



USAID
FROM THE AMERICAN PEOPLE

INDONESIA

COUNTRY PROFILE

DECEMBER 2007



Photo: USAID/HSP

A volunteer weighs a child during a Posyandu (health gathering) activity in Surabaya. One of the main goals of the Health Services Project is to improve access to quality health services in both the public and private sectors.

INDONESIA SNAPSHOT

Date of independence: 1945
Population: 214.7 million
Annual income per person: \$810

USAID IN INDONESIA

<http://indonesia.usaid.gov>

OVERVIEW

Indonesia, the country with the world's largest Muslim majority, serves as a model in blending a democratic political system with moderate Islamic thought and practice. The Government of Indonesia actively pursues the fight against corruption, is a partner in the global war on terrorism and works hard to provide a better future for its people. As the world's fourth most populous country, with abundant natural resources and access to key shipping lanes, Indonesia is a potentially important trading partner. USAID and its predecessors have worked in Indonesia since 1950. Today, USAID assistance programs focus on basic education, democratic governance, rebuilding after the tsunami, economic growth, health, water, food and the environment. Through targeted technical assistance, USAID programs also support implementation of the Aceh peace accord, which ended 30 years of conflict in Aceh province. In addition to the programs and resource commitments summarized below, USAID is also managing implementation of a \$55 million Millennium Challenge Corporation Threshold Program that focuses on anti-corruption efforts and expanded immunization coverage.

PROGRAMS

INDONESIAN CHILDREN LEARN SKILLS FOR LIFE

Education in Indonesia faces inadequate funding and declining quality. In October 2003, President Bush announced a \$157 million education initiative, now working in 1,500 public and private schools throughout Indonesia to improve the quality of basic education. USAID works with communities and local governments to improve school management, train teachers and give youth more relevant life and job skills. To date, USAID has reached more than 300,000 students and almost 24,000 administrators and teachers directly and is expected to reach 9,000 schools by 2010. Local school districts have replicated the program, benefiting another 650,000 students. Parental involvement has increased. Teachers – now more accountable – prepare better lesson plans. Students use problem-solving skills rather than rote learning. Student achievement in reading, science and math has improved significantly. School management is more participatory and transparent.

PROMOTING DEMOCRATIC GOVERNANCE AND POLITICAL STABILITY

By consolidating democratic reforms in Indonesia, USAID builds effective and accountable governance, enhances Indonesian capacity to mitigate conflict and promotes pluralism and diversity. USAID initiatives enhance the capacities of 57 local governments, together with civil society and the media, in the areas of integrated planning and budgeting, local government management, citizen-focused service delivery, resource management and mobilization and participatory governance. USAID also supports peace-building in conflict-affected areas, promotes judicial reform, supports electoral processes, encourages community dialogue and religious tolerance, strengthens the capacity of the national parliament, advances national democratic reforms, supports sustainable peace in Aceh and helps Indonesia reduce trafficking of women and children.

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IMPROVING THE QUALITY OF BASIC HUMAN SERVICES

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INDONESIA STRENGTHENS ITS ECONOMY

For years, corruption has hampered Indonesia's economy, but recent efforts to combat corruption, enhance financial sector soundness and build a better business climate have paid off. With USAID's assistance, Indonesia was removed from the Financial Action Task Force's "money laundering" monitoring list in 2006. Increased investment in 2005 also spurred the economy, which grew by 5.7 percent, while foreign direct investment in Indonesia rose to \$13.6 billion in 2005 – a 30 percent increase from the previous year. USAID supported the establishment of 15 one-stop service centers for business registration, slashing the time to register a business from 32 days to 13 and cutting costs by two-thirds.

TSUNAMI RECOVERY AND RECONSTRUCTION MOVES AHEAD

Immediately following the 2004 tsunami, more than 600,000 survivors benefited from U.S. relief assistance, including shelter, food, water and sanitation services, cash-for-work and psycho-social and child protection activities. In cooperation with the Indonesian Government, reconstruction of the Banda Aceh to Calang west coast highway is underway, reestablishing a vital economic link. Other reconstruction efforts include empowering communities to plan, map and rebuild their villages, with a focus on restoring livelihoods, particularly for women entrepreneurs. USAID assistance will improve the delivery of critical social services including water, sanitation and health. Other activities include vocational and teacher training, as well as assisting key government officials involved in reconstruction.

DELIVERING QUALITY BASIC HUMAN SERVICES TO COMMUNITIES

One-third of Indonesia's population does not have access to clean water. About 225,000 newborns and children under five die each year from preventable, poverty-related diseases, like diarrhea. For every 100,000 live births, more than 300 women die. With decentralization, the responsibility for health, education and other services is now at the local level. District governments must now improve the delivery of basic human services. USAID has stepped in to help, with significant results. Fifty-nine percent of mothers giving birth have a doctor or other trained professional assist them with their delivery, a substantial increase from only 43 percent just six years ago. With the resurgence of polio and new threat of avian influenza, USAID has increased efforts on surveillance and eradication. Preventing HIV/AIDS in at-risk populations also continues to be a high priority as does strengthening the National Tuberculosis Program response. In addition to health services, USAID works on protecting watersheds to increase clean water, combat illegal logging and appropriate land use.