suggests that many women who become business owners, particularly at the micro scale in Indonesia, are doing so as a means for supplementing the family's income. Nevertheless, women entrepreneurs face additional challenges imposed as women as they are still

⁵ "Women-owned SMEs in Indonesia: A Golden Opportunity for Local Financial Institutions", International Finance Corporation (IFC), March 2016

expected to handle all the domestic and caregiving demands while running their business. This makes balancing an expanding business difficult while continuing fulfilling family and household responsibilities

GOI realized that women empowerment in many aspects, including in economic, must be improved to achieve equitable and sustainable growth in the future. Therefore, GOI has committed to promote gender mainstreaming into all its development process, as described in RPJMN 2020-2024. The gender balance will be achieved by reducing disparity between male and female’s access and control to resources, participation to decision making, and ability to enjoy the benefits of development.

While gender mainstreaming is a cross-cutting issue that applicable to most donors’ projects, we only find one active donor support operating in woman economic empowerment sector. Mercy Corps is working on women empowerment in MSME by promoting financial literacy to rural women groups.

TABLE 9. DONOR ACTIVITIES IN WOMEN’S ECONOMIC EMPOWERMENT

Project Name	Mobile Banking Services for Female Entrepreneurs
Donor	Exxon Mobile Foundation – implemented by Mercy Corps
Thematic Area	Women economic empowerment
GOI Counterpart	<ul style="list-style-type: none"> • Ministry of SMEs and Cooperative • National Secretary of Financial Inclusion • Bappeda of select sub-national government
Status	Active (2018-2020) - will be scaling up in other area in Indonesia
Funding Commitment	N/A
Modality / Type of Activity	Grant: <ul style="list-style-type: none"> • Training and capacity building • Research
Support Activities	Mercy Corps provide a research activity engaging with local mobile banking service on the use of the services to only female entrepreneurs, then follow up with training, capacity building and technical assistance in the implementation phase. They rely on the baseline data from the local government, CSO. They have an intervention until the village level.
Location	Sub-national level (Bojonegoro, Ngawi, Tuban, Lamongan)
Objectives	Improving the knowledge of women entrepreneur’s capacity in using the financial intermediary banking services (52% from total 1,600 women entrepreneurs in the area)
Source	<ul style="list-style-type: none"> • http://www.mercycorps.org/ • Interview with staff Mercycorps staff

WOMEN, YOUTH, AND DISADVANTAGED GROUPS ECONOMIC PARTICIPATION

Marginalized groups in Indonesia are often left behind from the decision-making process in economic activities. In 2011, GOI launched a National Program for Community Empowerment (*Program Nasional Pemberdayaan Masyarakat/PNPM PEDULI*) with support from the World Bank. The program worked closely with CSOs in all over Indonesia.⁶ Since PNPM Peduli had been completed in 2014, there has not been many donors operating in this area aside from USAID Mitra Kunci project.

TABLE 10. DONOR ACTIVITY ON STRENGTHENING ECONOMIC OPPORTUNITIES FOR WOMEN, YOUTH, AND DISADVANTAGED GROUPS

Project Name	Mitra Kunci
Donor	USAID
Thematic Area	Removing obstacles to participation in economic opportunities for women, youth, and disadvantaged groups
GOI Counterpart	Ministry of Manpower and Transmigration.
Status	Active (2017-2022)
Funding Commitment	N/A
Modality / Type of Activity	Grant: <ul style="list-style-type: none"> • Research • Capacity building
Support Activities	<p>USAID Mitra Kunci support the activities through establishment of stakeholder coordination model, strengthen the capacity of young leaders and journalist to improve public awareness of inclusive workforce, improve access of information on employment information.</p> <p>USAID Mitra Kunci works in collaboration with private sectors, journalist, CSO as well as government in the sub national level.</p>
Location	Sub-national level (West Java, Central Java, East Java)
Objectives	USAID Mitra Kunci is helping to create greater opportunity for young people, meet the demands of growing local economies, and stimulate the type of growth that benefits individuals and the economy.
Source	https://www.dai.com/our-work/projects/indonesia-mitra-kunci-initiative

⁶ <https://www.worldbank.org/en/news/feature/2011/03/23/indonesia-launches-community-driven-development-program-marginalized-people>

DIGITAL ECONOMY AND COMPETITIVENESS

Tech giant Google and Singaporean wealth fund Temasek have updated their projection for Indonesia's internet economy to reach USD 133 billion in total value by 2025, or 33 percent higher than previously estimated. The estimated current value of Indonesian internet economy is USD 50 billion, which comprised of e-commerce (USD 40 billion), ride-hailing service (USD 6 billion), and online travel service (USD 4 billion). Expansion of e-commerce to smaller cities and rural areas and growing adoption of digital payment services will drive most of the growth.⁷

While the potential for growth is huge, the digital economy in Indonesia faces several impediments that may limit its growth. Those are: inadequate speed of internet, issues in cyber security, limited logistic connectivity, low capacity in human resources, lack of consumer data protection, unsupportive tax treatment, and limited financing schemes.

To address those issues, GOI is planning to:

- speed up the development of internet infrastructure through Palapa Ring project, national satellite for urban areas, develop access for non-commercial area, and reframing 4G broadband
- Increase access to stakeholders in the utilization of digital economy, such as: SMEs, the next Indonesian unicorn, farmers and fishermen
- Develop a roadmap for e-commerce in Indonesia.

Digital economy is mostly a private sector-led and financed initiative. Generally, donors are not active in this area. British Government's Foreign Commonwealth Office (FCO), which has implemented digital economy project for several countries like Brazil, Kenya, Nigeria, South Africa and Indonesia, is the only donor we can identify in this sector.

TABLE II. DONOR SUPPORT IN STRENGTHENING THE DIGITAL ECONOMY AND COMPETITIVENESS

Project Name	Digital Access Program
Donor	British Government's Department for International Development (DFID), implemented by FCO (Foreign Commonwealth Office)
Thematic Area	Strengthening the digital economy and competitiveness
GOI Counterpart	<ul style="list-style-type: none"> • Ministry of Communication and Informatics • Bappenas • Ministry of Trade.
Status	Active (2019-2023)
Funding Commitment	Total fund GBP 82.5 million for all countries

⁷ <https://jakartaglobe.id/business/indonesia-on-track-for-133b-digital-economy-by-2025-google/>

Modality / Type of Activity

Grant:

- Training
- Research
- Technical assistance

Support Activities

FCO support the business models and enabling activity by testing and validating innovative business models that take emerging technologies to market. The purpose of this component is to facilitate the sustainable expansion of basic, affordable connectivity for the poor and excluded, and the meaningful use of digital for economic and social development at scale. This will be facilitated and complemented by key enablers such as regulatory reform on digital inclusion, digital skills development and promotion of locally relevant content and services for underserved communities.

FCO build partner countries' capacity to prevent and respond to cyber-security harms affecting governments, businesses and citizens (including by strengthening basic cyber-hygiene skills of vulnerable groups at risk of online abuse or exploitation), thereby contributing to achieving international and UK cyber policy objectives.

FCO stimulate local digital economies and support local tech entrepreneurs to find innovative solutions to local development challenges ('tech for good' / 'tech for social impact'), create local skilled jobs, and forge partnerships between local start-ups and international businesses (including UK firms) through a Tech Hub network to drive inclusive and sustainable economic growth.

Location

National Level (Central Government)

Objectives

The Digital Access Program aims to catalyze inclusive, affordable, safe and secure digital access for excluded or underserved populations in Kenya, Nigeria, South Africa, Brazil and Indonesia; and to use digital inclusion as a basis for a more thriving digital ecosystem that will stimulate innovations for local development challenges, create local skilled jobs and generate opportunities for business partnerships

Source

- <https://devtracker.dfid.gov.uk/projects/GB-I-204963>
- Interview with British embassy staff

RURAL ECONOMIC DEVELOPMENT

Rural development is essential to reduce poverty in Indonesia. In 2018, estimated 60% of poor households lived in the rural areas. GOI has taken various measures to tackle Indonesian poverty at the village level, one of which is by providing intergovernmental transfer directly to the villages through Village Fund (*Dana Desa*). In 2020, GOI is allocated to distribute IDR 72 trillion (USD 4.7 billion) of Village Fund to 74,953 villages. These funds will be allocated for:

- Village infrastructure development: village infrastructure facilities, basic social services facilities, village business facilities, environmental facilities, and other supporting facility; and
- Village empowerment that aims at increasing community participation in the process of planning, implementing and monitoring village development, community capacity building, development of village resilience, capital injection for BUMDES, etc.

Currently, a project by International Fund for Agricultural Development (IFAD) named READ-SI (Rural Empowerment and Agriculture Development Scaling-up Initiative) has actively been working in rural areas in eastern part of Indonesia. READ-SI is upgrading the previous READ approach and is the process of moving from a project-based approach to a programmatic platform with the intention to influence future public and private investment in the project.

TABLE 12. DONOR ACTIVITY IN RURAL ECONOMIC DEVELOPMENT

Project Name	Rural Empowerment and Agriculture Development Scaling-up Initiative (READ-SI)
Donor	IFAD
Thematic Area	Rural economic development
GOI Counterpart	<ul style="list-style-type: none">• MOV• Ministry of Agriculture
Status	Active (2017-2023)
Funding Commitment	USD 58.88 million; GOI will contribute USD 15.07 million; while beneficiaries will contribute US 5.84 million
Modality / Type of Activity	Loan and Grant: <ul style="list-style-type: none">• Capacity building• Technical Assistance• Grants to CSO
Support Activities	The project is strengthening the rural area capacity through empowering smallholder farmers, increasing income and production, strengthening village-level institutions by integrating community-driven development, agricultural productivity activities into one complete package of support.
Location	Sub-national level, 24 districts with 20 districts in North Sulawesi, Gorontalo, Central Sulawesi Tengah, North East Sulawesi, South Sulawesi and West Sulawesi and two districts in each of West Kalimantan and NTT.
Objectives	Deliver sustainable improvements in the livelihoods of the rural poor by further increasing smallholder household assets and incomes, reducing chronic malnutrition in children, improving access to markets and services, and decreasing food insecurity.
Source	https://www.ifad.org/en/web/operations/project/id/2000001181

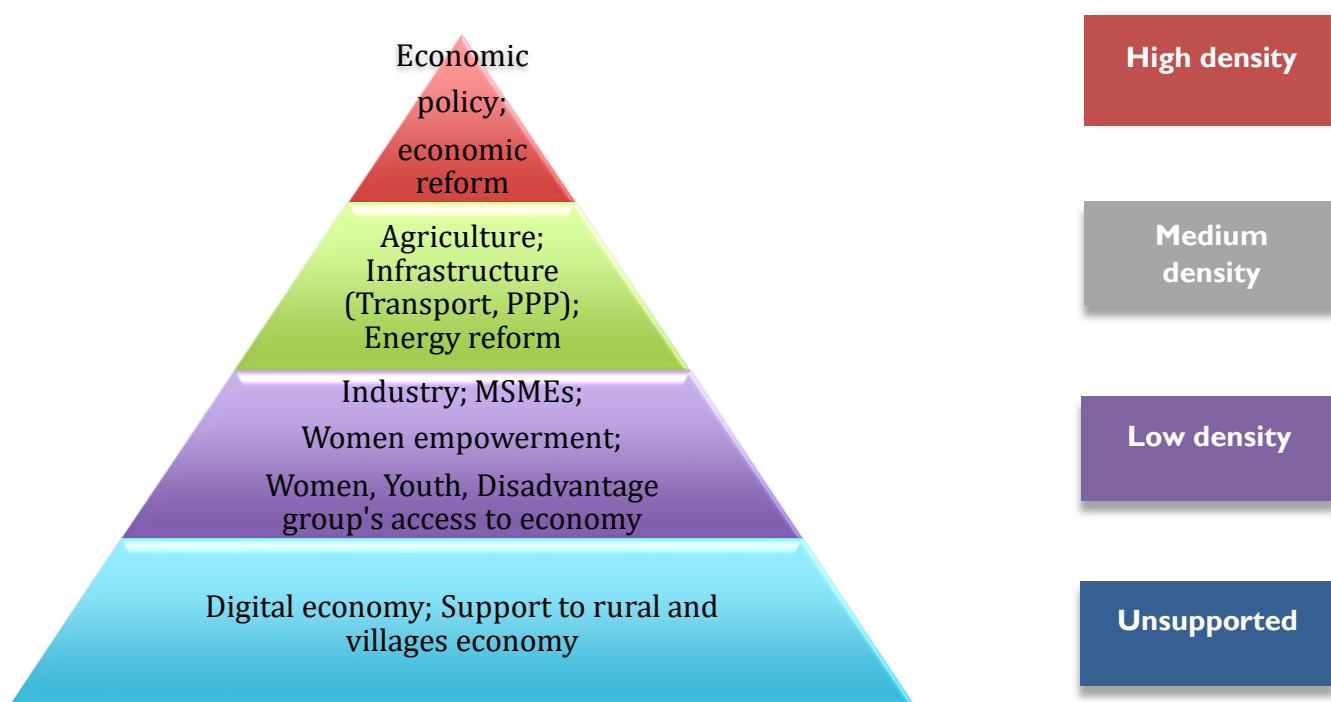
CONCLUSION

DONOR SUPPORT DENSITY

EGSA has conducted a donor mapping exercise to identify Donor activities supporting multi-stakeholder's economic growth initiatives. The information was collected from Activity/Project's websites and interviews with projects' staff. EG donor mapping exercise is unique compared to other EGSA's donor mappings, as mapping is not limited to support to GOI but also to non-government actors such as community and private sector. We also realize that there may be other donor activities that have not been covered in this exercise given the extensive nature of EG sector, however, we believe that we have covered major donors and/or key players in this exercise.

As in other EGSA donor mapping exercises, we will categorize EG areas by density of donor assistance/activities currently available to GOI. While donor support in EG is not limited to GOI, we find that support to community group or business association are usually limited to specific commodity or geographical location, therefore density of these kind of support cannot easily be estimated at the national level. We assume that in areas where donor support is available extensively, thus the high-density area, additional donor activities may potentially be overlap with existing activities. Moreover, GOI counterparts' resource and interest may have been exhausted by the current activities and there will be less interest from GOI to collaborate with new donor.

Figure 3. Donor density in EG areas



HIGH - DENSITY DONOR SUPPORT

- Capacity in Economic Policy and Analysis among GOI Agencies;

We find Prospera as the most prominent donor in this area, partly because they have embedded offices at MOF and CMEA. The World Bank and ADB have also been supporting GOI, especially MOF, with economic policy and analysis for many years as part of their advisory and research activities. This is the densest area of engagement at the national level.

- Reform of Economic Policy that Affects Economic Growth.

EGSA finds two donors, Kompak and ADB, which is currently supporting GOI's reform initiatives in local service delivery and taxation, respectively. We also find that donors like The World Bank and UN bodies have been supporting GOI economic reform initiatives as part of their regular advisory service. Therefore, we also consider this area as the densest area of engagement at the national level. However, there are opportunities to support economic policy reform, especially at the sub-national level. While Kompak also works in three USAID's priority provinces, they do not operate in Banten, South Sulawesi, DKI Jakarta, West Kalimantan, and East Kalimantan. There are other thematic economic reforms that could be supported at the sub-national level. Therefore, there is enough space for additional donor engagement in this area.

MEDIUM - DENSITY DONOR SUPPORT

- Energy sector Regulation and Reform

Mainstreaming the use of renewable energy is the most important reform in energy sector. The donor activity in this area varies from large geothermal power plant to household biogas project. We identified The World Bank dominated the area for large-scale electricity generation, while HIVOS-BIRU and USAID-ICED operated at smaller scale energy generation. We consider this area as medium density since ICED project is closing soon at the end of 2020. There are potential activity for the future in energy reform, such as improving the economic scale of renewable energy through innovation, helping GOI to calculate the appropriate subsidy and incentive for renewable energy, and helping the awareness of the industry to participate in the renewable energy project.

- Agricultural Sector

EGSA found the two large donor activities operating in this area. First is the UN-FAO that has been supporting GOI for decades, and the second is PRISMA with strong presence in eastern Indonesia. We consider agriculture as medium density areas as existing donors' locations of engagement are spread in many provinces. However, this does not close potential for new donor interventions, especially on topics such as strengthening staple food commodities, improving nutrition knowledge, and food security in the village level.

- Infrastructure Sector

Infrastructure development is one of GOI's priority and will benefit from donor's support and resources. Mostly donor's engagement in this area are investment loan for physical construction, while technical assistance is provided as a supplement to investment. While the magnitude of donor activities in this sector is considerably larger than in other sectors, the need for support is even greater. Potential activity for this sector is improving project preparation (feasibility study, project management, financial planning) at central and sub-national level, as well as supporting local infrastructure by improving the participation of private sectors.

LOW - DENSITY DONOR SUPPORT

- Industrial sector

While industry is one of the leading sectors in Indonesian economy, there are not many donors have been involved in this sector. We find only GIZ is currently working in the area. Future donor engagement could help to support some gaps in this sector, such as strengthening the policy to support sustainable and inclusive industrial approach.

- Support for Micro, Small and Medium Enterprises (MSMEs)

We find that only Canadian Government's support named NSLICH/NSLERED is currently working to support MSMEs in 3 provinces in Indonesia. Given the large number of MSMEs, as well as the importance of this sector to the economy and employment creation, donor support in this area is lacking. There is room for more donor engagement, both at central and sub-national levels. Potential engagements such as: supporting MSMEs linkage with private sectors in terms of inclusive business approach and improving financial intermediary services for MSMEs are necessary to support the advancement of MSMEs in Indonesia.

- Women's Economic Empowerment

Women economic empowerment is an area with less donor support since not many donors put specific attention to empower women economic ability. Most donors will consider women empowerment as a cross-cutting issue instead of dedicating full attention to the subject. EGSA identified Mercy Corps as the organization who is working in this area by providing technical assistance and capacity building.

We realize that there is a possibility of other donor presence in this area that we have not captured yet. Considering that the beneficiaries of this support are women or women group, there could be other donor funded activities operating at grassroot level that are undetected because they do not have much of national presence. Potential of new donor activities in this area is limitless, including scaling up the economic empowerment support to a broader area, technical assistance in business development for the women group, and development of a financial intermediary service to target women and disadvantaged groups.

- Removing Obstacles to participation in Economic Opportunities for Women, Youth, and Disadvantaged Groups

EGSA finds Mitra Kunci as the only donor funded activity who works on this issue. Similar caveat as the women economic empowerment donor mapping applied here, as there might be other donor funded activities operating at the grassroot level that we missed. There is still a lot opportunity in this area such as strengthening policy development to help the marginalized group to participate in the economic activity, advocacy and dialog within the stakeholder, engagement with private sector and industry for more inclusive employment policy.

UNSUPPORTED ECONOMIC GROWTH AREA

- Strengthening the Digital Economy and Competitiveness.

Digital economy is one of GOI's priority in RPJMN 2020 - 2024, however there is limited donor support in this area. Since there is only one donor, the British Government's FCO, we consider this area as underserved given the large economic potential it presented. The rise of online shopping through e-commerce and other technology-based media since the implementation of physical distancing policy due to COVID-19 shows that digital economy has a promising future. Donor support in this area will be important to support GOI's digital economy development. Potential support could be helping the government to design policy on the competitiveness, promoting economic sectors through digital economy, dissemination of information, building citizen's awareness on data protection, etc.

- Rural Economic Development

Rural Economic development, including support to villages, is another underserved area. Given the large number of villages in Indonesia and amount of money transferred to the village through *Dana Desa*, there should be more support available to improve rural and village economic development. We identified IFAD as the only donor support to provide support in rural economic development at the village level. There is enough space for additional donor support in this area. Potential donor supports needed in this area are: scaling up support to rural economic development to more locations in Indonesia; empowerment of BUMDES as the engine of local economic growth; improving access to finance to rural areas.

CONCLUSION

Based on the analysis of Donor activity concentration and considering EGSA Component I objectives, EGSA have identified the following gaps and opportunities for EGSA engagement in EG:

TABLE 13. CONCLUSION

EG area	Consideration
Reform of economic policy that affects economic growth	While this area is considered as the high-density area for donor activity, but there are more opportunities for engagement, such as support on thematic economic reforms and engagement at sub-national level. For example, support to support economic reform at sub-national government; technical assistance to help BUMDES to grow in the thematic sector like tourism, trade, as well as small manufacturing industry.
Support for Micro, Small and Medium Enterprises (MSMEs)	The MSMEs, including cooperatives, is one of the pillars of the economy, however they do not get the support they need to grow. More donor presence in this sector is needed, and most likely to be welcomed by GOI, sub-national governments, and MSMEs itself. Potential areas of support are: strategies to link MSMEs to become with private sectors, supply chain; support to formalize informal business to open their access to more business opportunities; support for MSMEs to utilize e-commerce to expand their market; support to strengthen cooperatives and credit unions; among others.
Rural economic development	Increasing support to rural economic development is a way to support GOI's effort to reduce poverty, as most of poverty in Indonesia occurs at the rural area. There should be more donor support available to villages all over Indonesia. Potential area of engagement is empowering BUMDES to realize its potential as the engine of local economic growth, which covers all aspects of BUMDES operation from business planning, production, financing, marketing, distribution, and good corporate governance.
Strengthening digital economy competitiveness	Digital economy is one of GOI's priority for the next five years. Its potential growth to support the economy in the future is very high. While infrastructure and technical aspects of digital economy are developed by private sector, however GOI should educate public and businesses on the how to use the platform effectively. Potential donor activity to support for this sector is unlimited. Raising awareness, developing a standard for data protection for all, as well as promoting local economic sectors through digital economy are examples of potential activities donor could be engaging in this sector.

The conclusion provided at the moment only reflects the result and analysis of Donor Mapping exercise. EGSA will make refine these recommendations on potential areas for USAID's support to GOI by taking into account findings from the government demand mapping, which is scheduled for completion in May 2020.

ANNEX I: PROJECT INFORMATION

PROSPERA – BY AUSTRALIAN GOVERNMENT DFAT

Prospera is Australia's economic governance program which aims to foster more effective Indonesian economic institutions and policies that contribute to strong, sustainable and inclusive economic growth. Prospera commenced on March 1, 2018 and builds on over 20 years of Australian investment in Indonesia's economic governance that began in the aftermath of the Asian Financial Crisis of the late 1990s. It brings together two previous programs: The Government Partnerships Fund (GPF) and the Australia Indonesia Partnership for Economic Governance (AIPEG). Prospera is delivered by Australian Government agencies and contracted advisers working with around 30 Indonesian counterpart agencies.

Several objectives of the project related with EG sector are as follows:

- Making public spending more effective with improved budget systems
- Supporting the private sector by making it simpler to do business and encouraging trade and investment
- Improving economic policy with evidence-based analysis to ensure that everyone shares in Indonesia's prosperity
- Improving aviation and maritime safety by meeting international standards

KOMPAK – BY AUSTRALIAN GOVERNMENT DFAT

Kompak (Governance for Growth) is a facility funded by the Government of Australia to support the GOI in achieving its poverty reduction targets and addressing inequality. Kompak started in January 2015 with the first phase running until June 2018. DFAT approved the continuation phase for Kompak for the period of 2019 to 2022. Its current end date is 30 June 2022 with a total commitment of up to A\$178 million.

Kompak is committed to working at all levels of government to find solutions for the most important challenges faced in delivering basic services and promoting livelihoods for the people of Indonesia. Their network of expertise stretches to seven provinces and the central ministries where they identify constraints, pilot and test innovative approaches, and provide expert advice, research and support to government partners to shape direction, build capabilities, and support execution for sustainable results.

- Kompak project objectives are as follows:
- Good governance in the village level and sub district.
- Social accountability
- Fiscal decentralization and public financial management
- Strengthening population administration and statistic data.
- Health and nutrition
- Education
- Local economic development

TAX REVENUE ADMINISTRATION MODERNIZATION AND POLICY IMPROVEMENT IN LOCAL GOVERNMENTS – BY ADB

The technical assistance aims to support the GOI in strengthening local tax revenue administration and policy at the central and local levels. MOF has a national strategy of increasing the country's local tax to PDB. In addition, a concurrent effort will be made to increase the ratio of own-source revenue to local budget from 16% in 2012 to 22%–25% in 2015. Urban local governments that have the potential to increase their revenues because of the size of their economy and population will be key to increasing local own-source revenue. The technical assistance will also provide knowledge sharing to a select number of local governments that have weak capacity but the potential to increase revenue because of increased economic activity.

This a continuation of ongoing ADB support to strengthen governance in local governments, particularly in the area of local revenue administration

Several pillars of the [project are as follows:

- Governance and capacity development
- Knowledge solutions
- Partnerships
- Private sector development

The project is funded by Switzerland government with total value of USD 5 Million while GOI will contribute up to USD 250,000. The project lifetime is 5 years started in 2015 until 2020.

PRISMA – BY AUSTRALIAN GOVERNMENT DFAT

PRISMA funded by DFAT works to increase smallholder farmers' competitiveness and access to new markets, better inputs, know-how and technology. It focuses on the agriculture, horticulture, livestock and aquaculture sectors which have strong growth potential and are the main source of incomes for a large number of Indonesia's smallholder farming households. PRISMA will continue to utilize a Market Systems Development (MSD) approach by working with various market players to address key constraints that hinder agricultural productivity.

PRISMA partners with multiple stakeholders to generate sustainable benefits to a range of market actors, including poor farmers and the wider community, as well as the intermediary market players and the private and public sector partners. This approach stimulates broader systemic change in the market and the agribusiness environment, which can then be sustained beyond the lifetime of the program.

Prisma approach on commodity; Cattle: beef, pig, dairy, poultry, fish; Agri-plants: coconut, coffee, Maize, mung bean, rice, cashew, cassava, Shallot, soybean.

MAINSTREAMING BIODIVERSITY CONSERVATION AND SUSTAINABLE USE INTO INLAND FISHERIES PRACTICES IN FRESHWATER ECOSYSTEMS OF HIGH CONSERVATION VALUE - BY FAO

Mainstreaming Biodiversity Conservation and Sustainable Use into Inland Fisheries Practices in Freshwater Ecosystem of High Conservation Value (I-Fish) project purposed is to support GOI, particularly the Ministry of Marine Affairs and Fisheries to address the main threats of its inland aquatic biodiversity and to remove the main barriers to conservation and sustainable use of its inland

waters. The project aims to strengthen the management framework for sustainable use of inland aquatic biodiversity to increase the protection of high conservation-value freshwater ecosystems and their biodiversity in Indonesia.

The project is expected to increase the provision of ecosystem goods and services and enhance food security for local people dependent on inland fisheries for their livelihoods. The project strategy is to mainstream conservation and sustainable use of inland aquatic biodiversity into resource development and management policies and processes, with demonstration of conservation and sustainable use of inland aquatic biodiversity in critical habitats at five sites in Kalimantan, Java and Sumatera, and effective monitoring and assessment.

SUSTAINABLE COCOA PRODUCTION PROGRAM – BY SWISSCONTACT

The Sustainable Cocoa Production Program (SCPP) facilitates capacity-building measures for 165,000 smallholder cocoa farmers in 57 selected districts across 11 cocoa producing provinces. The USD 60 million program is in the progress completing three of the four overlapping phases from its 2010 to 2020 timeline.

- 2010-2012: 1st phase with 12,000 farmers in 5 districts
- 2012-2015: 2nd phase expansion with 60,000 farmers in 22 districts
- 2015-2018: 3rd phase expansion with 98,000 farmers in 29 districts
- 2017-2020: 4th phase with 165,000 farmers in 57 districts

As a large public-private partnership, the Program works together with various private sector partners, including Barry Callebaut, Big Tree Farm, Cargill, Ecom, Guittard, JB Cocoa, Krakakoa, Mars, Mondelēz International and Nestlé, to enhance the economic, social and environmental aspects of the cocoa supply chain in Indonesia.

It is working towards building the foundation for improved transparency and product traceability to encourage sector change. 11 out of the 17 UN Sustainable Development Goals (SDG) are directly addressed by SCPP, which contributes to improving the livelihood of smallholders, while also protecting the environment and reducing inequalities.

INCLUSIVE AND SUSTAINABLE ECONOMIC DEVELOPMENT (ISED) – BY GIZ

The Innovation and Investment Program for Inclusive and Sustainable Economic Development (ISED) addresses the issue of employment using instruments such as an integrative approach to employment promotion, vocational training and inclusive business. In doing so, it harnesses the potential of both private and state actors to create employment and train people in line with their capacities and potential. The *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) GmbH, as the implementing organization, set up this program in cooperation with the Indonesian Bappenas on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the GOI. ISED operates at both national and regional level and in various sectors of the economy. At national level, ISED supports GOI in reforming vocational training. This reform is being initiated through political consultation and dialogue.

At regional and technical level, ISED operates in three core areas and supports implementation of an integrated approach to promoting employment comprising the establishment and development of needs-based vocational training in close cooperation with the private sector, promotion of

sustainable and integrative business models while ensuring a link between economic demand and the supply of skilled workers, and the creation of cooperation models promoting inclusive, sustainable employment. The first field selected for this approach was sustainable tourism, and the first project region the island of Lombok in Nusa Tenggara Barat province. The second field is manufacturing, with a focus on the food and beverage industry. The experience gained at regional and technical level is continuously fed into the development of relevant national agendas.

SUTRI NAMA INDOBUS – BY GIZ

GIZ has developed the Indonesian Bus Rapid Transit Corridor Development Project (INDOBUS) as a concrete support to the Indonesian government's agenda on climate change mitigation and urban transport. The focus on Bus Rapid Transit (BRT) reflects the growing international experience with those exclusive bus transit lanes as an efficient mode of urban mass transport. The Government of Switzerland, via SECO (Swiss State Secretariat for Economic Affairs), agreed to provide USD7.032 million of grants for the implementation of INDOBUS project throughout 2016-2020.

The expected results of the project are as follow:

- BRT corridors are developed (construction decided, started or ready for operation) in at least three cities with funding schemes backed by national budget.
- Regulations clarifying roles and responsibilities of public entities in BRT planning, construction and operation are set up in at least three cities.
- An integrating ticketing system is introduced in two cities.
- Central ministry incorporates a policy on BRT implementation.
- MOT's Research and Development Unit improves its capacities to conduct transport simulation and advises cities in urban transport planning

JAKARTA MASS RAPID TRANSIT SYSTEM PROJECT – BY JICA

JICA is a governmental agency that coordinates Official Development Assistance (ODA) for the government of Japan. It is chartered with assisting economic and social growth in developing countries, and the promotion of international cooperation. The Japan Partnership Program (JPP) is a program of support from the Japan International Cooperation Agency (JICA) which aims to encourage the implementation of various development projects at the grassroots level in various developing countries initiated by various Japanese development partners (especially non-governmental organizations or NGOs, local governments, and universities) who have technology and experience in development. The JPP project is intended to provide direct benefits to communities in various countries.

In Indonesia JICA supported construction of the Mass Rapid Transit system connecting the north and south parts of Jakarta through Japanese ODA loans. In November 2006, a Japanese ODA loan agreement was signed [1], supporting the construction of a 15.7-kilometer segment of line (Phase 1) connecting Lebak Bulus in the southwestern part of Jakarta and Bundaran HI (Hotel Indonesia) in the central part of Jakarta.

KIAT – BY AUSTRALIAN GOVERNMENT DFAT

The Indonesia Australia Infrastructure Partnership (*Kemitraan Indonesia Australia untuk Infrastruktur – KIAT*) is the proposed successor to the Indonesia Infrastructure Program (IndII). The primary focus of design work has been to build on the successes of IndII, respond to lessons learned, design the

facility's governance arrangements and activity development and approvals processes, support a smooth transition from IndII to KIAT (including transition of high priority and unfinished activities), prepare a first-year work plan and budget, and develop a Gender Equality and Social Inclusion (GESI) Strategy and Monitoring and Evaluation (M&E) Framework.

Preliminary design work was undertaken in Jakarta during September and October 2016. The design team worked under the direction of the Department of Foreign Affairs and Trade (DFAT) Infrastructure and Economic Governance Section at the Australian Embassy in Jakarta, and consulted widely with Government of Indonesia (GOI) stakeholders, the private sector, civil society, development partners, and other DFAT sections and ongoing development programs.

Several areas of AIP- KIAT are as follows:

- Water and Sanitation
- Gender, social inclusion and civil society engagement
- Transportation
- Infrastructure Financing

INDONESIA INFRASTRUCTURE FINANCE FACILITY PROJECT FOR INDONESIA – BY THE WORLD BANK

The development objective of the Indonesia Infrastructure Finance Facility Project for Indonesia is to strengthen and further develop the institutional framework of the financial sector to facilitate financing of commercially viable infrastructure projects, and thereby increase provision of private infrastructure in Indonesia. The original IIFF IBRD Loan for USD 100 million was approved by the Bank on June 24, 2009 and became effective on April 25, 2011. The original loan closing date was December 31, 2013.

The loan closing date was first extended to November 30, 2015 to complete the project's activities and achieve the PDO. The second extension to November 30, 2016 and most recent third extension to March 31, 2017 were done to provide time to prepare for the additional financing operation. It is proposed that the loan closing date is extended from March 31, 2017 to February 28, 2022, in order to support the scaling-up of IIF activities.

The additional loan is USD 200 million to support PT IIF with objective as follows:

- Strengthen and further develop the institutional framework of the financial sector to facilitate financing of commercially viable infrastructure projects;
- Increased provision of infrastructure in Indonesia. IIF is expected to achieve the first objective through building necessary capacity and skills, providing long-term financing, other innovative financial products, and advisory services. IIF's ultimate objective is to increase the provision of infrastructure in Indonesia to support a more inviting investment climate, sustained growth, and poverty reduction in the long term.

USAID ICED 2

The purpose of ICED II project is to assist the GOI in establishing an effective policy, regulatory, and incentive environment for low-emission growth in the energy sector, while simultaneously attracting public-and private-sector investment in clean energy development. The overall goal is to strengthen

the foundation for a low-carbon energy system and contribute to the GOI's targets for increasing access to energy while curbing greenhouse gases emissions. The \$17.2 million Project will run until 2020 and is implemented by Tetra Tech ES. Its activities will support national programs and engagement in selected regional areas, including Aceh, North Sumatera, South Sulawesi, West Nusa Tenggara, and East Java.

ICED II consists of three components: 1) assisting the GOI in fostering a more enabling regulatory environment for low-carbon growth, 2) mobilizing public-/private-sector financial and technical resources for co-investments in clean energy projects and increasing local capacity in science, technology innovation and human resource to support clean energy investment, and 3) coordinating public outreach platform on behalf of USAID for its engagement in Indonesia's energy sector.

HIVOS-BIRU

The Indonesia Domestic Biogas Program is an initiative of Hivos. Closely working with the Indonesian Ministry of Energy and Mineral Resources, the program is implemented by Yayasan Rumah Energi (YRE) with funds made available by EnDev (Energising Development), the Norwegian Embassy and partners in promoting access to a modern and sustainable form of renewable energy for rural people.

The Indonesian Domestic Biogas Program (IDBP) is in Indonesia better known as the BIRU program; an acronym of Biogas Rumah, or 'biogas for the home'. BIRU aims to promote the use of biodigesters as a local, sustainable, energy source by developing the market while working towards the development of a commercial, market-oriented sector, leading to the creation of jobs.

NSLIC/ NSELRED – BY CANADIAN GOVERNMENT GAC

The National Support for Local Investment Climates (NSLIC) / National Support for Enhancing Local and Regional Economic Development (NSELRED) Project is undertaken in partnership with the GOI through the Bappenas with the financial support of the Government of Canada provided through Global Affairs Canada (GAC) with capacity building for improving local investment climates and local economic development in selected Districts in 3 Provinces – West Nusa Tenggara, Southeast Sulawesi and Gorontalo. NSLIC/NSELRED also supports the Indonesian Government in developing regional innovations to bolster local and regional economic development in line with National Medium-Term Development Plan (RPJMN) targets.

The project is expected to produce several outcomes as follows:

- Address key constraints in business regulations
- Promote regional and national economic cooperation
- Support coordinated national support to local and regional economic development
- Increase access to business development services

MOBILE FINANCIAL SERVICES FOR FEMALE ENTREPRENEURS PROGRAM – BY MERCY CORPS

Mercy Corps Indonesia launch a project named Mobile Financial Services for Female Entrepreneurs Program (MFS) which is implemented in 2016 to 2020 to test and identify a cost-effective and sustainable approach to promote women entrepreneurs' uptake of mobile financial services as a way to increase investment in and profit from their businesses. As the first phase intervention, the

project was producing tailored training for 2,000 women entrepreneurs randomly selected across three districts of Ngawi, Bojonegoro and Tuban, and Lamongan in East Java province.

The program is targeting at least 52 % of the beneficiary to use mobile banking services for their business. This program is funded by Exxon Mobile Foundation.

USAID MITRA KUNCI

Mitra Kunci Initiative is providing Indonesia's poorest and most vulnerable with skills needed to be productive members of Indonesia's workforce. Young people, women, and people with disabilities will receive training, information, and resources to prepare them to meet the needs of the private sector. By assisting Indonesia's efforts to improve the skills needed to work in the local market, more Indonesians can break the cycle of extreme poverty, have the opportunity to reach their full potential, and contribute to global prosperity and self-reliance.

The outcomes of the activity are as follows:

- Synergy; establishes a coordination model for stakeholder collaboration on matching poor and vulnerable youth to relevant job skills
- Ayo Inklusif!; Strengthens the capacity of young leaders and journalists to raise public awareness about inclusive workforce development issues and highlight best practices
- Equal Opportunity for Employment-Saku; Improves youth access to employment information and comprehensive training through a library network. Equips youth with the knowledge, skills and attitudes required to enter and succeed in job-seeking or entrepreneurship.

DIGITAL PROGRAM ACCESS – BY BRITISH GOVERNMENT FCO

Digital technology is a powerful catalyst for inclusive economic growth and sustainable local development. However, developing economies have often struggled to realize the benefits of the digital economy, because of limited connectivity, lack of digital skills and relevant content, and limited trust and resilience in the system.

The Digital Access Program - a partnership between DFID, FCO and DCMS with a total budget of up to £82.5m - aims to catalyze inclusive, affordable, safe and secure digital access for excluded or underserved populations in Kenya, Nigeria, South Africa, Brazil and Indonesia; and to use digital inclusion as a basis for a more thriving digital ecosystem that will stimulate innovations for local development challenges, create local skilled jobs and generate opportunities for business partnerships.

Several pillars of the projects are as follows:

- Models & Enablers- Test and validate innovative business models that take emerging technologies to market, in order to facilitate the sustainable expansion of basic, affordable connectivity for the poor and excluded, and the meaningful use of digital for economic and social development at scale. This will be facilitated and complemented by key enablers such as regulatory reform on digital inclusion, digital skills development and promotion of locally-relevant content and services for underserved communities
- Trust & Resilience - Build partner countries' capacity to prevent and respond to cyber-security harms affecting governments, businesses and citizens (including by strengthening basic cyber-

hygiene skills of vulnerable groups at risk of online abuse or exploitation), thereby contributing to achieving international and UK cyber policy objectives

- Sustainable Digital Ecosystems- Stimulate local digital economies and support local tech entrepreneurs to find innovative solutions to local development challenges ('tech for good' / 'tech for social impact'), create local skilled jobs, and forge partnerships between local start-ups and international businesses (including UK firms) through a Tech Hub network to drive inclusive and sustainable economic growth.

RURAL EMPOWERMENT AND AGRICULTURE DEVELOPMENT SCALING-UP INITIATIVE (READ-SI) – BY IFAD

READ-SI (Rural Empowerment and Agricultural Development Scaling-up Initiative) is the first stage in the scaling-up of the successful Rural Empowerment and Agricultural Development (READ) project. IFAD supported READ from 2008 to 2014, which, following a re-design at mid-term, has achieved significant results in terms of empowering smallholder farmers, increasing income and production and strengthening village-level institutions by integrating community-driven development and agricultural productivity activities into one complete package of support. Given this successful pilot, the GOI has identified READ as a model that can support achieving national development goals and has requested IFAD financing and technical support in the scaling-up of the READ approach.

The program target group:

- The poor and near poor who have the potential to generate economic returns from agriculture with program support;
- Landless and land-poor, including women-headed households, who will be included in activities directed at homestead gardening, improved nutrition and financial literacy.

U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523
Tel: (202) 712-0000 Fax: (202) 216-3524
www.usaid.gov