USAID | INDONESIA
FROM THE AMERICAN PEOPLE

COUNTRY PROFILE

SEPTEMBER 2004

Ibu Sutarmi, a 6th grade teacher, says "Now the children do a lot of practical work. They enjoy sitting in groups to discuss their work and solve problems together. They write their work in their own words, and we display it for the other children to look at. They are very proud when their work is displayed."

INDONESIA SNAPSHOT

Date of independence: 1945
Capital: Jakarta
Population: 238 million
GDP per person: $817

For more information, see www.usaid.gov Keyword: Indonesia

OVERVIEW

Indonesia, the world's largest Muslim majority country, has made great strides over the past six years in transforming itself from an authoritarian government to a democracy. Its success is critical to stability in Asia.

Equally important is the attention Indonesia is beginning to give to conflict and terrorism. 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. Reflecting the country's importance, the USAID program in Indonesia is the Agency's largest in East Asia. USAID and its predecessor agencies have worked in Indonesia since 1950. Today, USAID assistance programs focus on five main areas: basic education, democratic governance, health care, water and the environment, and the economy.

PROGRAMS

INDONESIAN CHILDREN LEARN SKILLS FOR LIFE

USAID is helping to transform a huge education system that is currently in crisis. Management of the newly-decentralized system is in disarray, funding is inadequate, and the quality of education is declining. Millions of children drop out each year. At least 30 percent of teachers lack minimum training. A major new initiative, announced by President Bush in 2003, will increase the quality and relevance of basic education in Indonesia, in public and private, religious and secular schools. USAID will work with communities and local governments to improve school management and train teachers. Through active learning, students will learn to read, write and think critically. Drop outs and junior high school students will learn better life and job skills. Better education for future generations will improve economic competitiveness, foster increased social stability, and promote tolerance and democracy.

INDONESIANS HOLD HISTORIC ELECTIONS

On September 20, 2004, Indonesians voted directly for their president and vice president. These historic, first-ever direct elections followed national parliamentary elections in April, which were the largest and most complex single-day elections ever held. USAID helped delineate new electoral districts, register and educate voters, train election monitors, and assist parties to develop positions on important issues. USAID was the lead donor

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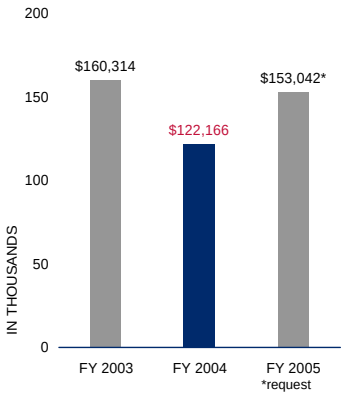
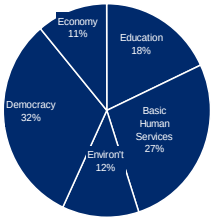
COUNTRY PROFILE CONTINUED

USAID ASSISTANCE TO INDONESIA



Percent of FY 2004 Budget for Each Program Area



Funding: Child Survival and Health Funds, Development Assistance, Economic Support Funds, PL 480 Title II (includes emergency & non-emergency food aid)

for the elections and supported an important step toward strengthening Indonesia's young democracy. USAID will continue to support Indonesia in its democratic reforms and in addressing the conflicts that threaten its stability.

LOCAL GOVERNMENTS DELIVER BASIC SERVICES

Since January 1, 2001, when the decentralization plan came into force, local governments have been responsible for health, water, and other basic services. Yet, local authorities were ill- prepared for their new role following decades of central government management. Despite progress on life expectancy and infant mortality, one-third of the population does not have clean water, and 100,000 children under five die each year from preventable, poverty-related diseases, like diarrhea. With responsibility for these services now at the local level, district governments have to improve the delivery of basic services. USAID has stepped in to help. Health, nutrition, clean water, and HIV/AIDS are priorities. In the past year alone, USAID has worked with 100 local governments to strengthen their ability to deliver critical basic services. Its work is paying off. Sixty-six percent of mothers giving birth have a doctor or other trained professional assist them during their delivery, a huge increase from only 43 percent just six years ago.

ENVIRONMENTAL TREASURES ARE BEING PROTECTED

Indonesia is one of the most biologically diverse countries on earth. It is home to 47 different ecosystems and has the world's most extensive tropical forest. However, it has already lost 75 percent of its natural forests and is losing more quickly. Millions of people depend on Indonesia's natural resources for their livelihoods. USAID works with communities to protect biological diversity, use land and forests wisely, and regulate mining. In 2003, USAID helped local communities put 6 million more hectares of coastline and forest under better protection and management.

INDONESIA BUILDS A STRONGER ECONOMY

Indonesia is the only major country still recovering from the 1997 Asian financial crisis. The economy is not growing fast enough to absorb the 2.5 million people who enter the workforce each year. Corruption is rampant, hindering investment and damaging the economy. USAID focuses on trade, investment, and job creation, and is working to improve the business climate to help small and medium enterprises grow. It also supports Indonesia's anti-money laundering and other anti-corruption programs. USAID is helping Indonesia to establish a deposit insurance agency to safeguard people's savings.

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