



Putting People First

# Blue Book 2015

EU-Indonesia  
Development Cooperation  
in 2014





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EU-Indonesia Development Cooperation in 2014



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# Foreword



I am delighted to present the Blue Book 2015, our annual report on development cooperation between the European Union (EU) and Indonesia. It provides an overview of the objectives, activities and outcomes of the development assistance that the EU and its Member States provide to Indonesia. In 2014, this totalled over €570 million, which supported programmes in a wide range of areas such as education, environment, good governance, peace building and trade.

The past year has been important for both Indonesia and the European Union. In April and July national elections were successfully held in Indonesia – the third largest democracy in the world – and a new government and a new president are now established in Jakarta. In the EU, elections to the European Parliament were held in May, and a new European Commission was appointed in October, which has also resulted in new, reinvigorated leadership. The new Indonesian government and the new EU leadership share a determination to reduce poverty, protect the environment and promote international understanding. Both parties also recognise that good governance, including respect for human rights, is central to these ambitions, along with delivering social services such as education and healthcare. This is what we mean by Putting People First.

The year 2014 also saw full implementation of the EU's Agenda for Change, and as a result the end of direct bilateral financial assistance. It is important to note, however, that all our prior

commitments will be met, and that Indonesia will continue to benefit from many thematic and regional development instruments, particularly through ASEAN. Existing programmes which are being implemented will continue to be supported, in some cases for many more years.

The Agenda for Change is designed to modernise the design and delivery of our development cooperation. It sets good governance and the provision of social services as the basis for delivering the sustainable and inclusive economic growth that is needed to reduce poverty effectively. In the coming years, the EU and its Member States have therefore agreed to strengthen cooperation in education, in particular higher education, through the Erasmus+ programme, Member State scholarships, and other ASEAN wide programmes, and continue to develop programming that addresses economic cooperation (Aid for Trade), and the challenges of global climate change and environmental sustainability.

It is impossible for us to include in this publication all of the projects that the EU and its Member States carried out in Indonesia during 2014, but I would like to highlight three major EU-funded programmes that have started in the last year.

First, in the education sector, the €37.3 million Minimum Service Standards Capacity Development programme is working to improve the quality of schools in 110 of Indonesia's most disadvantaged districts. Second, a further



Outgoing European Council President Herman Van Rompuy with Indonesia's new President Joko Widodo during a visit to Jakarta in November 2014.

phase of the Public Finance Management Trust Fund (PFM TF) is promoting good governance nationally and at decentralised levels. Third, the EU-UNDP Support to Justice Sector Reform in Indonesia (SUSTAIN) programme is supporting the Supreme Court to strengthen the rule of law and enhance public trust in the judicial system by increasing the quality of justice services and the transparency, integrity and accountability of the judiciary.

These flagship actions are complementary and fully in line with the well established overarching objectives which the EU agreed some years ago with the Republic of Indonesia. Essentially these are to support the country's reforms with the objective of eradicating poverty through environmentally sustainable economic growth.

In parallel, and to reinforce our actions, the EU and its Member States have recently developed a new roadmap for working with Indonesia's civil society. One element of this is the exciting new Civil Society Organisations and Local Authorities (CSO-LA) programme which aims to enhance civil society organisations' and local authorities' capacities to contribute to reinforced governance, accountability and inclusive policy-making. Again, this is what we mean by Putting People First: supporting Indonesia – and its people and institutions – with the best tools available globally to develop democracy and prosper.

I hope you find this publication enjoyable and informative.

Colin Crooks

Acting EU Ambassador to Indonesia,  
Brunei Darussalam and ASEAN

# The EU Worldwide

The European Union (EU) is a unique economic and political partnership between 28 democratic European countries. It has delivered over half a century of peace, stability and prosperity, and is progressively building a single market in which people, goods, services and capital move freely. These achievements were celebrated internationally in 2012 when the EU was awarded the Nobel Peace Prize.

With more than 500 million inhabitants, and responsible for one quarter of the world's gross domestic product, the EU is a global force. It is the biggest economy and the largest exporter and importer of goods and services in the world, accounting for one fifth of worldwide trade. Assuming a commensurate role in global governance, the EU actively promotes human rights and democracy, and contributes to finding solutions for the 21st century's global challenges.

A Common Foreign and Security Policy enables EU Member States to speak and act as one in world affairs, with the European External Action Service (EEAS) serving as the EU's diplomatic corps. Working in cooperation with the European Commission and the diplomatic services of the Member States, the EEAS carries out the EU's political, diplomatic and policy work and provides support to Member States through a global network of more than 140 Delegations.

The basis for the EU's foreign policy remains soft power: the use of diplomacy, trade and aid to reduce poverty, resolve conflicts, and promote international understanding. Development cooperation, humanitarian assistance, and fostering people-to-people relations are important elements of the EU's commitment to understanding and action in the world.

## Current EU Leadership Team



**Martin Schulz**  
The President of  
the European Parliament



**Donald Tusk**  
The President of  
the European Council



**Jean-Claude Juncker**  
The President of  
the European Commission



**Federica Mogherini**  
High Representative of  
the Union for Foreign Affairs and  
Security Policy / Vice-President  
of the European Commission





# The EU Delegation in Indonesia

Diplomatic relations between European countries and Indonesia date back to 1949. A dedicated EU Delegation to Indonesia opened in 1988 and quickly became an important voice speaking on behalf of EU Member States. Most recently, in May 2014 the EU-Indonesia Partnership and Cooperation Agreement entered into force. This enhanced partnership is designed to support the Indonesian government's policies as determined by the Medium Term Development plan, and provides a framework for closer cooperation in a variety of areas.

In line with the EU's overall policies, our partnership with Indonesia sees extensive cooperation designed to improve the trade and investment climate by boosting trade, investment and market access. This includes working towards an ambitious agreement that comprehensively covers trade, investment and services. It also aims to enhance people-to-people links through increased tourism, enhanced intercultural exchanges, and improved access by

Indonesia to EU research opportunities, including the Erasmus+ programme.

This political and economic cooperation reinforces our development cooperation activities, which support Indonesia's reform process, and if required, prompt and substantial responses to emergencies are always available through the European Community Humanitarian Office.

The EU Delegation in Indonesia also supports the efforts of the Association of Southeast Asian Nations (ASEAN) to build a closer relationship among its member states, and is seeking to increase dialogue with ASEAN as a means to pursue closer coordination on regional and international issues, and closer cooperation on political, security, economic and socio-cultural matters. The EU shares with ASEAN and Indonesia a commitment to regional integration as an effective means to address global challenges and stimulate sustainable economic growth.



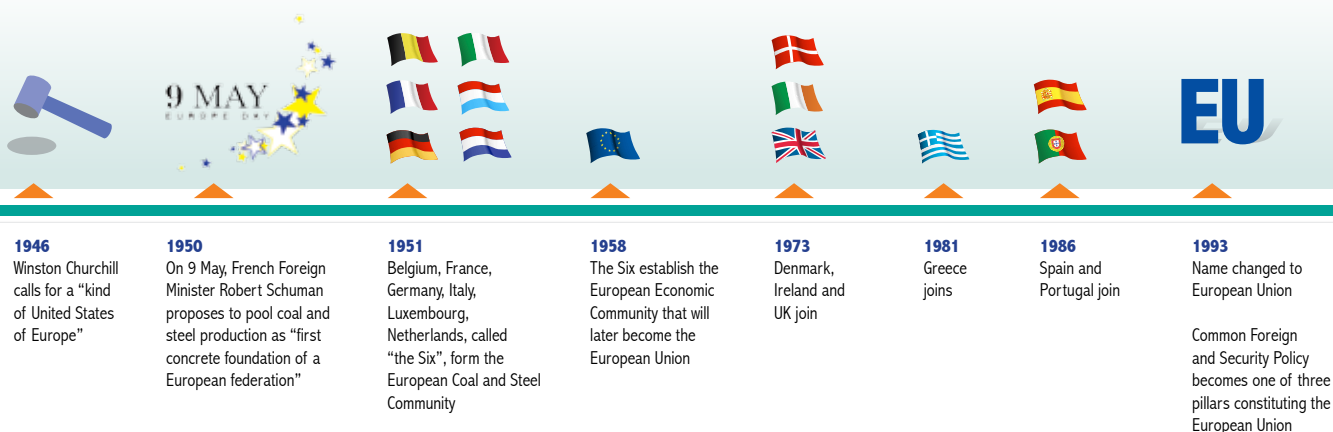
# EU Development Cooperation

The overarching objective of EU development cooperation is the eradication of poverty through sustainable development. This is an affirmation of Europe's progressive values and commitment to development, freedom and solidarity at home and abroad. It is about making a real difference for real people, offering hope and supporting transformational change.

The task is shared between the EU and its Member States. Collectively the EU and its 28 Member States remain the world's largest development assistance provider, accounting for over half of all global contributions. Despite the economic slowdown in Europe, this amounted to €58.2 billion in 2014. This commitment spans the globe, extending to more than 160 countries, and

includes emergency and humanitarian assistance when required.

In order to maximise the impact of this commitment, the EU takes a strategic approach. The Agenda for Change is a blueprint for a development policy designed to adapt to the challenges of a rapidly changing world. It is focused on helping those people most in need in low-income and least developed countries. One pillar of this modernised agenda rests on promoting good governance, including respect for human rights, democracy, gender equality and the rule of law; the other is founded on the provision of social services such as education and health, and promoting sustainable and inclusive growth in sectors such as agriculture and energy.





Through Agenda for Change, the EU continues to provide high impact development solutions, targeting aid where it is most needed, and where it can deliver long-lasting, catalytic change. This new approach aims to maintain the level of our support while 'streamlining' aid to provide a sharper focus, simpler procedures and enhanced cooperation. More will be done to coordinate EU and EU Member States' support, and the EU is also increasing the use of innovative funding sources for development, including blending loans, grants and private sector funds.

The EU and its Member States also continue to play a prominent and constructive role in the international community's ongoing work to shape a post-2015, post-MDG, Sustainable

Development Goals (SDGs) framework. In 2013, A Decent Life for All outlined the EU vision for a post-2015 framework that would eliminate extreme poverty by 2030 while ensuring that development is environmentally sustainable. This vision was further developed in 2014 into a universal agenda that sets the following as priorities: decent living standards, drivers for inclusive and sustainable growth, the sustainable management of natural resources, peace and security, and equality, equity and justice.

Working in global partnership, the EU keenly anticipates developing these principles, and energetically implementing a revitalised post-2015 development cooperation agenda.



# EU-ASEAN Cooperation

The establishment of the ASEAN Community in late 2015 will mark a major step towards closer ASEAN integration. Aside from increasing the movement of goods, services, skilled labour and investment capital in the region, it puts ASEAN firmly on the path to benefits which the EU is enjoying as a result of its own integration. The European experience has shown that integration is a powerful driver of peace and prosperity.

Like the EU, ASEAN is a global force. Collectively, the ASEAN Member States constitute the eighth largest economy in the world and the fourth largest economy in Asia. The ties that link ASEAN Member States boost economic growth, social progress and cultural development by enhancing connectivity, forging a common identity, and promoting regional peace and stability.

Our common goals and shared values of peace, progress and prosperity make the EU and ASEAN natural partners. EU cooperation policies and programmes have increased policy dialogue between the two regions, and provided concrete support to ASEAN regional integration initiatives. They have also helped ASEAN reduce poverty and grow stronger through sustainable development.

EU Development Cooperation with ASEAN 2014-2020 (in € million)*	
ASEAN	170
Cambodia	410
Lao PDR	207
Myanmar	688
Philippines	325
Viet Nam	400
<b>Total</b>	<b>2,030</b>

\*Indicative geographic allocation. It does not include thematic and other funding. Excludes Member State contributions/disbursements.

For the period 2014-20, over €170 million has been earmarked to support the on-going and post-2015 ASEAN Integration Agenda, covering the three communities: the ASEAN Political and Security Community, the ASEAN Economic Community and the ASEAN Socio-Cultural Community. This represents an increase of €100 million compared to the period 2007-13 and reflects the two regions' mutual desire for a closer partnership that makes everyone's aspirations for a better life a reality.

EU-ASEAN Development Cooperation has four main dimensions:

1. A regional portfolio supports regional integration policy development, capacity building for policymakers and regulators, and programme implementation and monitoring.
2. Bilateral portfolios assist in narrowing development gaps and help address national issues such as fighting poverty in the less developed ASEAN member states.
3. Additional funds available from 'thematic programmes' complement geographical cooperation. These focus on global public goods and shared challenges such as climate change adaptation and human rights.
4. Additionally, EU Member States provide specific support to ASEAN at regional and/or national level.



## EUROPEAN UNION



# 28 MEMBER STATES

Founded in **1957**  
Motto: "United in Diversity"

**24** OFFICIAL LANGUAGES

POPULATION **508** Million

Land Area **4,422,773** km<sup>2</sup>

## ASEAN



# 10 MEMBER STATES

Founded in **1967**  
Motto: "One Vision, One Identity, One Community"

WORKING LANGUAGE English

**1**

POPULATION **602** Million



Land Area **4,479,210.5** km<sup>2</sup>

*Friendship and Cooperation since*  
**1972**



- |                |         |             |                |
|----------------|---------|-------------|----------------|
| Austria        | Estonia | Italy       | Portugal       |
| Belgium        | Finland | Latvia      | Romania        |
| Bulgaria       | France  | Lithuania   | Slovakia       |
| Croatia        | Germany | Luxembourg  | Slovenia       |
| Cyprus         | Greece  | Malta       | Spain          |
| Czech Republic | Hungary | Netherlands | Sweden         |
| Denmark        | Ireland | Poland      | United Kingdom |

- |                   |             |
|-------------------|-------------|
| Brunei Darussalam | Myanmar     |
| Cambodia          | Philippines |
| Indonesia         | Singapore   |
| Laos              | Thailand    |
| Malaysia          | Vietnam     |

# EU-Indonesia Development Cooperation

Indonesia has had great success over the years in reducing poverty, fostering democracy, and increasing regional decentralisation. Today, as the government focuses on creating jobs and business opportunities, empowering and building the capacities of the poor, and developing social protection systems, the EU is committed to working closely with the government and other partners to support the national development strategy.

As Indonesia is now a G20 Member and a donor in its own right, the EU is shifting emphasis away from direct bilateral financial assistance to a set of thematic and regional cooperation programmes and instruments which are complemented by innovative cooperation modalities such as the blending of grants and loans.

In pursuit of sustainable and green growth, many Asian countries face a common challenge. Work may be urgently required on infrastructure – especially in response to climate change – but ‘public’ funds are often limited. A new regional mechanism, the Asia Investment Facility (AIF), is designed to fill this gap by offering a blend of grants and loans that can be used to leverage

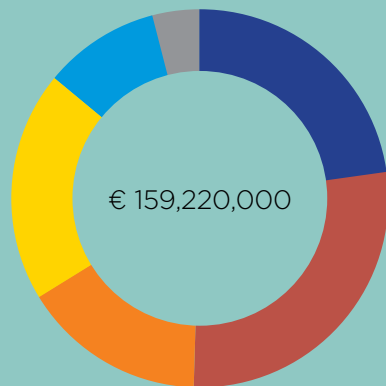
‘private’ financing through European financial institutions. The AIF already has one programme contracted for Indonesia: the Carbon-linked Incentive Scheme (CLS) which blends a €20 million loan and a €7 million grant to promote greenhouse gas mitigation initiatives.

In the next years the EU and its Member States have also agreed to strengthen cooperation in education, in particular higher education through the Erasmus+ programme, Member State scholarships, and ASEAN-wide programmes. Recognising that Indonesia’s commitment to fight climate change is an important step towards reducing emissions globally, the EU has scaled up climate change cooperation. As cooperation in trade and investment is proven to translate into strong, mutually beneficial partnerships, economic and trade affairs (Aid for Trade) will be emphasised.

Currently, funds are disbursed through various channels in the form of grant contracts and budget support, and assistance is provided through programmes that range from bilateral actions to regional and thematic projects. Many of the current major programmes will run until 2016-18.

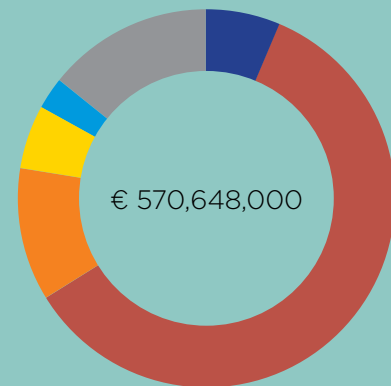


Grant Disbursements by the EU and its Member States in 2014 (€)\*



Education	36,327,000
Environment & Climate Change	44,168,000
Economic Cooperation	24,962,000
Good Governance & Human Rights	31,340,000
Health, Water & Sanitation	15,977,000
Others (incl. disaster preparedness and food security)	6,446,000

Grant and Loan Disbursements by the EU and its Member States in 2014 (€)\*



Education	36,327,000
Environment & Climate Change	340,868,000
Economic Cooperation	64,930,000
Good Governance & Human Rights	31,340,000
Health, Water & Sanitation	15,977,000
Others (incl. infrastructure, disaster preparedness and food security)	81,206,000

\*Preliminary figures

# Education

## Learning for life

2014 Disbursements in Grants (in €)

	Grants
European Union	18,470,000
France	800,000
Germany	7,207,000
Netherlands	8,718,000
Poland	20,000
Sweden	615,000
United Kingdom	497,000

*This table shows disbursements in 2014; preliminary figures only. Unless otherwise specified, funding figures in the text reflect total project allocations.*

Greater availability of quality education is doubtlessly beneficial as it leads to reduced poverty, more tolerant societies, and improved social justice. The EU is therefore an enthusiastic supporter of education in Indonesia. Its €320 million contribution through the Education Sector Support Programme (ESSP) is a cornerstone of development cooperation.

Recognising the importance of good teaching, and the availability of basic tools such as reading material, one significant strand of EU support is a direct contribution to the national budget, with funds released against the achievement of agreed performance indicators. Within a framework focused on access, quality, relevance, governance and accountability, this allows Indonesia to set its own priorities and implement its own policies. A second strand, the Minimum Service Standards

Capacity Development Programme (MSS-CDP), supports efforts towards the attainment of Minimum Service Standards in 110 remote and less advanced districts across Indonesia, representing one-fifth of the country, and a third, the Analytical and Capacity Development Partnership (ACDP), promotes policy development and capacity development planning by providing access to international technical expertise and knowledge.

The EU and its Member States also support higher education in Indonesia, and a new EU programme, Support to Higher Education in ASEAN Region (SHARE), aims to bring Europe's experience to bear on harmonising higher education across all ASEAN's ten member states. Running from 2015 to 2019, with an EU contribution of nearly €10 million, the programme supports regional cooperation, the mutual recognition of qualifications, and student mobility among ASEAN higher education institutions, including Indonesia's many universities. As the development of the ASEAN Economic Community sees freer movement of labour in the region, the quality, complementarity and integration of ASEAN higher education institutions becomes increasingly important.

In addition, in 2014, more than 100 Indonesian graduates were awarded scholarships to study in Europe under the EU's Erasmus+ programme, and EU Member States provided a further 1,700 scholarships to Indonesian students. This increases the skills and competitiveness of young Indonesians, and helps generate mutual friendship, understanding and openness.





## EU – Supporting education reform

The EU's €20 million Analytical and Capacity Development Partnership (ACDP) is designed to support education reform by providing technical expertise and access to international knowledge. The initiative promotes dialogue and facilitates institutional and organisational reform by supporting research activities, workshops, conferences and study tours. It has developed programmes and training plans covering subjects such as teacher absenteeism, partnerships between universities and industry, gender equality, and multilingual education.

*"ACDP support of our efforts to pilot the use of mother tongue languages before using Bahasa Indonesia has been valuable in improving learning outcomes among our students in rural and remote primary schools."*

Portasisus Loby, Secretary to the Office for Education and Culture of Papua Province



## GERMANY - Aceh DAAD scholarship of excellence



Around €4 million has been spent by the Aceh government and DAAD on this scholarship scheme which aims at capacity and institution building in Aceh and allows students from Aceh to pursue postgraduate degrees in Germany. To date, 107 people have participated, with an unusually high success rate of 96%.

*"This programme is good as it builds human resource capacity in Aceh. This is particularly needed following the loss of resources in the 2004 tsunami. When these scholars come back to Aceh, they are able to contribute to Aceh's post-disaster/post-conflict development."*

Muhammad Riza Nurdin, alumnus of the first cohort of Aceh DAAD Scholarships of Excellence

## FRANCE/EU - Enhancing knowledge of our prehistoric heritage

As the earliest inhabitants of the region (Homo erectus, some 1.5 million years ago) were precursors of our human species (Homo sapiens), Southeast Asia is a superb natural laboratory to study ancient human history. With an EU contribution of nearly €400,000, the Managing Prehistoric Heritage in Southeast Asia (PREHSEA) project is training young scientists and curators and is developing good cultural governance practices in close contact with local communities. The project is conducted in synergy with the European Commission and involves the Erasmus Mundus Masters and PhD programmes, and the French, Indonesian and Filipino governments.

*"I acquired new experience in the management and study of prehistoric lithic implement collections. This proved to be very useful as I intend to develop a specialisation in lithic technology."*

Anton Ferdianto, junior researcher, Balai Arkeologi Bandung, Indonesia (PREHSEA trainee)



## EU - Cementing peace

North Halmahera and Ternate in North Maluku province are poor districts still suffering the consequences of conflict 15 years ago. The three-year Sustaining Peace through Improved Access to Quality Basic Education (SPACE) for Children in North Moluccas project, implemented by World Vision/Wahana Visi Indonesia with nearly €200,000 EU support, is aiming to help cement sustained peace by improving access to quality basic education.

As the performance of students in the province is recognised as being below the national average, and as few parents are fully engaged in their children's education, the project does not only aim to improve the qualifications, numbers and distribution of teachers, and the quality of teaching material and school-based management, but also to raise awareness about education policy, and to improve community participation through events, media programmes and children's activities.

Investing in quality basic education and child-friendly environments will help to create a stable future for everyone.



## NETHERLANDS - Studying for work

For many years the Netherlands embassy in Jakarta has been offering Indonesians with two to three years work experience the opportunity to study in the Netherlands. The embassy offers two programmes. Studeren in Nederland (StuNed), is a bilateral programme that offers 200 to 250 full scholarships to those working in development in Indonesia. The Netherlands Fellowship Programme (NFP) is a worldwide programme in which 51 countries are participating. Both programmes provide short courses and Masters programmes for individuals as well as tailor-made training programmes for groups from institutions.

Each year some 1,500 Indonesian students study in the Netherlands, including self-financing students.

*"The excellent education system was the highlight of my time in the Netherlands. The quality provided by Dutch universities is ensured by the exceptional curriculum, teachers and teaching methods, and campus facilities. The teaching methods invite students to discuss and express their opinions openly, and in the classroom active participation is encouraged."*

Lailly Prihatiningtyas, StuNed alumni & Chief Executive Officer, PT Taman Wisata Candi Borobudur, Prambanan, dan Ratu Boko (Persero), Ministry of State Owned Enterprises



## POLAND - Dormitory dreams



Timor is one of Indonesia's least developed islands, especially in terms of education. Many underprivileged children are unable to get a proper education, often due to large distances between their homes and schools. In 2014, the Embassy of Poland financed the building of a dormitory for girls at the Fioretti monastery in Kupang. It can house up to 20 girls from poor families, which allows them to attend schools in the island's capital city.

*"The boarding house will be used to educate and to build the character of the nation's young generation, especially girls who come from poor families. This is the concern which motivates us to engage in such work. For many young people education in a boarding house has improved life quality."*

Sister M. Francine, Sisters of Fioretti Monastery, Kupang

## The 2014 European Higher Education Fair

The sixth annual European Higher Education Fair (EHEF), which was held in Jakarta and Surabaya in November 2014, and which for the first time included a road show to Makassar, the provincial capital of South Sulawesi, was the largest and most successful to date, showcasing 123 higher education institutions from 14 European countries. In total, more than 20,000 visitors attended the free-of-charge events across the three locations.

The event was organised by the EU Delegation in Indonesia in cooperation with the Indonesian Ministry of Research, Technology and Higher Education, along with 14 EU Member States, and over 120 education institutions and agencies from Europe. It aims to encourage undergraduate and postgraduate students interested in studying in Europe, and to inform academic and administrative staff working at Indonesian higher education institutions about the opportunities to

collaborate and improve the quality of Indonesian education. The event provides visitors with the chance to meet representatives from a wide range of higher education institutions and get first-hand information on their study programmes, enrolment procedures, language requirements, living conditions and other practical matters. Visitors also have the opportunity to learn more about funding possibilities and scholarship programmes for studying in Europe, with financial support available from the EU, Member States, individual educational institutions, and the Indonesian government.

The EHEF is one of several similar events supported by the EU and its Member States across Asia. With over 4,000 higher education institutions hosting some 17 million students and 1.5 million academics, Europe remains one of the world's leading study and research destinations

*"There are a lot of students who are interested in studying in Europe but they lack information. Thanks to EHEF, they can obtain the information that they need."*

R Pratama, visitor to EHEF Makassar





*"Erasmus+ (Mundus) gave me such a valuable experience. Having friends from all over the world, taught by professional teaching staff, traveling more than half part of Europe and many more. With Erasmus+, you can explore yourself through European culture, educational system, and its social life."*

Randy Radikapratama, Erasmus+ alumni - post-graduate degree Surface, Electro, Radiation and Photo-Chemistry (SERP-Chem Master Course) at the Universities of Paris Sud XI (France), University of Porto (Portugal) and University of Genoa (Italy)

for international students, offering both quality education and value for money. Many European institutions are ranked among the world's best, offering state-of-the-art facilities and world-class research opportunities. As a growing number of non-UK universities are adopting English as the language of instruction, language barriers are being reduced.

In 2013, the number of Indonesians studying in Europe rose by around 20% compared with the previous year, and in 2014 around 4,000 Indonesian students departed for Europe to pursue undergraduate and post-graduate degrees. In total, more than 7,000 Indonesian students are currently studying in Europe, 1,800 of them supported by scholarships provided by the EU and its Member States.

The EHEF also provided an opportunity for students, administrators and academics from Indonesian higher education institutions to find out more about the EU's Erasmus+ programme, which from 2014 replaces the Erasmus Mundus programme. Erasmus+ is the EU's new €16 billion global programme for education, training, youth and sport which runs until 2020. It builds on the respected Erasmus Mundus programme and provides EU grants which aim to encourage and enable highly qualified students to follow selected study courses in Europe for one to two years. Funds are also available for scholars to carry out teaching or research assignments at participating institutions in Europe for up to three months.

This programme aims to promote dialogue and understanding between people and cultures through increased mobility and academic interactions, and contribute to the development of the human resources and international cooperation capacity of higher education institutions across the world. In addition to scholarships, the programme provides support to institutions that wish to implement joint programmes at postgraduate level, or establish inter-institutional cooperation programmes. It is open to any organisation active in the field of higher education and research, as well as to graduate students, doctoral candidates, researchers and academics. In 2014, a total of 106 scholarships were awarded to Indonesian participants, including 11 doctoral students and 20 staff members from Indonesian higher education institutions.



# Environment and Climate Change

## Integrating economic growth and environmental sustainability

2014 Disbursements in Grants and Loans (in €)

	Grants	Loans
Denmark	3,250,000	
European Union	2,914,000	
Finland	1,215,000	
France	3,112,000	121,700,000
Germany	14,046,000	175,000,000
Netherlands	1,047,000	
Sweden	225,000	
United Kingdom	18,359,000	

*This table shows disbursements in 2014; preliminary figures only. Unless otherwise specified, funding figures in the text reflect total project allocations.*

Not only does global climate change have implications for Indonesia's environment, but it also affects its people and development. Due largely to the release of carbon dioxide from deforestation, peatland degradation and forest fires, Indonesia ranks among the world's largest emitters of greenhouse gases. Deforestation and land-use conversion are intricately linked to the structure of the Indonesian economy which continues to be dependent on the extraction of natural resources. This dependence has shaped the political economy and the institutional landscape. Despite a nationwide moratorium on new logging and plantation concessions, deforestation has continued to rise in Indonesia. The issues are complex and include capacity constraints, governance of the land use sector, unclear spatial planning, land and resource tenure conflicts, and ambiguous forest definitions and data.

In response to Indonesia's request for support in addressing challenges in the forestry sector,

the EU launched the Forest Law Enforcement Governance and Trade (FLEGT) Action Plan which sets out a range of measures to tackle illegal logging. Since then Indonesia has come a long way by developing one of the most advanced Timber Legality Assurance Systems in the world and by signing a Forest Law Enforcement Governance and Trade Voluntary Partnership Agreement with the EU. (see Special Feature page 22)

One challenge facing Indonesia and other rapidly developing countries is to break the link between economic growth and environmental degradation. If greenhouse gas emission reduction targets are to be met, citizens, business owners and policymakers need to be confident that the action required will not affect their well-being, profits or popularity. An innovative approach is required that reconciles increasing demands for jobs, goods and services with the imperatives of reducing consumption of natural resources, and minimising the output of polluting by-products and waste.

To encourage such a systematic change, since 2007 the EU has been implementing the SWITCH-Asia Programme in 16 Asian countries including Indonesia. This programme aims to promote sustainable consumption and production (SCP) by working with consumers, producers and policymakers to increase the demand for more efficient products and production technologies, and to support the formulation and implementation of SCP-friendly policies. The importance of SCP was recognised at the Rio+20 conference in 2012, and it has become a central element of the post-2015 development agenda and Indonesia's 2015-2019 Mid-Term Plan.



## EU – Knock on wood

A three-year project funded by the EU with just over €1 million is working with the World Wide Fund for Nature and the Indonesia Furniture Industry and Handicraft Association (ASMINDO) to encourage sustainable production and consumption in Indonesia's wood processing industry.

Working across Java, Kalimantan and Sumatra, the partnership aims both to increase the capacity of small and medium-sized businesses to deliver legally verified and sustainably certified products to national and international markets, and to inform the procurement practices of national and international retailers and Indonesian government departments. By linking sustainable forestry practices to market demand, the imperatives of reducing poverty and protecting the environment can be reconciled.

*“SVLK has delivered many benefits for our business. With SVLK, we can reach the European market as well as other markets such as the United States, Australia and Japan. We are able to convince them that the timbers we are selling are legal timbers. As an Indonesian, it's important for me to keep my integrity, by letting the buyers know that I do not do any damage to the environment and that I do not get these timbers illegally.”*

I Nyoman Mario, owner of Mario Antique, a furniture manufacturer



## UNITED KINGDOM - Improving land use governance

Through the €10.5 million SETAPAK programme, which is implemented by The Asia Foundation, the UK Climate Change Unit (UKCCU) is supporting improvements to land use and forestry governance in 26 districts in six provinces. The programme is building capacity and providing technical assistance to national and local governments, and supporting strategic coalitions of reformers at the local level, including civil society, government and private sector actors.

One such partnership with HuMa (the Association for Community and Ecology-based Law Reform) supported the formation of a network of lawyers and legal advisers in West Kalimantan, called the Community Legal Support Network (Gerakan Bantuan Hukum Rakyat). The creation of community legal support is important in strengthening the rule of law and ensuring the protection of community rights in land-based investments in Indonesia.

*“With help from the Community Legal Support Network, non-government actors won a case on freedom of information, where the State Administrative Court ordered the District Government to reclassify land-based investment maps as public documents. The network has also prevented community and NGO activists who were defending their rights to land from being charged with obstructing the development process.”*

Fajri Nailus Subhi, Chair of the Kalimantan Legal Aid Association



## FINLAND - A renewable partnership

To promote the use of renewable energy to combat climate change, Finland implemented the Energy and Environment Partnership Programme with Indonesia (EEP Indonesia) from 2011 to 2014. The total budget was €4 million, of which €2.1 million was used to co-finance 20 bioenergy-related pilot and capacity building projects in Riau and Central Kalimantan. These ranged from household and community level initiatives to industrial scale solutions, and were implemented by private companies, NGOs and research institutes.

*“Our government has set ambitious targets to increase the use of renewable energy and in parallel reduce GHG emissions. To encourage investors and other potential renewable energy project developers, EEP Indonesia has successfully supported implementation of a remarkable set of bioenergy projects and contributed to related capacity building and renewable energy-friendly policy development. We believe these efforts are of extreme importance in helping us to reach our targets.”*

Rida Mulyana, Director General of New, Renewable Energy and Energy Conservation, Ministry of Energy and Mineral Resources

## SWEDEN - Indonesia INSISTS

As part of its efforts to reduce greenhouse gas emissions, Indonesia aims to provide at least 31% of the nation's energy needs from renewable sources by 2050. This compares with only 5% in 2010. The Indonesian-Swedish Initiative for Sustainable Energy Solutions (INSISTS) supports this ambition by functioning as a platform for a 'living laboratory', enabling stakeholders from government, academia, and industry to work together.

Managed by Indonesia's National Energy Council and the Swedish Energy Agency, INSISTS was supported with a Swedish International Development Agency (Sida) contribution of nearly €300,000 in 2013-14. By linking energy policy with smart energy solutions, INSISTS creates a solid foundation for sustainable energy systems in Indonesia. Activities include research to develop renewable energy from waste and biomass, including hybrid systems, as well as policy dialogue.





## EU - Participatory planning in Papua

With the most extensive natural forests remaining in Indonesia, Papua provides a powerful example of the importance of finding a new balance between development and conservation. Despite its extraordinary biodiversity and huge potential to contribute to emissions reduction, the loss of forest in the province, largely a result of the activities of large land-based investments, is extensive.

The four-year Participatory Monitoring by Civil Society of Land Use Planning for Low Emission Development Strategies in Papua (ParCiMon) project, which is funded by the EU with €2.25 million, is designed to support three districts in Papua in establishing their own low-emissions development plans. It promotes a multi-stakeholder approach which includes local communities and governments.

*“In North Deponsero, the land use system has been controlled by a set of customary rules for hundreds of years. Through ParCiMon, local wisdom can be integrated in sustainable development strategies.”*

Amos Soumilena, Chief of North Deponsero Customary Council



## DENMARK – Strategies for environmental protection

In cooperation with the National Development Planning Agency and the Ministry of Environment and Forestry, Danida's ESP3 (Environment Support Programme) has delivered a high-quality Strategic Environmental Assessment (SEA) of Indonesia's economic development master plan (MP3EI). This has demonstrated and promoted SEA as a tool to safeguard the environment at the national level, and the SEA of the MP3EI is being used as a model for other impact assessment tools and methodologies. The intention is to use the results in other relevant national plans.

*“The report gives an overview of the collective processes that provide recommendations to mitigate the environmental and social risks of MP3EI. We are making efforts to ensure that the recommended actions will be adopted in the implementation of MP3EI in order to meet the national sustainable development goals.”*

Lukita Dinarsyah Tuwo, Vice Minister of National Development Planning/Vice Head of National Development Planning Agency

## Licensing legal timber

Indonesia's magnificent forests, which extend over nearly one million square kilometres, are one of the great glories of the world. Covering an area slightly greater than that of France and Germany combined, they play a vital role in regulating the world's climate, and provide livelihoods for some of Indonesia's poorest people. Yet this precious resource, home to an incredible variety of animal and plant life, is under threat. Legal and illegal logging, the conversion of forests for plantations, poorly controlled mining, and encroachments by smallholder farmers, are destroying around 8,400 square kilometres of primary, undisturbed forest annually. This represents the highest rate of forest destruction in the world, equivalent to the loss of an area one-and-a-half times the size of Bali every year.

The EU and the Indonesian government, which in 2009 made one of the world's most significant commitments to reduce greenhouse gas emissions, recognise the scale of the issue, and the importance of addressing it. Both parties also recognise that one obvious part of the problem relates to the fact that too much timber is being logged illegally in Indonesia, and that too much of this illegal timber has found its way to the EU market. Indonesia therefore appealed to the international community for support in fighting this threat to its forests and the livelihoods of Indonesians who live in or near forests, and the EU responded.

Gradually, and painstakingly, over the last ten years the EU and Indonesia have been putting in place measures to achieve two objectives:

fighting illegal logging in Indonesia, and promoting trade in legally certified timber. The UK has been instrumental in supporting the process through the Multi-stakeholder Forestry Program (MFP), aimed at promoting the negotiation and implementation of the FLEGT VPA. On the EU side we have passed the EU Timber Regulation, which forces companies in the EU to make sure they are only dealing in legal wood, and the work of the European Forest Institute further supports the VPA process. On the Indonesian side, the government has put in place the SVLK (Sistem Verifikasi Legalitas Kayu), which applies to all parts of the timber industry and makes sure that there is legal certification for wood from the moment it is cut down in the forest, through processing and manufacturing (into paper or furniture, for example), right up to the point where it is shipped overseas and sold to buyers in Europe and other countries.

In September 2013 the EU and Indonesia signed a Voluntary Partnership Agreement (VPA), which puts the Indonesian and EU systems together. This came into force in May 2014 and as soon as the systems are ready, the EU will recognise the SVLK and give all Indonesian legally certified timber products a special FLEGT licence, which will show the EU market that Indonesian timber meets the very highest standards of legality. These systems will help reassure EU consumers that they are not fostering demand for illegally harvested timber. If the process moves smoothly, Indonesia could be the first country in the world to get these licences, which should give Indonesia a real market advantage, as buyers



and consumers in the EU and elsewhere are increasingly demanding that the timber products they use are not causing illegal logging.

The SVLK provides mutually reinforcing regulations from both the Indonesian Ministries of Forestry and Trade, and under the EU Timber Regulation, EU buyers are subject to due diligence requirements on imported wood products. The challenge of implementing an ambitious new system like SVLK however is that it takes time to achieve full compliance as so many actors are involved. Thanks to the involvement of civil society in its design, the FLEGT VPA has secured excellent support at national level, and is underpinned by extensive provisions on transparency and improved governance which reflect Indonesian freedom of information laws.

The system will cover all exports, both to EU countries and to other importing countries, including China, Japan and Korea, which

along with the EU are Indonesia's main export destinations. When the final steps are completed, Indonesia will be seen as a world leader in timber legality.

The VPA is also noteworthy as it looks beyond trade to consider wider development and environmental issues, as well as how national and international policies affect local populations. In this it shows how environmental protection need not hinder economic development, and how consumers, industry and governments can work together to promote sustainable consumption and production that does not damage the environment.

There is, of course, much more to be done to safeguard Indonesia's forests, but by working together the EU, the Indonesian government and the timber industry have made bold and unprecedented progress.

# Economic Cooperation

## Trade means sustainable growth

2014 Disbursements in Grants and Loans (in €)

	Grants	Loans
Denmark	600,000	
European Union	7,085,000	
France		8,808,000
Germany	7,103,000	14,000,000
Netherlands	9,983,000	
Spain		17,160,000
United Kingdom	191,000	

*This table shows disbursements in 2014; preliminary figures only. Unless otherwise specified, funding figures in the text reflect total project allocations.*

One important objective for the EU in Indonesia is to facilitate bilateral trade and investment, and assist businesses engaged in cross-border commerce. This benefits both the EU and Indonesia. The EU is one of the most important destinations for Indonesia's growing non-oil and gas exports, and as Southeast Asia's largest economy, Indonesia is an important partner for the EU in both trade and investment. The long-term sustainable growth of Indonesia's economy benefits both the country's business community and the population as a whole.

The EU and its Member States therefore support Indonesia with a range of projects designed to assist integration into the international trade system and to help the country realise its full trade and investment potential. The EU-Indonesia Trade Cooperation Facility (TCF), for example, a four-year €12.5 million project which began in 2013, aims to strengthen the capacity of government institutions to improve the climate for trade and investment. It is structured around six components, ranging from providing expertise to improve

trade-related policies, to facilitating science and technology cooperation and improving the legal framework concerning intellectual property rights.

In addition, the €15 million EU-Indonesia Trade Support Programme (TSP II) works to improve the coordination and transparency of trade policies for export development. Its central objective is to improve Indonesia's export quality infrastructure in order to increase the market share and sophistication of products exported to markets overseas. These include seafood and agricultural products such as nutmeg and cocoa.

Complementary to the other initiatives, the Instrument for Cooperation with industrialised and other high-income countries and territories (ICI+), which is new to Indonesia, aims to strengthen trade links between the EU and Indonesia. Through support to Eurocham and the European Indonesia Business Network, it aims to encourage and facilitate market access for European companies in Indonesia and ASEAN, in particular SMEs. The programmes provide business support services for European companies, raise their awareness of the potential of the Indonesian market, and increase opportunities for foreign direct investment.

All of the EU's economic cooperation activities are driven by demand, and are designed to respond to the specific needs of Indonesian ministries, government agencies and private sector enterprises involved with Indonesia's trade and investment activities. The EU's overarching aims are to support the growing economic relationship between the EU and Indonesia, improve the climate for trade and investment, and thereby contribute to the country's economic development.



Indonesia's geography makes it difficult for the authorities to assure that the exploitation of the country's huge fisheries resource is legal and sustainable. This is required for access to EU markets.

The Trade Support Programme (TSP II) is therefore providing assistance to Indonesia's Ministry of Marine Affairs and Fisheries to review the current legal framework, upgrade the national data sharing system to ensure traceability, and improve the professional skills of both ministry officials and business operators. The data

## EU - Fishing for the future

sharing system provides real-time access to data on licensing, registration, vessel monitoring, fishing operations, landings and catch certificates. This success means that Indonesia is recognised by the EU as a country that is effectively fighting illegal fishing.

*"One very tangible result of TSP II has been to rapidly upgrade our Illegal, Unreported and Unregulated (IUU) control systems to EU and international standards. This joint effort means we are guaranteed continued access for our wild capture fishery exports to Europe, thereby avoiding trade disruptions with one of our most important partners, and securing many local jobs. The new online systems now reach all our main 33 ports and provide a complete tool that allows us to ensure that all the information required for decision-making is accurate, up-to-date, and easily available."*

Whisnu Haryati, Programme Division Head, Secretariat - Directorate General of Capture Fisheries, Ministry of Marine Affairs & Fisheries

## SPAIN – Building bridges

A project by the Spanish company Centunión for the Indonesian Ministry of Public Works is helping to address two of Indonesia's most important needs: basic infrastructure, and training and capacity building among ministry staff. It includes developing

engineering designs and drawings, supplying steel structures, detailed erection manuals, technical assistance and training, and unloading inspections and quality tests. The project, which has established a project management office in Jakarta, has been implemented before schedule and the beneficiary ministry is completely satisfied.

## EU - Facilitating the investor journey

An important element of Indonesia's economic development strategy is to create sustainable economic growth by building a knowledge-based economy that promotes high value-added industries. To support this objective, a dedicated EU Desk within Indonesia's Investment Coordinating Board (BKPM) was established in July 2014 with support from the Trade Cooperation Facility (TCF). It aims to strengthen investment relations between Indonesia and the EU by providing technical assistance and on-the-job capacity-building to BKPM staff.

Many investors are looking to Indonesia with great interest. Their decisions will be based on transparency and long-term certainty. The EU Desk is working to improve the level of mutual understanding regarding the requirements and benefits of increased European investment in Indonesia.

*"We welcome the EU Desk's activities and initiatives as they work hand-in-hand with our teams to help bring quality European investment to Indonesia."*

Indra Darmawan, Director of International Business Cooperation, BKPM

## NETHERLANDS - Reaching new horticultural heights



Working with the Indonesian Ministry of Agriculture, the Netherlands has developed a project called 'Improved vegetable production and marketing for small farmers to increase the food security status and to promote private sector development in Indonesia' (VegIMPACT). The project runs from 2012 to 2016 with a budget of €4.5 million and is in line with Indonesia's vision to develop higher-value horticultural products.

Partners and beneficiaries include farmers, government agencies, private companies and NGOs. The project plans to assist 10,000 smallholder farmers in diversifying and improving vegetable production, thereby generating higher incomes and increased access to food. It also encourages diversification from rice production to higher value crops, such as vegetables. This too generates additional income for farmers, and improves their access to food, educational and health services.

VegIMPACT has four main activities: demonstrating and testing permanent vegetable systems; linking small farmers to new supply chains; improving potato production and development of the seed potato sector; and training farmers across Indonesia in good agricultural practices.

# Disaster Preparedness

## Aware means prepared

Located on the so-called 'Ring of Fire', an unstable collection of tectonic plates between the Indian and the Pacific oceans, Indonesia is prone to earthquakes, volcanic eruptions and other natural disasters. The immense tsunami in 2004, which is estimated to have killed more than 170,000 Indonesians, is the most shocking proof of the disastrous consequences of the region's tectonic activity.

To foster better disaster preparedness, the EU's post-disaster support entails infrastructure development, housing reconstruction, good governance, capacity building, and activities

to develop economic and environmental sustainability. It adds up to a comprehensive disaster risk reduction programme that involves local communities as well as national and regional institutions.

Today, the EU and ASEAN – including Indonesia – are cooperating closely on disaster preparedness. To minimise the effects of natural disasters, efforts include activities that help countries prevent as well as recover from disasters. Awareness means preparedness, and the EU and ASEAN are keen to place disaster preparedness and prevention at the heart of economic development.



### FRANCE – Mitigating volcanic hazard

Indonesia is one of the most vulnerable countries in the world to volcanic hazard. The French-Indonesian project DOMERAPI (IRD-CVGHM-ITB), funded by the French National Agency for Research with €650,000 over four years, is therefore aiming to develop new methods for monitoring volcanos, whilst simultaneously transferring technology and strengthening Indonesian capacities. A three-scientist team from France's Institut de Recherche pour le Développement is dedicated to the project and based at the Centre for Volcanic and Geologic Hazard Mitigation at the Indonesian Ministry for Energy and Mineral Resources. Research activities include setting up field instrumentation data acquisition and processing, training, and working with scientists from the Bandung Institute of Technology.

## Light after darkness

### Aceh reconstruction, ten years on

On 26 December 2014 the world commemorated the 10th anniversary of the catastrophic Indian Ocean tsunami. Events in Banda Aceh, which were attended by 14 ambassadors to Indonesia from EU Member States, included a prayer ceremony, a photography contest, an international conference on tsunami research, and photography and disaster education exhibitions. The EU participated in the three-day disaster education exhibition with an imaginative booth that presented its post-tsunami reconstruction work and contributions to the peace process. The booth also hosted an interactive 'emergency pack' education quiz and games for visitors of the fair.



Everyone remembers the shocking news of the 2004 Indian Ocean tsunami, one of the deadliest natural disasters in recorded history. In all, 14 countries were affected, but Indonesia was hardest hit, and Aceh, the most western region of Indonesia, was hit worst of all. Of the approximately 230,000 people killed on 26 December ten years ago, more than 170,000 were Indonesians. Most were from

Aceh and Nias Island, where more than half a million people had their houses, possessions and livelihoods destroyed. The pictures on the news moved the world. A visit to the region was a heart-rending, life-changing experience.

The scale and urgency of the event was unique. The response demanded speed, and both





Indonesia and the international community responded fast. Official funds, including those from the EU, were committed within hours, and humanitarian assistance from across the globe, including from EU Member States, reached Aceh within days. The level of funding required was also unique, and the government quickly realised that managing such huge sums would be an enormous challenge.

The emergency, therefore, saw a new approach in disaster response. The multi-donor fund (MDF) for Aceh and Nias allowed international organisations to pool their resources with the national government to support a common joint effort. Led by the Indonesian government, managed by the World Bank and co-funded by donors like the EU, the MDF allowed more than €520 million to be channelled to the people of Aceh and Nias, including more than €200 million from the EU budget.

The results were extraordinary. In Aceh and Nias, nearly 20,000 new homes were built and 670 schools were reconstructed or rehabilitated. MDF-funded projects provided for the reconstruction of five critical ports, over 650 km of national roads, nearly 1,600 km of irrigation and drainage channels, and some 8,000 wells.

Anywhere else in the world a natural disaster such as the tsunami would worsen a civil conflict, but in Indonesia it brought people together with the common aim of ensuring that peace would grow out of tragedy. Thirty years of civil unrest

in Aceh was concluded in the period following the 2004 tsunami with a historic memorandum of understanding being signed between the Indonesian government and the Free Aceh Movement (GAM) in Helsinki on 15 August 2005.

The commitment of the EU to Peace and Prosperity is strong across the globe, but there are few places where it can claim to have marshalled its political and financial resources so effectively as in Aceh. These included the early mediation efforts of Finland's President Ahtisaari, the EU's involvement alongside ASEAN in the Aceh Monitoring Mission, and our determined support towards sustained peace in Aceh which only came to an end in 2012.

The EU-ASEAN Aceh Monitoring Mission (AMM) was central in supporting the mediation efforts. In parallel, the EU developed a €30 million initiative to implement the key provisions in the official Memorandum of Understanding through the Aceh Peace Process Support (APPS) programme. The APPS consisted of a set of inter-related projects that provided technical assistance and capacity building for elections, police, justice and local governance reform, and support to the reintegration of ex-combatants.

The conclusion of the EU's peace building work in Aceh is not the end of this story that sees hope following despair. The EU remains a committed friend of Aceh and continues to support the province in areas of common interest such as the environment and global climate change.

# Good Governance and Human Rights

## Transparency, integrity and accountability

2014 Grant Disbursements (in €)

	Grants
Denmark	1,950,000
European Union	10,031,000
Finland	510,000
France	55,000
Germany	5,113,000
Netherlands	13,681,000

*This table shows disbursements in 2014; preliminary figures only. Unless otherwise specified, funding figures in the text reflect total project allocations.*

The EU is founded on the principles of liberty, democracy, the rule of law and respect for human rights. It shares with Indonesia an understanding that human rights and democracy are inextricably linked, and that both are central to preventing and resolving conflict and alleviating poverty. Only in a democracy can individuals fully realise their human rights, and only when human rights are respected can democracy flourish. Human rights are therefore interdependent, and civil and political rights cannot be separated from economic, social and cultural rights.

Jointly and individually, the EU and Indonesia therefore promote democracy, tolerance, good governance and respect for human rights. In Indonesia, the EU aims to respond to the government's priorities by focusing on key areas such as judicial reform, the strengthening of public finance management, and anti-corruption activities. In partnership with UNDP, the €10 million EU Support to the Justice Sector Reform Programme in Indonesia (SUSTAIN), which

started implementation in 2014, supports the ongoing reform of the judiciary with the intention of fostering organisational integrity, accountability and transparency, and improving training.

To support the enhancement of central government revenue administration and sound public financial management, including at decentralised level, the EU provides €10 million towards the €21 million PFM Multi-Donor programme (the other donors are Canada and the Swiss government). The programme is managed by the World Bank and the Ministry of Finance and its second phase began implementation in 2014.

As elections are recognised as an essential component of democracy, the EU is encouraging women's participation in politics, and working to improve dialogue between civil society organisations and local authorities. The EU also funds a number of projects through the European Instrument for Democracy and Human Rights (EIDHR). This aims to promote universal respect for human rights and fundamental freedoms by providing support to civil society organisations. In Indonesia, projects range from promoting religious tolerance, to improving the participation of marginalised groups in elections.

The EU's overall objective is to support public institutions in delivering better services to the entire population, including minority and vulnerable groups. Increasing the transparency, integrity and accountability of government agencies helps reinforce public trust and ensures that tax revenues are collected and spent effectively and equitably.



## DENMARK - Collective action against corruption

Combating corruption demands collective efforts among public sector, private sector, civil society and community actors. A new partnership between Indonesia Corruption Watch (ICW) and the youth wing of Muhammadiyah, one of the largest faith-based organisations in Indonesia, aims to enhance such efforts.

The project, which is supported by Denmark's good governance programme, will be implemented by Muhammadiyah through the establishment of an anti-corruption madrasah (Islamic school), advocacy campaigns for corruption prevention, and collaboration with law enforcement agencies to improve monitoring and reporting of corruption cases.

*"We learn how to fight corruption from ICW and ICW can learn from Muhammadiyah how to engage active participation from the people to fight corruption."*

Dahnil Anzar Simanjuntak, Muhammadiyah Head of Youth



## EU - Increasing female representation

Women who wish to participate in Indonesian politics still face a number of barriers. The €300,000, two-year project, A More Inclusive Democracy: Strengthening Women's Participation for the 2014 Elections, has been working to encourage women parliamentary candidates in Bali and West Nusa Tenggara provinces, where female representation is low, and in West Java, where female representation is high. With the goal of building constituency support for women in politics across Indonesia, activities have included workshops with political parties, training in leadership skills, and organising alumni and community forums. The project has established a network of approximately 75 female candidates in the three provinces, six of whom now sit in the local parliament.



*"I gained a lot of knowledge about leadership. I also learned that there are many positive choices in conflict resolution. I'm confident that I'm now a more skilful leader."*

Suryati from the United Development Party

# Involving Civil Society Organisations and Local Authorities

The first draft of the new EU Roadmap for Engagement with Civil Society in Indonesia 2015-2017, which was announced in December 2014, aims to further strengthen the EU's links with civil society organisations (CSOs) and provide support to their endeavours. The Roadmap identifies three priorities: promoting a conducive legal, regulatory, financial and institutional environment; encouraging constructive and effective participation across all key social, economic and environmental public policy areas; and supporting the capacity of CSOs to contribute to poverty

reduction and inclusive and equitable economic growth.

A new phase of the thematic programme Civil Society Organisations and Local Authorities (CSO-LA) aims to support contributions from civil society and local authorities towards improving governance, accountability and inclusive policy-making. Spanning economic cooperation and good governance, the programme represents an innovative initiative of the EU and its Member States in Indonesia.

## EU - Flores coffee to go

The three-year INFEST (Innovative Indigenous Flores Ecotourism for Sustainable Trade) project aims to stimulate development that is designed and driven by local communities. Funded by the EU with €320,000 and implemented by the Indonesian Ecotourism Network (Indecon) Foundation in five villages and two cities on Flores island in East Nusa Tenggara province, the project is working to build local capacity in tourism services and develop environmentally-friendly tourism products which benefit the local community.

In Waerebo, a remote village famous for coffee farming, the project has helped a local tourism organisation develop specialist tours which involve trekking in

the plantations, picking and selecting beans, and drying, grinding and packaging them. The village, which received UNESCO's highest award for cultural heritage conservation in 2012, welcomed over 2,100 visitors in 2014, more than double the previous year's total.

*"At the beginning, my neighbours gave me a lifted eyebrow because they were not sure the coffee will be sold. Yet, after two months our sales rocketed, which convinced everyone."*

Asti, Waerebo village resident



## EU – Planning for people

Participatory approaches are important as they encourage civic engagement in decision-making, and give citizens both better control over policy and budgeting processes, and a bigger stake in their outcomes. A twenty-month project co-financed by the EU with nearly €120,000 and implemented by AKATIGA Foundation, aims to enhance participatory planning mechanisms in Surakarta and Kebumen in Central Java, and investigate whether they can be shown to reduce poverty. As part of the project, nearly 40 people from 15 pilot villages have been trained to identify local economic potential and produce local economic development plans.

*“In Kebumen the project has helped synchronise bottom-up village planning with top-down government planning and the community is now thinking more positively about economic development.”*

Yuli, Kebumen Planning Office



## EU - Reforming public procurement

Efficient and effective public procurement is the backbone of well-functioning government, and as significant public spending in Indonesia occurs at local level, the issue is of particular relevance to local authorities. Complementary to its support of the national Public Finance Management (PFM) reform agenda, the EU is funding a six-year initiative with €900,000 that supports the reform of public procurement systems in 11 local governments spread across Indonesia.

Implemented by Bandung Trust Advisory Group (B\_Trust) and Indonesia Procurement Watch (IPW), the initiative has successfully steered the design of integrated new procurement units that use online systems to improve efficiency, reduce costs and allow fair and transparent competition among vendors.

*“As well as receiving the National Procurement Award 2014 from the Ministry of National Development Planning (BAPPENAS), Biro Layanan Pengadaan Southeast Sulawesi Province has become a role model and inspiration for procurement in other provinces and districts.”*

Agus Rahardjo, Head of National Public Procurement Agency

# Health, Water and Sanitation

## Health for all

2014 Grant Disbursements (in €)

	Grants
European Union	245,000
France	28,000
Netherlands	15,704,000

*This table shows disbursements in 2014; preliminary figures only. Unless otherwise specified, funding figures in the text reflect total project allocations.*

Despite making great progress in recent decades, Indonesia still faces some significant challenges in assuring the health of all its citizens, especially the poorest. Although life expectancy has increased and infant mortality rates have dropped, severe geographical and income-related inequalities remain. Infant and child mortality rates among the poorest households, for example, are still very high, and some provinces have rates which are three times higher than others. Malnutrition also remains a troubling issue. Over one third of Indonesian children under five years old are stunted, meaning that they suffer severely impaired growth.

Communicable diseases are also a major cause of illness and death. Approximately 65,000 people die of tuberculosis (TB) annually, and with cases of multi-drug resistant TB rising, over half a million new cases occur every year. A similar number of people - estimated at 480,000 - are currently living with HIV/AIDS, and the prevalence in Papua is 15 times higher than the national rate. Vector-borne diseases such as malaria and dengue haemorrhagic fever also remain a persistent problem, avian influenza continues to kill a very high proportion of those humans infected, and the burdens of chronic conditions such as cancer,

cardiovascular diseases and metabolic disorders are rising.

Although the right to a healthy life is stipulated in law, and Indonesia is generally regarded as having relatively adequate levels of healthcare provision, access remains a huge problem in remote districts. In this regard, the introduction in 2014 of *Jaminan Kesehatan Nasional*, which extends basic free health insurance to nearly half the population, is a positive development.

The EU and its Member States - particularly France and Germany - recognise these challenges and have made the largest contribution in the world to the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM). Indonesia, which is the 8th biggest recipient, has benefited from nearly €600 million from this fund since it was established, approximately half of which has come from the EU. In addition, the EU is helping to improve sexual and reproductive health among young Papuans, and is working with UNICEF to combat malnutrition and stunting among children.





## EU – Scaling up nutrition

The adverse effects of chronic malnutrition on a child's physical and intellectual development are severe, and Indonesia's stubbornly high child malnutrition rates threaten the prosperity of the next generation. Almost 20 per cent of Indonesian children under five are underweight, and 37% are stunted.

The Maternal and Young Child Nutrition Security Initiative in Asia (MYCNSIA) aims to address this problem. Supported by the EU with €4.2 million, and implemented by the Ministry of Health working with UNICEF in Central Java, East Nusa Tenggara and Papua, activities fall in two broad categories: high impact nutrition-specific interventions such as micronutrient supplementation, breastfeeding counselling and the treatment of severe acute malnutrition, and a community-centred approach to promote nutrition-sensitive strategies across a wide range of sectors.

*"My kader [community-based worker] helped me understand that exclusive breastfeeding for six months is best for my baby and will protect him from diarrhea. My mother-in-law tried to persuade me to give him other foods but he is only 5 months and I refused."*

Theresia Tari, mother of 5 months old boy, Novensus Nong Tommy



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## EU - Talking sexual health

Despite more than ten years of intervention, Papua's high incidence of HIV/AIDS among young people is not declining. The three-year Advocacy for Improved Sexual Reproductive Health Services in Papua project, funded by the EU with nearly €700,000, is helping to build the capacity of civil society organisations to advocate for improved and more youth-friendly sexual and reproductive health (SRH) services.

Implemented by Stichting WPF (World Population Foundation), the project has developed networks among young people to advocate for increased budgets and improved interventions for gender-sensitive and youth-friendly SRH services, and formed new alliances between healthcare specialists, policymakers and young people.

*"After the implementation of the EU project by Rutgers WPF and IPPA Papua, I as young indigenous Papuan found the ideal purpose to help my fellow young Papuans toward change. Rutgers WPF and IPPA Papua encouraged and trained us to have the capacity we needed. We can be that Agent of Change and we should start from ourselves."*

Johan Albert Piche, Youth Forum Papua activist

# Strengthening People-to-People Relations

## Building trust, understanding and friendship

Whilst diplomatic exchanges, official development cooperation funding, and technical assistance play a central role in the EU's and Indonesia's shared objectives to promote sustainable development and eradicate poverty, both the EU and Indonesia recognise that strengthening people-to-people relations, particularly in education and culture, is an important part of our joint efforts to deepen our mutually beneficial friendship.

Non-governmental interactions have long been important in the cultural and creative sectors – in fashion, music, film and art, for example – but in an increasingly globalised, interdependent world, connected as never before by mass communications, what might be described as 'cultural diplomacy' is critical to fostering peace, prosperity and mutual understanding. Founded in respect for cultural diversity and heritage, and a willing acceptance that we are all equal partners in intercultural dialogue, cultural diplomacy has a unique ability to influence the thinking and actions of individuals, communities and countries.

Given Indonesia's growing stature on the international stage, its pivotal position in Asia, and leading role in ASEAN, strengthening people-to-people relations between the EU and Indonesia, and even further afield, has never been more important. Indonesia can stand as an inspiration and a model for other countries dealing with processes of democratisation and decentralisation,

as well as localised ethnic and religious conflict. Indonesia's status as a major Muslim majority country committed to pluralism and democracy also gives it a powerful global voice.

EU efforts in Indonesia to strengthen people-to-people relations have already produced real results. In education, business and government affairs, the number of exchanges has steadily expanded, and over 10 million people a year – business people, students, officials, academics and tourists – are now estimated to participate in two-way exchanges between the EU and Indonesia. This builds closer ties between our peoples, enhances trust, and increases understanding of our cultures. Ultimately millions of Indonesian and European citizens will benefit.







## EU – Destination Europe



Indonesia's first European Travel and Culture Fair was held at Balai Kartini in Jakarta on 18 and 19 October 2014, attracting almost 12,000 visitors. Whether visitors were planning to travel to Europe, just dreaming about it, or simply wanted a fun day out, the fair provided them with first-hand information about travel destinations and special offers as well as booking opportunities. In addition to the EU, 24 European countries were represented along with a number of airlines, travel agents, specialist shops and insurance companies. A range of dance and music performances, cooking demonstrations, language classes, photography clinics, fashion shows, and even an eating competition, meant that the best of Europe's attractions – and its people, culture and creativity – was on show.

## EU - Europe week: celebrating peace and unity

Europe Day is held every year on 9 May to celebrate peace and unity in Europe. All over the world EU institutions organise a variety of activities to mark the day, raise awareness about the EU, and strengthen people-to-people relations. As part of the celebrations in Indonesia in 2014, the EU Delegation in Jakarta introduced the new concept of a 'Europe week'. Alongside a series of seminars, lectures and receptions, the EU organised an Indonesia-wide film festival presenting work by emerging talent as well as established masters. In addition, a five kilometre 'EU RunWalk' was organised in Jakarta for the first time. In 2014, the celebrations also saw a day dedicated to providing information on EU-Indonesia scholarships, and a pavilion at the Wine and Cheese Expo, part of the annual Jakarta Fashion and Food Festival.



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