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UNITED NATIONS DEVELOPMENT PROGRAMME INDONESIA

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Indonesia
2012/2013**



*Empowered lives.
Resilient nations.*

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United Nations Development Programme, Indonesia
Menara Thamrin, 8-9th Floor
Jl. MH Thamrin, Kav. 3
Jakarta, Indonesia 10250
registry.id@undp.org

<http://www.id.undp.org>

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“The Indonesia of today is a rapidly growing middle-income country. Poverty levels have dropped significantly over the past few decades, with GDP growing at over 6 percent on average between 2009 to 2012 alone.”

My first encounter with Indonesia was in 1982, when, as a young man, I had the opportunity to traverse the country for two months. Jakarta was a sleepy capital city with limited public facilities. The international airport was surrounded by green paddy fields, and it was a smooth 20-minute ride to downtown. Travelling through Java, Bali and Padang was not as easy, however, with the infrastructure still largely underdeveloped in most of the areas. In Bali, making a long-distance phone call required going to its capital town Denpasar, as access to telecommunication was very limited.

Thirty-one years later the rice fields in Jakarta have given way to a dizzying concrete jungle. During rush-

FOREWORD FROM

the Resident Representative

hour traffic, heading downtown from the airport may take two hours. Infrastructure has greatly improved, although public transportation in the city remains a challenge. On much of the main Indonesian islands, not only can you connect to the Internet on your smart phone or laptops, but mobile phones have also become a necessity for most locals, from taxi drivers to vegetable vendors.

These are the visible signs of economic affluence and rapid development, which Indonesia has experienced in recent years.

The Indonesia of today is a rapidly growing middle-income country. Poverty levels have dropped significantly over the past few decades, with GDP growing at over 6 percent on average between 2009 to 2012 alone.

The country is making strides internationally too – Indonesia is now a global advocate for measures to protect against climate change and accelerate the achievement of the Millennium Development Goals (MDGs), among other things.

Despite this encouraging progress, some work remains to be done. Looking ahead, Indonesia needs to ensure a more equitable economy to tackle income gaps. This means bringing development to under-developed provinces and impoverished rural areas.

To foster good governance and improve public service, Indonesia must continue on the path of bureaucracy reform, which was listed as priority number one in the 2010-2014 national medium term development plan (RPJM). Corruption is also an obstacle to progress, and it can only be eliminated by consistent measures to ensure transparency and a just legal system. Being one

of the most vulnerable countries to natural disasters, Indonesia also has to continue strengthening its capacity to prepare for, respond to and recover from disasters, whether through introducing new policies, strengthening national and sub-national institutions or increasing public awareness.

Given the sheer size of the country and the pace at which the economy is growing and consuming resources – it is projected that there will be a three-fold increase in the number of consumers and an economy expected to be worth US\$1.8 trillion by 2030 – it will be critical to ensure that Indonesia's growth is sustainable. The stakes are quite high for Indonesia and the rest of the world: Indonesia not only has the world's third largest tropical rainforest, but many sources estimate that Indonesia may be the most species-rich country on earth. What happens to the country's forests, natural resources and bio-diversity matters for our planet. The days of growing first, cleaning up later must therefore be left behind, and the "Green Growth" model adopted as the only way for the country to safeguard its natural resources.

We are very pleased to see that these issues of equity, achieving the MDGs, promoting green growth and environmental protection, and improving living conditions for all Indonesians are high on the national agenda, and the country continues to make strides in these directions.

The UN and UNDP have been playing a role working with the government and other partners to achieve these objectives, which are sometimes summarized as sustainable growth with equity. Within the framework of the UN's support to Indonesia, UNDP has been supporting national partners on programmes to reduce poverty; ensure efficient, effective and democratic

governance; tackle and prevent crises; and protect the environment. This report presents a snapshot of the work that UNDP has been doing over the past few years.

A key added value of UNDP is that it brings together local and international knowledge, expertise and advisory services to help find lasting solutions to the country's development challenges. The results shown in this report speak to the power of these kinds of partnerships and collaboration.

This is why the UN believes that in order to make further progress we must find ways to better involve the youth, who are the future agents of change. We must continue to create opportunities for women, indigenous communities, poor and marginalized groups, and persons with disabilities to have a voice and be able to participate as equal citizens in their country's development.

This UNDP 2012/2013 Annual Report is a testimony of our strong commitment to work together with the government and all stakeholders in a partnership that can help Indonesia achieve its goals.

On behalf of the UN and UNDP, I personally commend Indonesia for its remarkable achievements over the past few decades. We look forward to helping Indonesia rise to its highest potential and assume further leadership roles in defining the global development agenda in the years to come.



Douglas Broderick

United Nations Resident Coordinator for Indonesia



“UNDP is working with Indonesia and countries across the world to complete the unfinished MDG agenda, while ensuring that future growth and development is greener, more equitable and sustainable.”

We have less than 1,000 days to go before the deadline of the Millennium Development Goals (MDGs). This means there is just a little over two years to show real progress in improving the lives of millions of people around the world and here in Indonesia. It is time to step up our efforts and take bold actions that can make a difference.

Indonesia has made good progress on the MDGs over the past few years, and the country has already successfully achieved many of the targets. In some areas progress has been impressive: Indonesia has long surpassed the global MDG target of reducing by half the number of people living on one dollar a day. The proportion of people living below the national poverty line has also

MESSAGE FROM

the Country Director

consistently fallen, and is now approximately 11.37 percent as of March 2013. Indonesia was also cited in UNDP's Human Development Report 2011 as one of the top 10 countries in the world that showed the fastest progress on improving human conditions over the past 40 years. There is no doubt that today more Indonesians are living longer, have better health and access to education, and greater economic opportunities. High and steady economic growth rates over the past decade have also resulted in a rapidly growing middle class, and the Indonesian economy is now projected to move from being the 16th largest economy in the world to become the 7th largest by 2030. Indonesia is part of what many persons now refer to as "The Rise of the South", where countries such as India, China, Brazil, and Indonesia are becoming increasingly powerful and influential on the global stage.

Indonesia's remarkable progress has, however, also come with certain challenges. Growth has not benefitted everyone, and current data show high levels of inequality between regions. This tells us that the opportunities that are available to people living in some areas, such as in eastern Indonesia, are not the same as what is available to persons living in other areas. In provinces such as Papua and Nusa Tenggara Timur (NTT), a higher proportion of people are poor, there are more children without proper nutrition, rates of HIV/AIDS are higher, and more families are without access to safe drinking water and proper sanitation.

Also, growth has sometimes come at the expense of the environment and resulted in the depletion of the country's valuable natural resources and biodiversity.

These are part of the reason that Indonesian president Susilo Bambang Yudhoyono, as co-chair of the global High-level Panel on the Post-2015 Development Agenda, strongly advocated for a new development model based on sustainable growth with equity. For too long, economic growth has been driven by unsustainable business practices and consumer behavior. Many societies are developing based on brown economic models where growth depletes natural resources, industries and households consume too much energy and water, and the wealth generated benefits mostly the elites. If we were to continue this form of growth then, in the next few decades, our planet simply will not have the resources to sustain our habits and way of life; and climate change will also wreak havoc on all our societies.

UNDP is working with Indonesia and countries across the world to complete the unfinished MDG agenda, while ensuring that future growth and development is greener, more equitable and sustainable. In this report you will learn about some of the work we are doing, including helping to protect Indonesia's forests and peat lands; phasing out ozone depleting substances; accelerating progress on MDG goals that are lagging; helping poor and remote communities to access health, education and legal services; and improving the capacity of provincial governments so that they can better provide goods and services to their citizens. We have also embarked on an exciting new programme to promote sustainable commodities, including sustainable palm oil cultivation. This is part of a drive to assist Indonesian businesses and small-holders to change to more sustainable production practices.

The report also covers our work on reducing the over exploitation of marine resources, and efforts to prevent biodiversity loss and environmental pollution.

UNDP is committed to support the government in ensuring that developmental progress does not leave behind the poor and the most disadvantaged in the society. We also want to ensure that the current generation of Indonesians will produce and consume in ways that will preserve the environment and natural resources of their country for future generations to enjoy.

We will continue working with all our partners in areas where we believe we can help to make a difference. We will support the formulation of more effective and appropriate policies and plans; we will help to strengthen Indonesian institutions; and we will continue supporting the empowerment of local communities, so that all Indonesians can participate in the development of their country.

We are deeply grateful for the trust invested in us by the Government of Indonesia, our generous donors, and our partners from all over Indonesia. And we are pleased to use this report to share with you some of our results and achievements.



Beate Trankmann

UNDP Country Director

INDONESIA AT A GLANCE



Indonesia's economy grew by 6.2 percent in 2012 and is projected to remain relatively robust throughout 2013. GDP growth in the first quarter of 2013 stood at 6.02 percent. However, analysts foresee a more moderate outlook for the medium term in light of the weakening rupiah, declining foreign currency reserves, the growing current account and trade deficits and continuous pressures on the national budget due to high fuel subsidies. Despite this, Indonesia's economy has until now been largely shielded from the effects of the international economic crisis thanks to growth rates fuelled partly by strong domestic consumption. Economic growth combined with investments in social development and social protection also resulted in a steady reduction in poverty, and Indonesia has already surpassed the MDG one dollar a day poverty reduction target.

Indonesia continues to be a rising power both in Association of Southeast Asian Nations (particularly in relation to its brokering role in regional conflicts) and the G20. Similarly, in July 2012, the Indonesian President Susilo Bambang

Yudhoyono was appointed by the UN Secretary General to co-chair a High-level Panel on the Post-2015 Development Agenda. Indonesia is also playing an important role as co-chair of the Global Partnership for Effective Development Cooperation. These responsibilities have elevated Indonesia's international profile.

Poverty data released in March 2013 indicated that 11.37 percent of Indonesia's population, or 29.07 million people, are living under the national poverty line, marginally down from the 11.66 percent in September 2012. The country also continued to improve its ranking on the Human Development Index (HDI). Indonesia's HDI has increased by an impressive 49 percent since the 1980's, which means more Indonesians are living longer, have better access to health care, greater access to education and increasing income opportunities. The national MDG report indicates that some MDG targets have already been met (MDG1 – people living in extreme poverty as measured by the dollar-a-day poverty line; MDG 3- gender parity in tertiary education enrolment and in literacy rates in the

15-24 age group; MDG 6 - curbing the spread of tuberculosis).

There are challenges, however, and faster progress is needed on MDGs such as reducing the rates of maternal mortality and HIV/AIDS; improving access to water and sanitation; and increasing the proportion of land area covered by forest.

There are also huge disparities across the country, with poverty ranging from 3.55 percent in Jakarta to 31.1 percent in Papua (Central Statistics Agency, March 2013). The data continue to underscore not only the persistent inequality, but the vulnerability of the poor and near poor to external economic shocks.

Climate change and deforestation also remain pivotal issues for Indonesia. The Government has taken important steps to reduce deforestation and lower the country's greenhouse gas emissions. In 2011, a Presidential Regulation on the National Action Plan to Reduce Greenhouse Gas Emissions (RAN-GRK) was issued as a follow

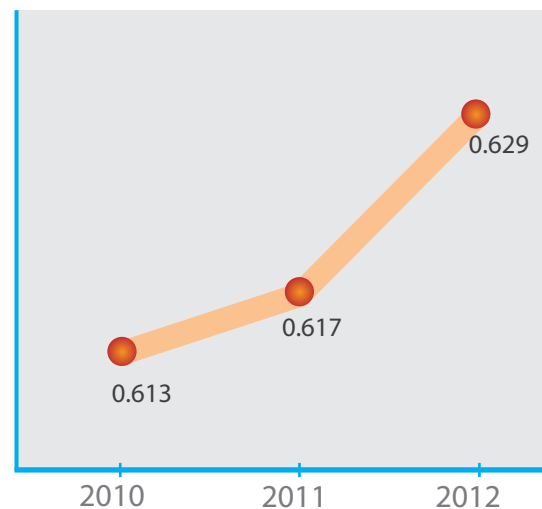
up to the Indonesian president's commitment to address climate change. In 2012, the National REDD+ Strategy was completed, integrated into the government's annual workplan 2013, and allocated budgetary resources for its implementation. Under the US\$1 billion Letter of Intent (LOI) with Norway, progress was also made on designing the National REDD+ Agency, REDD+ Financing Mechanism, and the Measurement Reporting and Verification (MRV) Institution. The moratorium on forest concessions and licenses was also extended in early 2013. However, the implementation of large scale programmes to stop deforestation and shift the economy towards a greener, less carbon-intensive path to development are still at a nascent stage.

Uneven government capacities to deliver public services represent a further challenge to development. While Indonesia's big bang decentralization has devolved the responsibility for the delivery of key services to the district level, many district administrations remain ill-prepared for these added responsibilities. Corruption also remains an obstacle to development.

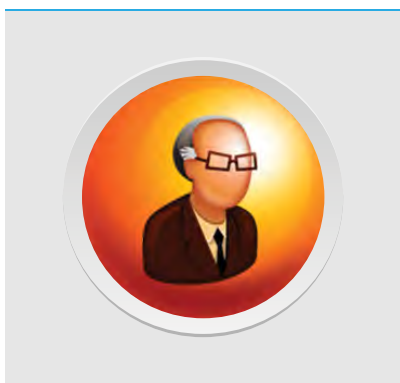
HUMAN DEVELOPMENT INDEX IN INDONESIA

The Human Development Index is a measure of how well a country is progressing along three key dimensions of development. These are health, education and income. It asks the question of whether people are able to enjoy a long and healthy life, whether they have access to knowledge and education and are able to earn a decent income. The HDI was introduced in UNDP's first Human Development Report in 1990 as an alternative to purely economic assessments of national progress such as GDP growth. By focusing on people the HDI reflects UNDP's belief that development is about providing people with choices and opportunities to lead a meaningful life.

As reflected in the graph, between 2010 and 2012 Indonesia has shown steady progress in its HDI moving from 0.613 to 0.629.

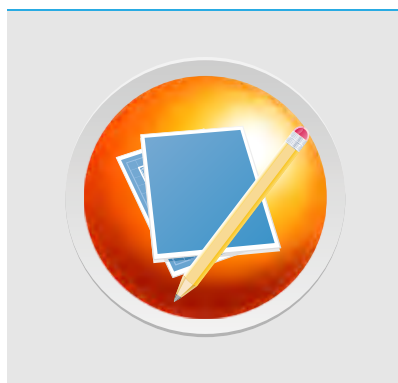


Life Expectancy at Birth



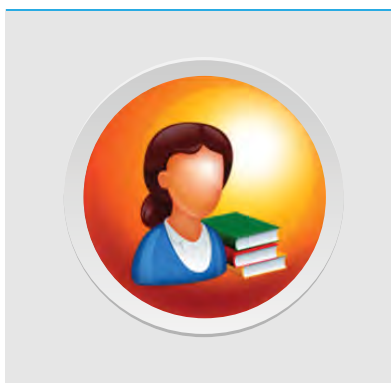
2010: 68.9 yrs
2011: 69.4 yrs
2012: 69.8 yrs

Mean Years of Schooling



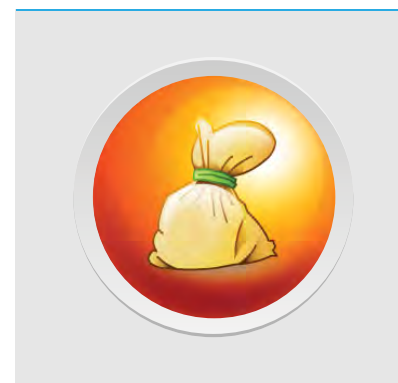
2010: 5.8 yrs
2011: 5.8 yrs
2012: 5.8 yrs

Expected Years of Schooling



2010: 12.29 yrs
2011: 12.29 yrs
2012: 12.29 yrs

Gross National Income (GNI) per capita



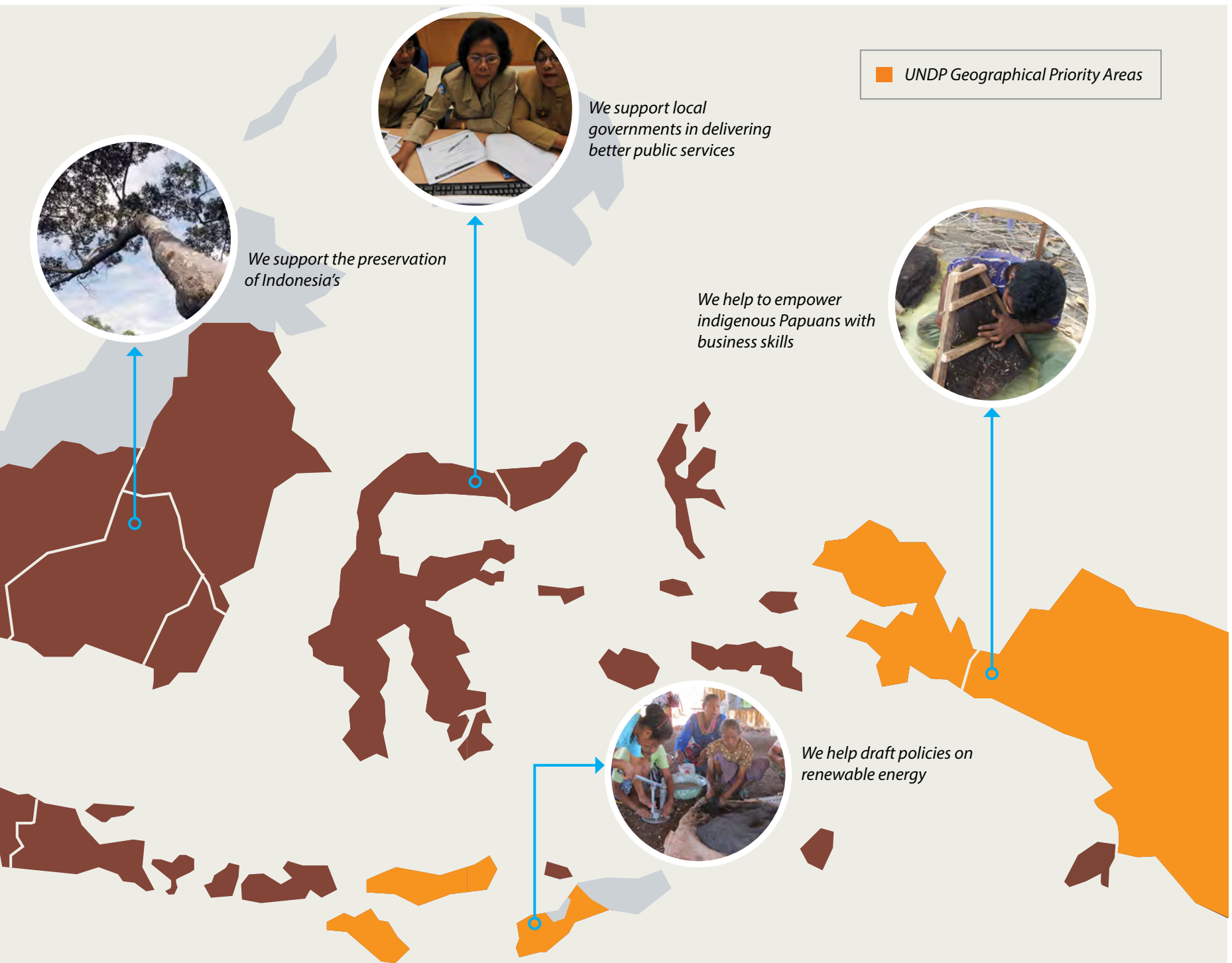
2010: US\$3,775
2011: US\$3,973
2012: US\$4,154



UNDP

Across the Archipelago





MILLENNIUM DEVELOPMENT GOALS AND POVERTY REDUCTION



HELPING INDONESIA ERADICATE POVERTY AND REDUCE SOCIAL AND ECONOMIC INEQUALITY AND EXCLUSION

As the world fast approaches the 2015 Millennium Development Goals (MDGs) deadline, Indonesia is taking stock of its progress and challenges. Thanks in part to sustained high rates of economic growth, large allocations of state budgets to poverty programmes (IDR99.3 trillion in 2012), and the implementation of a number of important poverty reduction and social protection initiatives, Indonesia's national poverty rate continued to decline. By March 2013, the national poverty rate stood at 11.37 percent, a decrease of 4 percent over the past five years. The 2011 national MDG report also indicated that many MDG targets had already been met, for example, MDG 1 - people living in extreme poverty as measured by the dollar-a-day poverty line; MDG 3 - gender parity in tertiary education enrolment and in literacy rates in 15 - 24 age group; and MDG 6 - curbing the spread of tuberculosis.

Despite these achievements, more work is needed on a few lagging MDGs. These include efforts to reduce the maternal mortality rate, halt

and reverse increases in HIV infection rates, curb the emission of greenhouse gases, increase forest cover, and improve access to safe drinking water and basic sanitation. Wide ranging disparities between and within regions also continue to persist. For example, poverty levels are, on average, around 6.1 percent higher in rural areas compared to urban areas. Likewise, while the poverty rate for provinces such as DKI Jakarta was 3.70 percent, the rate for Papua was over 30 percent (BPS 2012).

In order to expedite MDG achievement and to close performance gaps between and within regions, government efforts are now focused on the implementation of Subnational Action Plans for MDG Acceleration (RADs). The RADs were developed in 33 provinces in 2011 and subsequently legislated through Governor Decree in 31 of these provinces. The implementation of the action plans is being technically advised through provincial MDG teams, which have been formally established and legislated in 33 provinces. Progress reports on the first year of RAD implementation have been submitted to the National MDG Secretariat housed in the National Development and Planning Agency (Bappenas). The Secretariat is charged with the overall coordination of Indonesia's MDG acceleration efforts, and provides recommendations to the provincial MDG teams on necessary adjustments to the RADs.

Internationally, Indonesia has also bolstered its role as a global advocate for the MDGs. In his capacity as one of three co-chairs of the UN

High-level Panel on the Post-2015 Development Agenda, President Yudhoyono has stressed the continued relevance of fulfilling the MDGs and delivering on the global promise to eradicate extreme poverty by 2030.

In 2012, UNDP supported the Government's push to accelerate MDG achievement and poverty reduction through financial and technical assistance in the implementation and monitoring of the RADs as well as the utilization of innovative tools like the MDG Acceleration Framework (MAF), Pro-Poor Planning, Budgeting and Monitoring (P3BM) and Provincial Human Development Reports (PHDRs).

Subnational Action Plans for MDG Acceleration (RADs)

As part of its support to RAD implementation, UNDP financed advisors and staff worked with the National MDG Secretariat to develop a monitoring, reporting and evaluation framework for MDGs acceleration. MDG progress will eventually be tracked online through an information technology system managed by Bappenas, with information uploaded by the provincial MDG teams.

MDG Acceleration Framework (MAF) Action Plan

In the populous province of Central Java, where progress in reducing maternal mortality

appears to have stalled despite general improvements in health service provision, UNDP - in collaboration with other UN agencies - supported the preparation of an MAF Action Plan for reducing maternal mortality. This effort is part of a global undertaking by the UN Development Group (UNDG) and UNDP across 37 countries to help governments tackle bottlenecks, break down sector silos and facilitate cooperation between key stakeholders to accelerate the achievement of lagging MDG targets. The Central Java MAF Action Plan, agreed by the provincial government and key partners, rallies efforts around the investments and policies needed to accelerate progress on maternal health. The national government has indicated its intent to potentially replicate the MAF approach in other provinces where an acceleration of progress is needed on maternal mortality, HIV/AIDS and access to safe drinking water and sanitation.

Pro-Poor Planning, Budgeting and Monitoring (P3BM)

In Papua and West Papua, UNDP - with financial backing from the Netherlands and New Zealand - supported the provincial governments and four district governments to utilize P3BM methodology as the basis for developing provincial mid-term development plans (RPJMDs) and RADs. In other provinces where P3BM – a tool

developed with UNDP support in 2006 – has been used for government planning and budgeting for poverty reduction, budget allocations for service provision to the poor grew on average between 17-20 percent. In tandem with this, UNDP also supported local governments to work with NGOs and faith-based organizations to provide health and education services to over 12,000 Papuans living in remote areas.

Provincial Human Development Reports (PHDRs)

In Papua, West Papua, Nusa Tenggara Timur and Bangka Belitung, UNDP has also drawn on its networks of knowledge and expertise to assist the provincial governments to develop human development based policies, plans and budgets, based on the results of provincial human development reports (PHDRs). So far, two of the provincial governments have integrated the recommendations from the PHDRs into RPJMDs. The RPJMDs will inform the five-year budgets of the provinces.

All these initiatives are part of broader efforts to strengthen evidence-based government policy making, planning and budgeting to maintain and further accelerate momentum towards the MDGs and poverty reduction reforms. Around 28.59 million poor and near-poor people are expected to benefit from these efforts.



SUCCESS STORY

Building indigenous Papuan entrepreneurship skills

Yuliana Pigai travels each day with her husband to the Jayapura traditional market to earn a daily wage to keep her family afloat. Her inventory is vast, but she admits she has no idea how much money she earns.

“For more than 12 years running the business, I have never had any bookkeeping. I never knew how much money I earn or spend, or who lends money from me. I have never even had any savings,” she said.

That turned around when she participated in a workshop supported by UNDP’s People Centred Development Programme (PCDP) in conjunction with the ILO. The GET Ahead (Gender and Entrepreneurship Together) training was developed by the ILO and it promotes the economic and social empowerment of women alongside men in enterprises. This training package is part of PCDP efforts to enhance local economic development in Papua and West Papua provinces through establishing sustainable livelihoods that support indigenous Papuans.

The training offered participants basic business skills like bookkeeping. This small investment has had large benefits for women like Mama Yuliana, as she is known in the market.

“After receiving the training, I now understand why the income I earn during the day always ran out at night; because I don’t know how to manage my income, how much money I get and how much money I spend,” she said.

Participants were informed about micro-credit opportunities and how to save their small business income by experts in the financial sector. Bank Papua and BRI facilitators not only shared vital information, but also established links between the sector and small business owners, many of whom had never applied for credit.



“If we don’t manage money wisely then we might not be able to build let alone expand it,” said Mama Yuliana.

Mama Yuliana hasn’t let her lack of formal education hold her back. The Paniai native heads the Mama-Mama Papua trader association, a coalition of sellers, mostly women, who trade their wares in the market each day. Women play a pivotal role in household finances, but as is the case in the Jayapura market, they also have a significant role in balancing the workload with their husbands.

In addition to the financial management material, the training also teaches about gender equality. According to Mama Yuliana, the division of work between husbands and wives in a family business is really important to keep things running smoothly. Prior to the training, Mama Yuliana and her husband ran their side of the business separately; they never recorded their income or expenditure. Now, Mama Yuliana says they are a team and it’s working better than before.

In the future, PCDP will help the traders association, “Mama-Mama Papua” Cooperative (Koperasi Mama-Mama Pedagang Asli Papua, KOMMPAP) to enable them to establish a Business Development Service Provider (BDSP) and further participate in the centre for local business development that will be enacted in five districts across Papua and West Papua.



BY THE NUMBERS

IDR 99.3 trillion

The total budget allocated by the national government for poverty reduction programs in 2012.

7.55 percent

The national poverty rate that Indonesia aims to achieve by 2015.

32

Deaths of infants out of 1,000 live births in 2012. This is a significant decline from 68 deaths per 1,000 live births in 1991.

DEMOCRATIC GOVERNANCE



STRENGTHENING DEMOCRATIC GOVERNANCE SYSTEMS TO MAKE THEM MORE INCLUSIVE AND EFFECTIVE SO THAT THEY SUPPORT EFFORTS TO REDUCE POVERTY, INEQUALITY AND EXCLUSION

The 2014 parliamentary and presidential elections will mark another milestone in Indonesia's successful journey to democracy. Since the beginning of democratic reforms in 1998, the country has held three national elections widely considered as participatory and transparent. Power has devolved to the subnational level, providing the Indonesian people with the tools to hold regional governments directly accountable for their performance. In 2012, the people did so through 75 successfully contested direct regional elections.

The government recognizes, however, that strong performance at the ballot box and the decentralization of government functions does

not in itself bring about automatic development gains. For Indonesians to reap the benefits of development progress, an efficient and capable bureaucracy is needed. Such a bureaucracy must deliver high-quality services like education and healthcare and enforce predictable rules and procedures to bolster the country's economic competitiveness and curb corruption. With this in mind, the government prioritized bureaucracy reform within its current Mid-Term Development Plan (2010-2014) and developed a Grand Design for National Bureaucracy Reform, enforced through a Presidential Decree.

Despite Indonesia's achievements, large disparities remain between regions and urban-rural areas in terms of levels of democratic development, access to services, and the capacity of service providers. Democracy is most advanced in the Indonesian capital of Jakarta. Out of a possible score of 100, Jakarta scored more than 77 on the Indonesian Democracy Index (IDI). This score is attributable to broader access to civil rights by the electorate, and the strong institutional capacity of service providers. In comparison, South-east Sulawesi scored below 55, largely because of limited access to political rights by the electorate.

Deepening Subnational Democracy

In 2012, UNDP, with financial assistance from Australia, continued to support the Government in the preparation of the IDI, which maps

subnational progress towards strengthening civil liberties, political rights and the institutions of democracy. The intention is for annual IDI reports to drive the democratization process by providing critical data and analysis to inform government policies, plans and budgets. Bappenas has spearheaded the development of a government action programme in response to IDI results. In 2013, this programme was reflected in the annual work plans and budgets of key ministries and agencies including the Ministry of Home Affairs, Ministry of Law and Human Rights, and the General Elections Commission. Provincial governments including Aceh, Banten and West Kalimantan have also used the IDI to inform resource allocations in their annual work plans.

Strengthening Subnational Service Delivery

UNDP works with national and subnational governments to improve the capacity of institutions to deliver quality services like health, education, legal aid and informal or customary (adat) justice. UNDP currently targets nine provinces: Papua, West Papua, Aceh, Central Kalimantan, Central Sulawesi, North Maluku, Maluku, Gorontalo and Bangka Belitung.

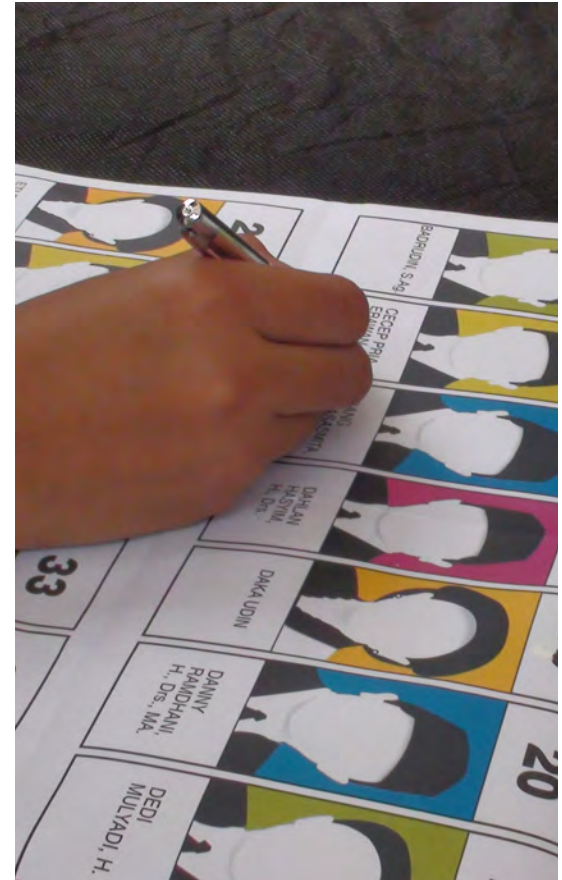
In provinces like Papua and West Papua many remote areas remain without access to basic health and education services. Primary schooling is a case in point – around 14 percent of primary school-age children in Papua, and 12 percent in

West Papua, do not attend school. The majority of these children live in remote areas. UNDP, with financial support from the Netherlands and New Zealand, works closely with the Papua and West Papua governments to develop and implement a model of minimum health and education service standards to be applied to civil society organizations (CSO) working in remote areas. It is expected that in the long term, CSOs will continue to function as providers of essential services to remote areas where the reach of government is limited. It is therefore essential to ensure that appropriate standards and monitoring mechanisms are in place.

Indonesians from rural areas also generally have more limited access to quality formal justice providers. For this reason, by-laws needed to operationalize Law No.15/2011 on Legal Aid were drafted with UNDP support. These by-laws were enacted in early-mid 2013. As a result, free legal aid, of around US\$4 million, is being rolled out. In 2014, this figure is projected to reach US\$5.5 million. In total, 17,000-18,000 poor and mostly

rural justice seekers are expected to benefit from these services over the next two years.

Currently, more than 75 percent of all legal disputes in Indonesia are channeled through customary (adat) justice providers. For the poor, the adat justice system is the first and often last point of recourse in dispute settlement. To strengthen the adat justice system in Aceh, UNDP has supported the Aceh Customary Council since 2007. Results from a beneficiary satisfaction survey undertaken in 2012 show that around 91 percent of poor justice seekers are satisfied with adat justice processes and outcomes in Aceh. The results of the survey indicate the adat justice system has improved in Aceh over the past five years, with improvements particularly marked in UNDP intervention areas. These results have led to district governments increasingly providing funding for adat justice mechanisms from their budgets. In 2010, only two out of 23 districts/cities (8.7 percent) allocated funds for informal justice service provision. In 2012, this increased to 13 districts/cities (56.3 percent).



SUCCESS STORY

A personal mission in the heart of Gorontalo

Having lost one of her children to pneumonia, Rama Tobuhu is on a personal mission to improve health standards of her community in Indonesia's eastern province of Gorontalo.

"I just want to help out my fellow villagers," said the 47-year-old health worker as she rushed to attend a workshop for the Alert Village programme, organized by UNDP and the provincial health office.

"Most of the (health) problems here are related to maternal and child health issues such as nutritional problems, malaria, and environmental hygiene," Tobuhu said.

"We have been inspecting all households from sunrise to sunset for four days now. We are so excited sometimes we forgot we have not had lunch."

Tobuhu has been working as a health cadre for 12 years and she is one of the citizens in her village who have benefited from a provincial bureaucracy empowerment project supported by UNDP through the Provincial Governance Strengthening Programme (PGSP).

Funded by the Australian Agency for International Development (AusAid), PGSP aims to strengthen the roles and functions of the provincial government through policy development, regional development planning, and the provision of a better public service. The program has identified the delivery of quality health services, particularly in the district level, as one of its key targets.

PGSP project manager, Mellyana Frederika said the Alert Village scheme has been an instrumental vehicle in meeting the target of rolling out minimum standards for health care in Gorontalo, one the project's three pilot provinces (other pilot provinces are Bangka Belitung and Nusa Tenggara Timur).

In the eastern island of Sulawesi, Gorontalo was selected as one of the project's pilot province in 2007 because it scored low on Human Development Index. The province has since improved its rankings on most of its key HDI indicators.

In line with the target of improving public services, Gorontalo has also become the first province in Indonesia to have a bureaucracy road map, with the support of UNDP. Launched in 2012, the road map of bureaucracy reform contains detailed plans to improve the quality of public service in



the province, which is considered a key to building an effective democratic governance system that offers sustaining solutions to poverty and inequality.

Since the end of 2012, a situation analysis and strategic planning model has been made available as a reference to speed up minimum standard service achievements, both at province and district/city levels. With the help of UNDP, local officials have developed a map of healthy villages as part of the Alert Village project in Pohuwato district. The map gives information on health conditions in every household in the village.

"That can contribute greatly to the district government in their planning related to minimum standard services in health sector," added Frederika.

The use of the Village Health Map will be closely monitored by the Pohuwato District Health Office, and if successful, will be adopted as district policy approach in health – thus endorsed by a Regency Bill.

"It will serve as an entry point for provincial incentive mechanisms in health sector, since it is designed to be up-scaled to provincial level through Governor's Decree in order to enable allocation of provincial budget to support such approach in other district and cities," Frederika said.

As for Tobuhu, despite her unfamiliarity with the Minimum Service Standards, she is content with the current improvement in health care available in her village.

"Today, health care is easily accessible at Puskesmas (Community Health Center) for free, and the service is quite efficient," she said.



BY THE NUMBERS

75

Is the total number of successful direct local elections held in Indonesia in 2012.

77.7

Is the mark scored by the capital city of Jakarta in the 2012 Indonesian Democracy Index, putting it in top position of the index. The index measures democratic progress in all of the country's provinces on a scale 1-100 with 100 being the highest possible mark.

75 percent

of all legal disputes in Indonesia are channeled through customary (adat) justice providers. For the poor, the adat justice system is the first and often last point of recourse in dispute settlement.

TRANSFORMING ACEH AND NIAS ISLANDS



Nearly eight years after the devastating earthquakes and a tsunami, a sense of normalcy has returned to Aceh and Nias Islands.

Under the leadership of the government-owned Agency for the Rehabilitation and Reconstruction of Aceh and Nias (BRR), Aceh and Nias Islands succeeded in building back better. The tsunami in Aceh also brought an opportunity to restore peace in the resource-rich province. Following the 2005 Helsinki peace agreement, Aceh successfully held two direct elections and entered into a period of relative calm and political stability.

The reconstruction and rehabilitation phase received strong backing from the international community, including UNDP, which supported the technical and operational capacity of the BRR since its inception. UNDP's support to Aceh and Nias Islands continued beyond 2009 when BRR ended its mandate. After 2009, emphasis was put on strengthening the provincial government's capacity to ensure that it can efficiently assume the responsibilities, functions, resources and assets it had inherited from BRR.

BUILDING RESILIENT COMMUNITIES

Working with local authorities, UNDP helped the communities in Aceh and Nias Islands to become more resilient. UNDP has laid the groundwork

for integrating disaster risk reduction (DRR) into development plans. The objective of disaster risk reduction was the overarching objective in a number of critical initiatives including the construction of tsunami escape buildings and the creation of the tsunami early warning system; the establishment of the provincial and district disaster agencies; and the province-wide increase in public knowledge to mitigate vulnerabilities in disaster-prone areas – all of which were supported by UNDP with funds from the Multi Donor Fund for Aceh and Nias (MDF).

Poverty alleviation was at the heart of UNDP's livelihoods projects in Aceh and Nias Islands. In the emergency phase, cash-for-work systems provided much needed income to the survivors. Later in the recovery phase, sustainable business opportunities were borne out of UNDP's efforts to leave lasting economic foundations in place. Agricultural livelihoods comprise over half of the economic foundation of the province and as such, investments were made into local commodities like coffee, rice, fruit and cocoa among others. These investments contributed to increasing the competitiveness of local commodities in the global marketplace benefitting tens of thousands of farmers and their families.

The preservation of Aceh and Nias Island's delicate and vibrant ecosystem was a top priority in all UNDP activities. By 2012, UNDP had helped build a landmark regional landfill serving Aceh

Besar and Banda Aceh, supported the recycling sector resulting in thousands of tonnes of materials being diverted from local landfills and providing livelihoods to small businesses turning waste materials into recycled commercial products. UNDP also provided policy advice to the formulation of the provincial government's Aceh Green strategy aimed at accelerating development progress and investments while avoiding the over-exploitation of natural resources. UNDP projects also facilitated the planting of thousands of trees.

BUREAUCRACY REFORM SUPPORT

UNDP played a role in helping Aceh's newly formed government take shape. With UNDP support the government developed a roadmap and capacity assessment for the reform of the provincial administration. Training was provided to the human resource agency in Aceh to develop and promote a merit, equal opportunity based system for appointments to the provincial civil service.

UNDP's support to strengthening democratic governance in Aceh furthermore encompassed the provision of technical assistance to provincial elections. Since the tsunami, the people of Aceh successfully held two relatively peaceful direct elections to appoint the province's governor and local leaders. UNDP with financial backing

from AusAID supported the most recent election in 2012. This included in particular technical advisory services to the drafting and support to the distribution of vote counting-manuals for polls officers.

LEARNING FROM ACEH AND NIAS ISLANDS

The experience gained in the recovery process for Aceh and Nias Islands provided valuable lessons for subsequent disasters in Indonesia, such as the Padang earthquake in 2009, and in the region such as the floods in Pakistan in 2010 and the devastating typhoons in the

Philippines in 2012 and 2013. The innovative and highly effective solutions developed for debris clearance and solid waste management in the wake of Aceh's tsunami disaster have inspired other regions around the world faced with destructive disasters. Expertise from Aceh has been called upon for example to advise early recovery efforts in disaster zones such as Haiti and Pakistan.

Early recovery mechanisms that took shape in Aceh and Nias Islands are shared around the world. Indonesia - being a nation vulnerable to some of the world's largest and most frequent natural hazards - is a leader in disaster risk reduction and is contributing to global learning

by making its experience available through South-South exchanges.

There are still significant opportunities to support Aceh and Nias Islands as Indonesia navigates middle-income status. To help address development challenges and to sustain the gains made in the years since the 2004 tsunami, UNDP is committed to pursue longer-term initiatives in the province in the areas of democratic governance and bureaucracy reform. UNDP will continue to work with the Indonesian government to help local governments in Nias Islands and Aceh deliver better services and strengthen democratic processes.



UNDP's contributions to the recovery and rehabilitation of Aceh and Nias Islands

- Construction of four permanent landfills, serving over half a million residents in Banda Aceh, Aceh Besar, Pidie, Bireuen, and Gunung Sitoli
- Over 1 million cubic metres of tsunami debris cleared
- Over 50,000 people received immediate income and a further 70,000 people received longer-term sustainable livelihoods opportunities
- Reconstruction of Ulee Lhee port in Banda Aceh
- Over 3,500 houses built benefiting 100,000 residents
- 50,000 footballs and 5,000 other sports equipment donated and 89 sports facilities built
- 270,000 trees planted
- Adoption of 19 new laws, regulations and executive orders, supported through policy papers and advice

CRISIS PREVENTION AND RECOVERY



BUILDING RESILIENCE: STRENGTHENING THE CAPACITY OF THE COUNTRY TO HELP IT PREVENT AND RECOVER FASTER FROM DISASTERS AND CONFLICTS

The Government of Indonesia is committed to strengthening its disaster management systems. The hazard-prone nation has faced some of the world's most dangerous and damaging disasters to date. Since the unprecedented earthquake and tsunami in 2004, Indonesia has created institutions and put in place systems to reduce disaster risk exposure, and improve preparedness and response mechanisms. At the national and subnational levels, the government is moving from a reactive to a proactive approach, and is beginning to implement disaster risk reduction principles throughout its developmental planning processes.

UNDP is supporting the government to build disaster resilience through putting in place well-funded programmes, tools, and mechanisms at the national and provincial levels. With UNDP assistance, a standardized risk assessment methodology was introduced, allowing the National Disaster Management Agency (BNPB) to produce risk maps for 33 provinces. With these maps, local governments are taking disaster

concerns into account in their development planning and budgeting. In 2012, the Government of West Sumatra, aware of the risk of potential future tsunamis, partnered with UNDP to develop a contingency plan and an early warning system. With this in place, the provincial government is better prepared to respond and reduce adverse economic, material and human losses that may be caused by a future tsunami.

To help build community resilience to disasters, UNDP supported BNPB to produce a guideline on disaster resilient villages in 2012. Its purpose is to provide guidance to different levels of government and non-government actors on how to reduce disaster risks at the community level and to prescribe a model for disaster resilient villages. Experience from implementing community-based disaster risk reduction in 34 villages across Indonesia, informed the formulation of the BNPB-endorsed guideline. In the future, the government is expected to pursue similar efforts of linking policies to practice through a more synergized approach to disaster risk reduction and climate change adaptation in its development programmes.

UNDP has lent its global expertise in post-disaster recovery to the Indonesian Government, helping it to embrace "build back better" principles. UNDP is helping the government develop a structured and informed policy for recovery, most notably through Rehabilitation and Reconstruction Guidelines (RRG). These guidelines will help the government to better handle the various stages of the disaster recovery process from disaster

assessment and planning to implementation, and monitoring and evaluation. In 2011, the Indonesia Post-disaster Needs Assessment (I-PDNA) – a derivative of the RRG – was formally launched. This tool, which has since been put into practice, guides post-disaster recovery strategies by assessing damage and losses, as well as human recovery needs.

In 2012, UNDP further supported the government to develop guidelines on rehabilitation and reconstruction planning and monitoring and evaluation. Empirical practice and lessons from numerous disaster events fed into the formulation of the guidelines. In the provinces of Yogyakarta and Central Java, UNDP collaborated with the government to introduce a novel approach to monitoring rehabilitation and reconstruction. Through repeated surveys of

UNDP Indonesia's Crisis Response Team

When a disaster strikes, UNDP Indonesia is ready to respond quickly and effectively.

The country office is among the first in the world to have an established team of first responders, experts in their fields, who know the drill.

This core team comprising mostly national staff, provides immediate early recovery support to the government when called up in conflict or disaster situations.

Since its inception following the 2004 Indian Ocean tsunami, the team has repeatedly proven its efficiency and effectiveness.

Today, UNDP Indonesia has been called upon to guide other country offices to establish their own response teams, bringing the UNDP global community together through shared experiences.

the same households over a period of time, the longer-term effects of rehabilitation and reconstruction efforts on communities are being captured. The application of this method in the context of recovery is the first of its kind globally. Indonesia's good practice has attracted the interest of a number of countries seeking to learn and adapt experiences in developing and applying comprehensive rehabilitation and reconstruction guidelines.

To further strengthen the effectiveness of the guidelines, UNDP assisted BNPB in developing training modules to be disseminated to provincial counterparts. These training courses are vital in supporting local governments to take ownership of tried-and-tested tools and further enhance their ability to use the tools confidently and effectively.

UNDP also works to minimize the effects of conflicts that often hinder progress toward development goals. In recent years, there have been numerous incidents stemming from religious and social issues in Indonesia. UNDP has contributed to strengthening social cohesion by helping the government produce conflict-sensitive regulations and by introducing planning processes that promote social cohesion and peace. In 2012, a national law on Social Conflict Management was enacted. The law prioritizes a social welfare approach over a security one. UNDP is supporting the government to operationalize the law through the formulation of ancillary regulations. A Conflict Prevention Framework (CPF) is being developed to guide state and non-state actors on principles and practical means for conflict prevention. The framework highlights

the need for action, management, and resolution to be prioritized, while establishing clear roles and responsibilities for all actors.

Conflict and disasters have the potential to stop and even reverse development in its tracks. Through the adoption of crisis prevention and recovery measures into development

policies and planning mechanisms, as well as by strengthening institutional and societal capacities to cope, Indonesia has laid the foundation for a more resilient nation. This will help safeguard MDG achievements and reinforce the importance of coping with adverse impacts of disasters and conflicts in the new post-2015 development framework.



Women move front and centre in peace building



According to the Engagement for Peace, Access, Community, Equality Network (N-PEACE Network), "women remain peripheral to peace-making processes." To combat this negative trend UNDP Indonesia has linked with the UNDP Regional Office in Bangkok, from where N-PEACE is coordinated, to strengthen the role women play in project initiatives.

The partnership between UNDP Indonesia and N-PEACE has created the necessary networks of key actors and provided a safe space for the meaningful contribution

of women in peace building in Indonesia. Most notably, it has allowed the emergence of women leaders in peace processes.

One particular role model emerged from the 30-year conflict that raged throughout Aceh. Suraiya Kamaruzzaman navigated this dangerous state of affairs to champion the rights of Acehese women in a setting of extreme sociocultural alienation. She was honored this year for her outstanding work in peace building by the N-PEACE Network and UNDP Indonesia.

SUCCESS STORY

An unlikely source of peace from the deep waters of Indonesia

Against an idyllic backdrop of crystal clear waters, a group of fishermen gather on a recent morning to collect seaweed in Halmahera Island, once the scene of severe sectarian violence. To an outsider, seaweed may seem to be only a likely source of income for fishermen but within this remote community - where fishing used to be the way of life - seaweed cultivation provides a strategy to stamp out conflict. The fishermen in Halmahera Island's Kao Bay are amongst thousands of people in eastern Indonesia who have benefited from a peace and conflict prevention project supported by the Government of Indonesia and UNDP.

Launched in 2006, the project, which is funded by the Governments of the Netherlands, the United Kingdom, New Zealand, and the Swedish International Development Agency (Sida), provides technical assistance and grants to support activities that build social cohesion and promote pluralism for safe and stable communities. The programme also aims at strengthening the capacities of governments across all levels to better prevent and manage conflicts.

At the national level, the programme has supported the preparation of a law on social conflict management, passed in 2012. Indonesia is the first and only country in the world which has passed the law on social conflict management. The law empowers subnational governments and institutions to address local conflicts drawing on international standards and best practices in conflict prevention and management.

Indonesia has seen a noticeable decline in violent communal clashes in recent years, though localized social conflicts between various ethnic and religious groups remain a challenge in this diverse South-East Asian nation. If these conflicts are not dealt with they carry the risk of impeding and potentially reversing developmental progress. Over 4,000 violent incidents took place throughout the archipelago between 2008 and 2010. Despite the recent spike of isolated violence in Poso, Central Sulawesi, situation in the provinces of North and The Moluccas have been largely peaceful since the signing of a peace deal in 2002 and other actions taken by the government and stakeholders.

UNDP has been supporting the government in these efforts. In addition to the development of national policy frameworks to address these challenges, the UNDP project has worked with dozens of communities in some of the most conflict prone areas in targeted provinces. The project has supported a range of social programmes aimed at giving communities greater voice in their development as well as at building



bridges between communities or groups of people. This includes the work being done with the fisher folks of Kao Bay in North Moluccas province.

Several years ago, Kao Bay community lost their income from fishing following the establishment of a gold mine in the Bay. Although there is no scientific research to prove the causality between the disappearance of fish from the Bay and the mine, the fishermen virtually lost their entire livelihoods due to rapidly depleting fish stocks within a year of the mine setting up operations in the Bay.

From 1999 to 2002, the provinces of North Moluccas and The Moluccas were hit by a series of sectarian violence, which killed nearly 2,000 people. The conflicts – fuelled by political and religious factors – are widely viewed as one of Indonesia's worst communal violence in decades. The fishing community in Kao Bay is politically divided into two camps and the loss of the common source of income posed the risk of rekindling the violence in the province.

Not only did the seaweed cultivation bring the divided communities together, it also generated extra cash for the fishermen. Since the first harvest in 2008, the communities were able to produce on average more than 50 tons of wet seaweed per season.

"All of our seaweed products were bought by the (local) Mayor. He bought up all the products such as seaweed patties, jelly drinks, meatballs.... Our products were sold out!" said one fisherman.

Looking ahead, UNDP plans to continue supporting the operationalization of Indonesia's recently enacted policy and institutional frameworks for conflict management to ensure that the prevention of conflict becomes everyone's business.



BY THE NUMBERS

2nd

Indonesia is ranked second in the world in terms of its vulnerability to natural disasters, according to Mapplecroft's Disaster Risk Index. The study was commissioned by the UN.

60.9 million

People in Indonesia are exposed to flood hazards, according to the 2012 study by the National Disaster Management Authority (BNPB).

18

Is the total number of countries with National Disaster Management Authorities in the region, including Indonesia.

ENVIRONMENT AND SUSTAINABLE ENERGY



Being home to the third largest area of tropical rain forest in the world and as one of the top emitters of green-house gases (GHG), Indonesia is an important country in the global fight against climate change. In 2013, the government extended the moratorium on forest use concessions by another two years as part of a national programme for the Reduction of Emissions from Deforestation and Forest Degradation (REDD+). With the vast majority of Indonesia's GHG emissions originating from the destruction and degradation of its forests and peatlands, REDD+ constitutes a central building block in implementing President Yudhoyono's commitment to reduce Indonesia's GHG emissions by between 26 to 41 percent by 2020 depending on the level of international support.

In line with the growing realisation that lasting improvements in overall human well-being and global social equality and equity will only be possible if countries significantly reduce environmental risks and ecological footprints, Indonesia is pursuing national policies that encompass pro-growth, pro-jobs, pro-poor and pro-environment elements. As part of this agenda, the government also promotes measures to facilitate the move towards more sustainable production and consumption patterns that are needed to shift to a green economy. As co-chair

of the UN High-level Panel on the Post-2015 Development Agenda, President Yudhoyono has also ensured that the concept of sustainable growth with equity constitutes one of the key panel recommendations for the world's future development agenda.

ACTION ON REDD+ AND FOREST GOVERNANCE

In 2012, UNDP supported the Presidential REDD+ Task Force in the implementation of the first phase of the REDD+ Partnership between Indonesia and Norway. Further to the establishment of the National REDD+ Strategy by Ministerial decree, the blueprints for key institutions that will form the governance structure for REDD+ in Indonesia were completed and are currently awaiting political approval. These include the designs for the REDD+ Agency and a Monitoring, Reporting and Verification (MRV) entity as well as a Fund for REDD+ in Indonesia (FREDDI) with the latter having benefitted from technical advice provided by trust fund experts of the World Bank. The preparation of these institutional roadmaps was based on extensive consultations led by the Task Force with a broad array of national stakeholders. The Task Force also facilitated the formulation of REDD+ strategies and action plans (STRADAS) in 11 provinces. With technical advice from UNDP and UNOPS, the Task Force initiated the large scale procurement of satellite imagery technology to significantly improve the capacity of Indonesia's national space agency (LAPAN) to provide critical REDD+ monitoring data. To

support the enforcement of the moratorium on forest concessions, the Task Force launched the One Map Initiative for line ministries to collaboratively produce a unified moratorium map, which is updated every six months based on collective inputs. The initiative will improve the government's capacity to effectively and transparently monitor deforestation across Indonesia.

UNDP (with support from the UN's global REDD programme) and the Government of Indonesia also developed the Participatory Governance Assessment for REDD+ (PGA). The tool provides a diagnosis on the state of forest, land and REDD+ governance in all the forested provinces, and analyses the drivers of deforestation. It includes an overall forest governance index that allows the government and stakeholders to measure the quality of forest governance and monitor progress.

ACTION ON CLIMATE CHANGE

Following the president's pledge to reduce the nation's GHG emissions, the Government launched the National Action Plan for Reducing Greenhouse Gas Emissions (RAN-GRK) in 2011 to guide climate change mitigation initiatives in Indonesia. The Indonesia Climate Change Trust Fund (ICCTF) serves as a mechanism to coordinate and manage grant funding for the RAN-GRK and is currently administered by UNDP as the interim trust fund manager with financial

support from Australia, the United Kingdom and Sweden. UNDP is assisting ICCTF to transition towards a fully nationally-managed trust fund by 2014. This includes putting it in a position to mobilise and administer international sources of funding. With this in mind, an institutional capacity strengthening plan was prepared in 2012 and advisory support was provided to help strengthen the organisation. Pilot projects funded by ICCTF have produced good results, including an updated peatland map of the country and successful up-scaling of a Central Kalimantan project, which has moved from piloting sustainable peatland agricultural management on five hectares of land to 100 hectares of local community land with REDD+ funding.

Increasing access to affordable and clean energy is an important element in any country's climate change agenda. To create an environment for wide-scale investments in renewable energies, UNDP, with funding from Global Environment Facility (GEF), provided support to the development of a feed-in tariff model for wind power plants by making tariff simulation and connecting wind power developers with relevant government counterparts. With funding support from the Korean Energy Management Corporation (KEMCO) and Norwegian Geotechnical Institute respectively, UNDP also supported the government's programme to increase electrification and provide cleaner cooking facilities through a number of integrated biogas and biochar projects at the community level in NTT, Central Sulawesi and East Java. The experiences from these pilot projects will

help to inform changes to national policies and programmes. UNDP also supported the development of regulations on energy standards and labeling for home appliances and the application of cogeneration technology.

PROMOTING SUSTAINABLE PALM OIL

Balancing economic, social and environmental gains also requires rethinking the ways in which goods and services are produced and consumed in society. As the world's largest producer and exporter of palm oil (23 million tonnes in 2012), Indonesia's oil palm sector constitutes a major employer and income earner but also contributes to conversion of the country's rain forests. In 2012, UNDP supported the Ministry of Agriculture to bring together diverse sector stakeholders to launch the Sustainable Palm Oil (SPO) platform. This is a national platform for dialogue where stakeholders can share information and address policy issues. The government also introduced the Indonesia Sustainable Palm Oil (ISPO) certification system, which is mandatory for all palm oil producers. UNDP in partnership with IKEA, Mondelez and Johnson & Johnson supports coordination between ISPO and RSPO (Roundtable on Sustainable Palm Oil), and aims to improve environmental practices in this sector with a focus on policy change and smallholders.



PROTECTING BIODIVERSITY

Loss of biodiversity due to habitat destruction is one of Indonesia's main environmental challenges. In 2012, UNDP supported the Ministry of Marine Affairs and Fisheries to develop the National Action Programme and Regional Strategic Action Programme to reduce over exploitation of marine resources, habitat degradation, biodiversity loss and pollution in the Arafura and Timor Seas. With support from the GEF, UNDP and the Ministry of Forestry also initiated a programme to improve

management effectiveness of the Sulawesi's Protected Areas to protect global significant species and habitats for five years.

UNDP also supported six provincial and district governments to develop integrated management plans for watersheds and engaged communities to restore forest and watershed functions. More than 5,000 households involved in processing and marketing of non-timber forest products benefitted economically. There has also been an increase in access to clean water particularly for communities that live in remote areas.

SUCCESS STORY

Alternative energy tackles poverty and environmental degradation one briquette at a time

Sounds of gospel songs drifted out of a village hall in Oebau, East Nusa Tenggara as a group of women worked together to tackle climate change in their own way.

Firderika Tanone sang along as she mixed charcoal powder with maize and pressed it into a briquette, which she and her neighbours will use as fuel for cooking.

"Next, we will have to dry these briquettes under the sun," said the mother of an eight-month old baby.

This will not take more than a couple of hours. East Nusa Tenggara, is one of the driest and most remote regions of Indonesia where temperatures soar to 39 degrees Celsius. This is not how it used to be when Tanone was younger. The changing climate has had a dramatic effect on this community in recent years due to the prolonged drought season.

Tanone is one of the women who have benefited from UNDP's Biochar project, which has introduced new sustainable energy alternatives at the community level. Farmers in East Nusa Tenggara and Central Sulawesi provinces have learned how to make and use bio-fuel to boost crop yield and provide clean cooking facilities with efficient briquettes.

The pilot project has taught 100 women to produce bio-charcoal and ultimately, the project aims at empowering thousands of women to develop bio-charcoal home industries and generate extra income. This will profoundly impact the take-home income of some of the poorest communities.

"Putting the bio-charcoal into the soil has proven to increase crop production in the village," said Verania Andria, UNDP programme manager for Sustainable Energy. "We're hoping that by increasing the crop production, farmers will no longer resort to slash and burn practices to open up new planting areas. Biochar can contribute to mitigate climate change."

Since its inception in 2011, the biochar project has become one of UNDP Indonesia's signature projects. UNDP offered technical support to help begin reversing environmental degradation, while providing alternative sources of energy that benefit the poor by creating income opportunities and improving resilience to the effects of climate change.



Not far from the meeting hall, Otnial Nuban, the head of the village, led a mass planting ceremony involving dozens of local farmers clad in colorfully woven clothes. Under the intense heat, the 50-year old planted yellow corn seeds along with a handful of bio-charcoal produced by villagers.

"The production of our corn crop has more than doubled this year (2012). We have seen the results and we're happy," Nuban said.

The farmers have been making bio-charcoal by burning wasted tree branches in an underground oven, a simple process that has little emissions. UNDP has since supplied farmers with a bio-char kiln – a sealed metallic oven – which allows farmers to make bio-charcoal in a more environmentally friendly way. Farmers are hoping that this year their three wishes will be granted: to increase crop yield even more, harvest at least twice a year and produce enough bio-charcoal briquettes to be later sold on the local markets.

"Looking ahead, we are aiming to develop home-based industry involving mostly women in the village," Andria said. "This could be a great example of how biochar can support mitigation action as well as adaptation efforts of the poor to anticipate changing climate by creating new income opportunities and improve health status through cleaner cooking facility."

Like any other villagers in East Nusa Tenggara province, the local communities in Oebau still practice the centuries-old tradition of weaving. The women in the village anticipate that if the briquette home industry thrives, they would use the extra money to buy more threads and produce woven cloths in large numbers. This represents a double opportunity of new income in the near future.



BY THE NUMBERS

26 percent

Is the greenhouse gas emission reduction target that the Government of Indonesia has committed to by 2020, using its own resources.

90 million

People in Indonesia still do not have access to electricity. The majority of them live outside the main islands of Java and Bali.

3rd

Indonesia is home to the third largest tropical forest area in the world with around 52 percent of its land base covered with forest.

VOLUNTEERING IN THE UN FAMILY

How UNVs affect change in Indonesia



In Indonesia, the spirit of helping your neighbour is ingrained in the culture. People in every community come together to lend a hand in times of need whether it's to build a new house of worship or provide food for a family in need.

The UN Volunteers programme shares the Indonesian principle Gotong Royong (working together).

The UNV programme in Indonesia operates along three main planks

1. Mobilization of UNVs, to be placed in UN agencies and projects
2. Advocacy with government, local and international organizations to foster and develop volunteerism as a force for sustainable development
3. Integration of volunteerism (also known as community empowerment) into UN activities

There are currently 12 international and 10 national UNV volunteers working in the country.

PROJECT SNAPSHOT: UNDP PEOPLE CENTERED DEVELOPMENT PROJECT

Starting in 2009, UNV has contributed to UNDP's People Centered Development Project under the component of the University Volunteer Scheme (UVS). UVS works with the

Universitas Cenderwasih (UNCEN), the national university of Papua and Universitas Negeri Papua (UNIPA), the national university of West Papua, to develop their own student volunteer programmes. In 2012, both universities fielded eight Community Development Volunteers each to rural villages for six months to provide education, health and agricultural extension services to communities as well as improving community water and sanitation facilities.

Being a UNV has encouraged me to be a better person. Yes, there is of course the bonus of travelling the world and living in exotic cultures, but also it has forced me to be in touch with the problems our world faces in a deeper level, knowing that I'm part of the solution and I'm giving back something wonderful to the world has made me a happier person.

Azadeh Joharifard, UNV Indonesia



PRIVATE SECTOR PARTNERSHIPS



As an engine of growth and a source of employment creation, the private sector has a crucial role to play in lifting people out of poverty and helping Indonesia achieve the MDGs. Partnership with the private sector is also essential for the country to move towards cleaner and greener production processes that use less water and less energy and rely less on the depletion of natural resources.

Since 2011, UNDP Indonesia has been deepening its engagement with the private sector to foster partnerships to reduce poverty, improve environmental sustainability, and address other human development concerns. To date, UNDP has partnered with major private sector companies such as Panasonic, Kraft, Bank BNI, DHL, IKEA, and Bank

Danamon to name a few. Among other things, the partnerships with these companies have led to the development of viable sources of renewable energy, schools for disadvantaged children, emergency protocols for airports during disasters, and greater access to clean water.

UNDP AND THE PRIVATE SECTOR

UNDP welcomes partnerships with private sector entities with which we share common interests. We look forward to working with entities that are concerned about human development, and that are interested in adopting more sustainable and inclusive business practices that create opportunities for the poor and the disadvantaged in the society.

WHY UNDP?

UNDP has over 60 years of experience working in 177 countries to help them achieve their development objectives. This experience has generated a considerable wealth of knowledge, networks and expertise that can be valuable to state-owned and private sector companies seeking to invest in social, economic and environmental programmes.

UNDP also brings:

- Strong technical expertise and knowledge of social and economic development strategies;
- Integrated approaches to sustainable development;
- Credibility, convening power and global presence;
- Impartiality and ability to facilitate public - private platforms.

In Indonesia, the main areas of partnership opportunities between UNDP and the private sector include:

- Developing alternative sources of renewable energy;
- Developing regulations and promoting standardization of energy efficient technologies and appliances;

- Protection of forests and other natural resources, and phasing out substances that destroy the ozone layer;
- Improving community awareness and preparedness for disasters;
- Promoting cleaner and greener production and consumption processes;
- Investing in social and economic programmes that improve the livelihoods and living conditions of the poor.

OUR PARTNERS

Over the past few years UNDP has had a range of partnerships with private sector entities. Below are some examples of these partnerships and the type of results they produced:

- **Bank BNI:** The bank provided grants to support small-scale businesses in Lumajang, East Java. The small entrepreneurs invested the resources in technologies that enabled them to create fish feed from biogas waste. This is a green business model that is economically viable, and which reduces waste while providing sustainable energy.
- **Bank Danamon:** In 2012, the bank established the Danamon Award which recognizes individuals and organizations that make extraordinary contributions to community empowerment. Danamon has collaborated with the TEMPO

Group, an Indonesian media company, to bring the message of community empowerment to thousands of participants across Indonesia.

- **Panasonic:** The electronics company worked with UNDP and several other businesses to tackle global warming by reducing and phasing out substances that deplete the ozone layer - such as substances found in refrigerators and air conditioners. This public-private partnership programme, which falls under the Montreal Protocol (a global treaty to protect the ozone layer), has been expanded to include dozens of private sector companies.
- **DHL:** UNDP and DHL, a global logistics company, delivered a joint training on disaster preparedness at several Indonesian airports in Medan, Bali and Kupang. This training established standard operating procedures and taught airport staff what to do when disaster strikes.
- **IKEA, Johnson & Johnson and Kraft:** This group of multinational companies are working with UNDP to promote sustainable palm oil practices. The Sustainable Palm Oil (SPO) programme seeks to reduce the environmental impact from palm oil production while improving small holder productivity and promoting good business practices.

BENEFITS FOR THE CORPORATE PARTNERS

Potential benefits to corporations from partnering with UNDP in Indonesia include:

- Access to a vast pool of national and international experts;
- Enhanced corporate reputation and brand image from partnering with a well-respected international organization;
- Improved access to, and relationships with key stakeholders, including government and communities;
- Opportunity to expand markets by reaching out to new clients and market segments;
- Enhanced media outreach leveraging UNDP's own communications capabilities.

For more information on partnering with UNDP, please contact:

Ade Swargo Mulyo

Telephone : +62-21-3141308 ext 208

Email : ade.mulyo@undp.org

Rina Narasimhan

Telephone : +62-21-3141308 ext. 424

Email : rina.narasimhan@undp.org
registry.id@undp.org

FINANCIAL OVERVIEW

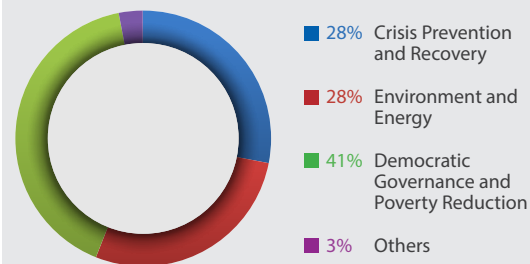
January 2012 - June 2013



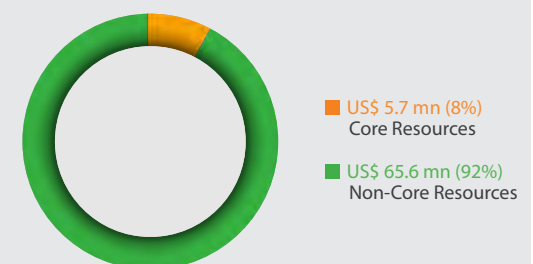
EXPENDITURE

Unit	Programme Area	Delivery (in US \$ million)	Delivery by Programme Area (%)
1	Crisis Prevention and Recovery	18.7	28
2	Environment and Energy	18.2	28
3	Democratic Governance and Poverty Reduction	26.7	41
4	Others	2.0	3
		65.6	100%

EXPENDITURE BY PROGRAMME AREA



EXPENDITURE BY SOURCE OF FUNDS (US\$ millions)



FUNDS RECEIVED

Core Funding

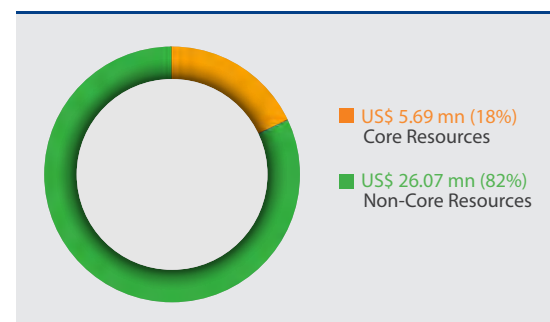
The core funding received by UNDP Indonesia from headquarters was US\$ 5.7 million.

Non-Core Funding

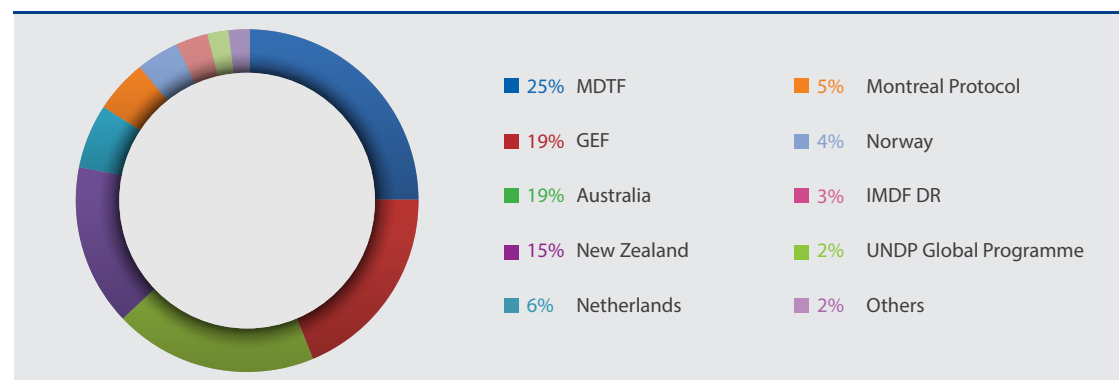
Funding received by UNDP Indonesia from development partners, including bilateral and multilateral funders and the private sectors, totaled US \$ 26.1 million. The top ten contributors to UNDP Indonesia include the following:

No.	Contributor	Contributions (in US \$)
1	Multi Donor Trust Fund	6,504,454
2	Global Environment Facility (GEF)	5,004,911
3	Government of Australia	4,885,638
4	Government of New Zealand/New Zealand Aid Programme	3,975,000
5	Government of the Netherlands	1,700,000
6	Montreal Protocol	1,248,322
7	Government of Norway	949,868
8	Indonesia Multi Donor Fund – Disaster Recovery (IMDF – DR)	663,678
9	UNDP Global Programme	588,250
10	Others	545,175
		26,065,296

CORE/NON-CORE CONTRIBUTIONS (US\$ millions)



TOP 10 NON-CORE CONTRIBUTORS (US\$ thousands)



ACRONYMS

ASEAN	Association of Southeast Asian Nations	IPPM	Institut Pengembangan dan Pemberdayaan Masyarakat (Institute of Community Development and Empowerment)
ASTE A	Arafura and Timor Seas Ecosystem Action	JICA	Japan International Cooperation Agency
AusAID	Australian Agency for International Development	KEMCO	Korea Energy Management Corporation
Bappeda	Badan Perencanaan dan Pembangunan Daerah (Regional Planning and Development Agency)	LEAD	Leadership Development Programme
Bappenas	Badan Perencanaan dan Pembangunan Nasional (National Planning and Development Agency)	MDGs	Millennium Development Goals
BPMK&KK	Badan Pemberdayaan Masyarakat Kampung dan Kesejahteraan Keluarga (Village Community Empowerment Family Welfare Agency)	MoH	Ministry of Health
BNPB	Badan Nasional Penanggulangan Bencana (National Disaster Management Agency)	P3BM	Pro-Poor Planning Budgeting and Monitoring-Evaluation
BPS	Badan Pusat Statistik (Central Statistics Agency)	PCDP	People-Centred Development Programme
CBO	Community-Based Organization	PLN	Perusahaan Listrik Negara (State Electricity Company)
CSO	Civil Society Organization	PNPM	Program Nasional Pemberdayaan Masyarakat (National Community Empowerment Programme)
CSR	Corporate Social Responsibility	POP	Persistent Organic Pollutant
DR4	Disaster Risk Reduction-based Rehabilitation and Reconstruction	PTD	Peace Through Development
DRR	Disaster Risk Reduction	RAD	<i>Rencana Aksi Daerah</i> (Regional Action Plan)
FAO	Food and Agriculture Organization	REDD	Reducing Emissions from Deforestation and Forest Degradation
G20	Group of 20	RPJMN	Rencana Pembangunan Jangka Menengah Nasional (National Medium-Term Development Plan)
GEF	Global Environment Facility	SKPD	Satuan Kerja Perangkat Daerah (provincial/district government office)
GHG	Greenhouse Gas	TB	Tuberculosis
HDI	Human Development Index	TDA	Trans-boundary Diagnostic Analysis
ICCTF	Indonesia Climate Change Trust Fund	UNDG	United Nations Development Group
IDI	Indonesian Democracy Index	UNDP	United Nations Development Programme
ILO	International Labour Organization	UNEP	United Nations Environment Programme
I-PDNA	Indonesia Post-Disaster Needs Assessment	UNPDF	United Nations Partnership for Development Framework
		UNORCID	United Nations Office for REDD+ Coordination in Indonesia

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UNDP is the UN's global development network, an organization advocating for change and connecting countries to knowledge, experience and resources to help people build better lives. We are on the ground in more than 170 countries and territories, including Indonesia, working to find solutions to global and national development challenges.



United Nations Development Programme, Indonesia

Menara Thamrin, 8-9th Floor
Jl. MH Thamrin, Kav. 3
Jakarta, Indonesia 10250
Phone : +62-21-3141308
Fax : +62-21-3145251
http : //www.id.undp.org



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