

UNDP Country Programme for Indonesia (2006-2010)

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I. Situation analysis

1. Since the economic crisis and political transformation of 1997-1998, Indonesia has made significant strides in reducing poverty and strengthening democracy. Indonesia's first Millennium Development Goals (MDGs) report and National Human Development Report (NHDR) track positive socio-economic progress. Between 1999 and 2002, the proportion of people living in poverty fell from 23% to 18%, and notable improvements are also evident in progress towards the MDGs related to adult literacy, infant mortality and child malnutrition. On the basis of national trends, Indonesia is on track to achieve many of the MDGs by 2015.

2. However, a number of problems remain. Over 60% of the population lives on less than \$2 per day and the empowerment of women has been going slowly. As evidence, after the April elections, the percentage of female legislators rose only to 11% from 0%.

3. Indonesia is also lagging behind on the following key MDGs: the proportion of the population with access to improved sanitation is low; maternal mortality rates are amongst the highest in Southeast Asia; and the HIV/AIDS epidemic is accelerating sharply. National indicators disguise considerable regional variation, and even the MDG targets that may be met nationally will be missed in many provinces and districts, particularly in the remoter areas.

4. Given that most of the poor are heavily dependent on eco-systems for maintaining sustainable livelihoods, strengthened environmental management is imperative for poverty reduction.

5. The recently held free elections are the first step in building a governance structure that prioritizes the human development needs of the poorest and promotes human rights. Public confidence in governance is, however, undermined by pervasive corruption. According to Transparency International's Corruption Perception Index 2004, Indonesia ranks 133 out of 145 countries. Furthermore, while Indonesia has made significant progress in implementing its regional autonomy and fiscal decentralization process, local institutions in many areas continue to lack the capacity to fulfil their new mandates effectively.

6. The recent violent conflicts in Indonesia have had a dramatic impact on human development in affected

areas. Additionally, the enormous damage from the earthquake and tsunami that hit Aceh and North Sumatra in December 2004, and the subsequent earthquake of March 2005, demonstrates the vulnerability of communities to natural disasters. Women, in particular, have been affected by these disasters. Prevention of further such crises is a prerequisite for the achievement of the MDGs.

II. Past cooperation and lessons learned

7. The United Nations Development Programme's (UNDP) Country Cooperation Framework (CCF) in Indonesia (2001-2005) provided an integrated response to Indonesia's transformation process, and its activities yielded a number of lessons as detailed below.

8. *Enhancing partnerships for maximum impact.* Working with other partners considerably enhances the impact of development assistance. Therefore UNDP will support the Decentralization Support Facility (DSF), a multi-donor partnership to harmonize donor assistance.

9. *Improving monitoring and evaluation ensures transparency and accountability.* Therefore, UNDP will strengthen internal mechanisms to ensure transparency and accountability of UNDP supported programmes.

10. *Mainstreaming crisis-sensitive programming.* The results of the Peace and Development Analysis (PDA) undertaken together with the National Development Planning Agency (BAPPENAS) in 2004 have shown the need and opportunity for mainstreaming conflict prevention in development efforts. UNDP will seek to institutionalize crisis-sensitive approaches within its country programme, as well as within the planning and implementation of development partners in Indonesia.

11. *Integrating a rights based approach.* UNDP will make conscious efforts to promote and apply a rights based approach to development, by capacity building of claimants to exercise their claims and duty-bearers to fulfil their obligations. Specific attention will be paid to the rights of women and their equal participation in political, civil, economic, social and cultural life.

12. *Enhancing internal operational capacity to deliver effective assistance in times of crisis.* UNDP discovered the need to improve operational systems, particularly in response to crises, and, therefore, the response to future crises will be strengthened.

13. *Focusing geographical and thematic coverage to enhance impact.* Since over-extending intervention efforts makes a lesser impact, the new country programme will focus on just eight to ten provinces having the lowest human development indices, high poverty rates, and proneness to crises.

III. Proposed programme

14. The UNDP draft country programme (2006-2010) was prepared by means of a series of consultations with key development partners in Indonesia. It is fully aligned with the results of the Common Country Assessment (CCA) undertaken in 2004, and with the strategy articulated in the United Nations Development Assistance Framework (UNDAF) for Indonesia (2006-2010). UNDP will support the implementation of all three UNDAF 2006-2010 outcomes, while targeting its assistance in areas where it has comparative advantages and demonstrated capacity. In particular, UNDP will focus on: A. Strengthening human development to achieve the MDGs; B. Promoting sustainable environmental management; C. Improving the governance environment for local development; D. Reducing the risks of crisis; and E. Supporting the reconstruction process in Aceh and North Sumatra. In addition, taking into account Indonesia's leadership role in the South-east Asia region, UNDP will continue to promote regional cooperation, particularly through better linkages between the country programme and UNDP regional programme initiatives.

A. Strengthening human development to achieve the MDGs

15. *Policy support.* UNDP will continue to assist the Government in its implementation of the Poverty Reduction Strategy (PRS) and the Medium Term Development Plan for 2004-2009. Particular attention will be paid to strengthening the capacity of the local Governments at provincial and district levels to: (i) formulate and implement local poverty reduction strategies; (ii) integrate MDG indicators and targets into local poverty reduction strategies; and (iii) undertake participatory and consultative processes and media campaigns to raise public awareness.

16. Formulating and implementing coordinated poverty reduction programmes in the poorest provinces, including Papua, will be a priority task.

17. UNDP will also continue to support the Indonesian Partnership Fund for HIV/AIDS, including the 'Three Ones' principle: one AIDS action framework, one national AIDS coordinating authority and one country-level monitoring and evaluation system.

18. UNDP will be a key partner in the efforts to mainstream gender issues in the planning, formulation and implementation of all policies and development programmes. This will be done through capacity development assistance to the Ministry of Women's Empowerment.

19. *Monitoring progress towards the MDGs.* Assistance will be provided to: enhance national capacity for monitoring MDG progress throughout Indonesia; disseminate the results of the progress; and, stimulate pro-poor policy discussions through analysis of empirical data.

20. *Strengthening civil society organization (CSO) capacity.* UNDP will provide CSOs with capacity development assistance, and also continue to promote partnership-building and dialogue between civil society and key legislative and executive bodies, so that CSOs can have a more effective voice in development policies and implementation.

B. Promoting sustainable environment and effective use of energy

21. UNDP will focus on (i) sound environmental management and (ii) effective use of energy resources for sustainable development. It will promote community ownership of new energy and resource management solutions to ensure that results are sustainable.

22. *Sound environmental management.* UNDP will promote poverty alleviation through improving environment management and equitable allocation of natural resources. Key instruments such as environmental indicators, monitoring and evaluation mechanisms, fiscal incentives for conservation and environment management, and right-based approaches to the environment will be used. The programme will also encourage environmental education to sensitize the younger generation to environmental concerns.

23. *Effective use of energy resources.* Effective use of renewable energy resources and access to modern energy sources by the poor will greatly improve livelihoods and productivity, while helping to protect the environment. Strategic areas for intervention will

focus on energy efficiency and effective utilization of local renewable energies for development.

24. *Advocacy and capacity development to effectively abide by international agreements.* Capacity of the Government, civil society and the private sector needs to be augmented to comply with international environmental agreements, such as the Montreal Protocol. Assistance to Government will target planning, implementation, monitoring and evaluation. For civil society, UNDP will support advocacy and raise awareness about environmental instruments. For the private sector, UNDP will promote sound environmental management by establishing legal frameworks and by private-public partnerships.

C. Promoting democratic governance

25. *Accelerating the pace and effectiveness of local governance reform.* Decentralization has not necessarily led to improvements in the provision of public services at the local level. Therefore, building capacity of local Government and citizens to identify local priorities and plan for public service delivery will be key to UNDP's assistance. UNDP will also promote intra-Governmental collaboration and coordination to promote cross-fertilization of good development practices and knowledge, and synergize policies.

26. *Deepening democracy.* Following the election successes of 2004, Indonesia must ensure that democratic institutions and mechanisms become strongly rooted, sustainable and workable. Thus, UNDP will encourage civic and political awareness through the mass media and mobilization of citizen participation in governance institutions like electoral bodies. Support will be given to strengthening of policy dialogue, gender mainstreaming, advocacy and coordination for good governance at all levels, as well as in multilateral organizations.

27. *Promoting rights based legal and justice sector reform.* UNDP assistance will seek to improve the ability of the poor and disadvantaged to obtain remedies for their grievances through formal and informal justice mechanisms. Support will also be provided to enhance the institutional capacity of the Ministry of Law and Human Rights to involve the public in legislative processes, improve the legal infrastructure by increasing legal technical expertise, and advocate for legal reform and promotion of human rights. Also, the Ministry of Justice, the police as well

as judges will be provided with anti-corruption training through Partnership for Governance Reform.

D. Reducing vulnerability to crisis

28. *Conflict prevention.* UNDP will promote a change from a culture of response to a culture of prevention. It will assist Government and civil society to design and implement crisis sensitive development responses. In line with the PDA findings, UNDP will assist local governance institutions to mainstream conflict prevention approaches, particularly through local participatory planning, policy development, and community-based initiatives to strengthen social cohesion. Particular attention will be paid to Internally Displaced Persons and resettlement of refugees. Special emphasis will be placed on youth and women as leaders of development and peace-building processes.

29. UNDP will work with the national Government, civil society and the international development community, notably the World Bank, to understand the causes and dynamics of conflict, test preventive models, codify lessons learned and facilitate policy development at local and national levels.

30. *Disaster mitigation and reduction.* Communities across Indonesia are vulnerable to natural disasters. Priority will be given to developing comprehensive, multi-hazard community risk management strategies and integrating them into planning processes at district, provincial and national levels. Professionalizing the disaster management systems, developing regulatory frameworks at national and sub-national levels, and strengthening emergency preparedness and response systems will also be key target areas.

E. Rehabilitation and reconstruction of Aceh and North Sumatra

31. UNDP's early response, which will continue into the new country programme cycle, has been through the Emergency Response and Transitional Recovery (ERTR) framework. For the longer-term, building upon the lessons learned through ERTR, UNDP will promote sustainable recovery by supporting the new Rehabilitation and Reconstruction Agency (BRR), as well as the central and local planning boards.

32. *Recovery of livelihoods and economic infrastructure in target areas.* UNDP's early efforts have focused on cash-for-work to generate immediate

employment for people affected by the tsunami. The priorities are rapidly shifting to the need for the recovery of sustainable livelihoods and revitalization of the local economy. Particular emphasis will be placed on recovery of the fisheries and agriculture sectors, small and medium sized enterprises, access to credit, vocational skills training, and rehabilitation of economic infrastructure such as fishing ports and markets. Longer-term initiatives will focus on building capacity of local Government, civil society and micro-finance providers to promote sustainable livelihoods.

33. *Housing, settlements and associated infrastructure.* Reconstruction of housing has been identified as one of the key priorities by the Rehabilitation and Reconstruction Agency (BRR). UNDP's assistance will be through community-based and participatory processes, in collaboration and coordination with other key partners.

34. Assistance will be provided for capacity development of the local Government to address policies related to shelter and property rights. These will be supported by the establishment of effective restitution mechanisms, and strengthening of community-level capacities for dispute resolution. As the reconstruction process will entail complex spatial planning and land zoning issues, UNDP will provide technical assistance to Government to ensure that these planning and implementation processes are participatory and consultative.

35. *Capacity development of governance institutions and civil society.* Governance institutions and civil society will be helped to design and implement sustainable development policies and programmes. This disaster provides an opportunity for the local authorities and the community to work together to improve systems of governance, reflecting principles of democracy, transparency, accountability and responsiveness. UNDP's assistance will support a phased re-functioning of governance and public services.

36. UNDP will also continue providing overall policy and operational support to BRR and related institutions, such as central and provincial planning boards, to better coordinate the implementation of the Master Plan for reconstruction of the tsunami-affected areas. Other areas of support required in the Master Plan will draw on UNDP's experience through its regular thematic areas of the country programme.

IV. Programme management, monitoring and evaluation

37. Results Based Management (RBM) will be an underpinning for UNDP programming in the 2006-2010 cycle. UNDP will work with partners to strengthen monitoring and evaluation of development results, in order to enhance the impact of initiatives, and to ensure transparency and accountability in the use of resources. A dedicated unit for monitoring and evaluation will ensure appropriate systems are put in place. For specific programmes and projects, more detailed results frameworks with simple and measurable indicators will be developed, in partnership with Government and other key stakeholders.

38. As the country programme is fully aligned with the UNDAF, linkages between the results of the UNDP country programme and the overall results of the United Nations system in Indonesia will be aligned through operational coordination and joint monitoring by United Nations agencies. UNDP is also committed to contributing to coordination with other development agencies including international financing institutions. Linkage of programme monitoring mechanisms with Government and civil society monitoring efforts, particularly related to progress towards the MDGs, will further facilitate the assessment of UNDP's contribution in attaining the MDGs.

39. Special new measures are being applied to complement and enhance UNDP's internal control and accountability framework. These measures include strengthening UNDP's audit framework, engagement with independent organizations to monitor aid effectiveness, and partnerships with private sector firms such as Deloitte-Touche and PricewaterhouseCoopers to enhance performance of UNDP systems, with special attention to tsunami affected areas.

40. Regular resource allocation for the country programme period 2006-2010 is foreseen at \$18-25 million. Working closely with the Government, UNDP will seek financing partnerships towards mobilizing an estimated additional \$200-250 million in non-core resources. UNDP's resource mobilization strategy will use limited UNDP TRAC resources as seed money to leverage additional co-financing, and will emphasize UNDP's role in bridging national priorities and international resources.

Annex: Results and resources framework for Indonesia (2006-2010)

National Priority: To improve the welfare of families through the economic and social sector initiatives					
UNDAF Outcome 1: By 2010, improve life chances and livelihood opportunities for all through enhanced commitment to MDGs, institutional support for MDG implementation and empowered community engagement in the achievement of the MDGs with a special focus on HIV/AIDS					
Programme component	Programme outcomes	Programme outputs	Output indicators, baseline and targets	Role of partners	Resources by goal (\$ '000)
Achieving MDGs and reducing human poverty, and responding to HIV/AIDS.	1. By 2010 increased opportunities for achieving sustainable livelihoods through the development and implementation of appropriate participatory policies and programmes.	1.1 Development of localized PRS and HIV/AIDS programmes to meet MDGs with specific attention to poorest/ women/ vulnerable. 1.2 Frameworks/capacity of the national and regional institutions established to advance/monitor MDG activities. 1.3 CSOs capacity developed in decision making/ monitoring national policy.	1.1 Indicator: # of provinces and districts where PRS are supported. Target: 10 provinces and 30 districts; Indicator: national gender mainstreaming policy established. 1.2 Indicator: # of MDG reports prepared. Target: 3 MDG reports completed. 1.3 Indicator: CSO networks effective in influencing pro-poor policy. Target: 5 CSO networks established.	United Nations Country Team, national/ local government, Parliament, bilateral donors, international and local non-governmental organizations (NGOs), private sector, media.	Regular: \$8,075 Other: \$ 95,500 Total: \$103,575
Energy and environment for sustainable development.	2. By 2010 improved environmental living conditions and sustainable use of energy in Indonesia, and establishment of sustainable living conditions in the poorest provinces.	2.1. Comprehensive framework and action plans for regional environment management developed. 2.2. Comprehensive framework for effective use of renewable energy and energy efficiency in place. 2.3. Capacity of Government, private sector and civil society to adhere to the international environmental agreements increased.	2.1 Indicator: # of different environmental indicators established; reduced rate of deforestation. 2.2 Indicator: % of renewable energy used in the Java, NTT, NTB and Papua provinces (micro-hydro). Baseline: 14%. Target: 24%. 2.3 Indicator: institutional capacity for complying with international conventions/ training/training modules developed. Target: institutional capacity built in 5 regions; ozone depletion substances phased out by 2008.	United Nations Country Team, United Nations Institute for Training and Research, national/local Government, environmental NGOs, bilateral donors, private sector.	Regular: \$2,042 Other : \$24,000 Total: \$26,042
National priority: Establishing democracy and achieving justice for all Indonesians					
UNDAF Outcome 2: By 2010, pro-poor democratic governance is realized with enhanced accountability, capacity and participation in the poorest provinces					
Fostering democratic governance.	3. By 2010 pro-poor participatory decentralization policies and mechanisms in place, with public and private institutions adhering to	3.1 Strengthening democratic governance practices/institutions at the sub-national levels, focusing on increased capacity in public service delivery. 3.2 Active citizen's participation in politics and governance.	3.1 Indicator: interaction with local populace; multi-stakeholder agreement on principles of local governance; fiscal capacity of local government. 3.2 Indicator: # of entry points for citizens to participate in policy issues; capacity of	United Nations Country Team, national/local Government, Dewan Perwakilan Rakyat (DPR), Dewan Perwakilan Daerah , DPR Daerah, Kitsap Public Utility District, bilateral	Regular: \$2,776 Other: \$28,000 Total: \$30,776

	the rule of law and international instruments.	3.3 Enhanced access to justice and ability to comply with international human rights standards. 3.4 Strengthened policy dialogue and advocacy on governance at national, regional, and international levels, as well as in multi-lateral organizations.	legislatures. 3.3 Indicator: ability to access justice; compliance with international human rights standards. 3.4 Indicators: national summits on governance reform/follow-up mechanism; existence of partnerships and governance policy dialogue mechanisms.	donors, NGOs, people living with HIV/AIDS support networks and support groups, private sector, media.	
National Priority: Creating an Indonesia that is safe and peaceful					
UNDAF Outcome 3: By 2010, Government and civil society have better policy, legal frameworks and mechanisms to protect vulnerable people and reduce vulnerabilities					
Crisis prevention and recovery.	4. Government and civil society able to design and implement crisis sensitive development responses, reducing vulnerability of communities in target areas.	4.1 Conflict prevention strategies mainstreamed in policy and planning of Government and key development partners. 4.2 Capacities of Government and civil society for disaster preparedness and reduction developed.	4.1 Indicator: conflict sensitivity in national and local planning and policy mechanisms. Target: mechanisms for conflict-sensitive planning, resource allocation and policy dialogue piloted in 8 districts. 4.2 Indicator: efficacy of national/local disaster management plans and their implementation. Target: disaster legislation and preparedness plans developed and piloted at different levels in target areas.	United Nations Country Team, national/and local government, Conflict Centers in Universities, national/local NGOs, Komnas Perempuan, international NGOs, bilateral donors.	Regular: \$5,033 Other: \$37,419 Total: \$42,452
Crisis prevention and recovery.	5. Reconstruction process in Aceh and North Sumatra carried out transparently, and the basis for democratic governance strengthened.	5.1 Recovery of livelihoods and economic infrastructure in target areas. 5.2 Housing, settlements and associated infrastructure developed in target areas. 5.3 Government and civil society able to design and implement sustainable development policies demonstrating principles of good governance.	5.1 Indicator: recovery of livelihoods. Baseline: 50% Aceh communities have total/ partial loss of livelihoods. Target: Over 50,000 people benefit from support in agriculture/fisheries/small enterprises. 5.2 Indicator: recovery of housing. Baseline: 40% housing lost. Target: housing rehabilitated using participatory processes/ land entitlement records. 5.3 Indicator: recovery of Government capacity. Baseline: 20% of local Government buildings lost due to tsunami. Target: local Government infrastructure rehabilitated; participatory planning process improved in target areas; civil society capacity increased.	United Nations-Habitat, International Labour Organization, United Nations Educational, Scientific and Cultural Organization, Food and Agricultural Organization, national/local Government, World Bank (KPD), international and local NGOs.	Other: \$70,000 Total: \$70,000