

**The Republic of Korea's Country
Partnership Strategy for
the Republic of Indonesia
2016-2020**

The Government of the Republic of Korea

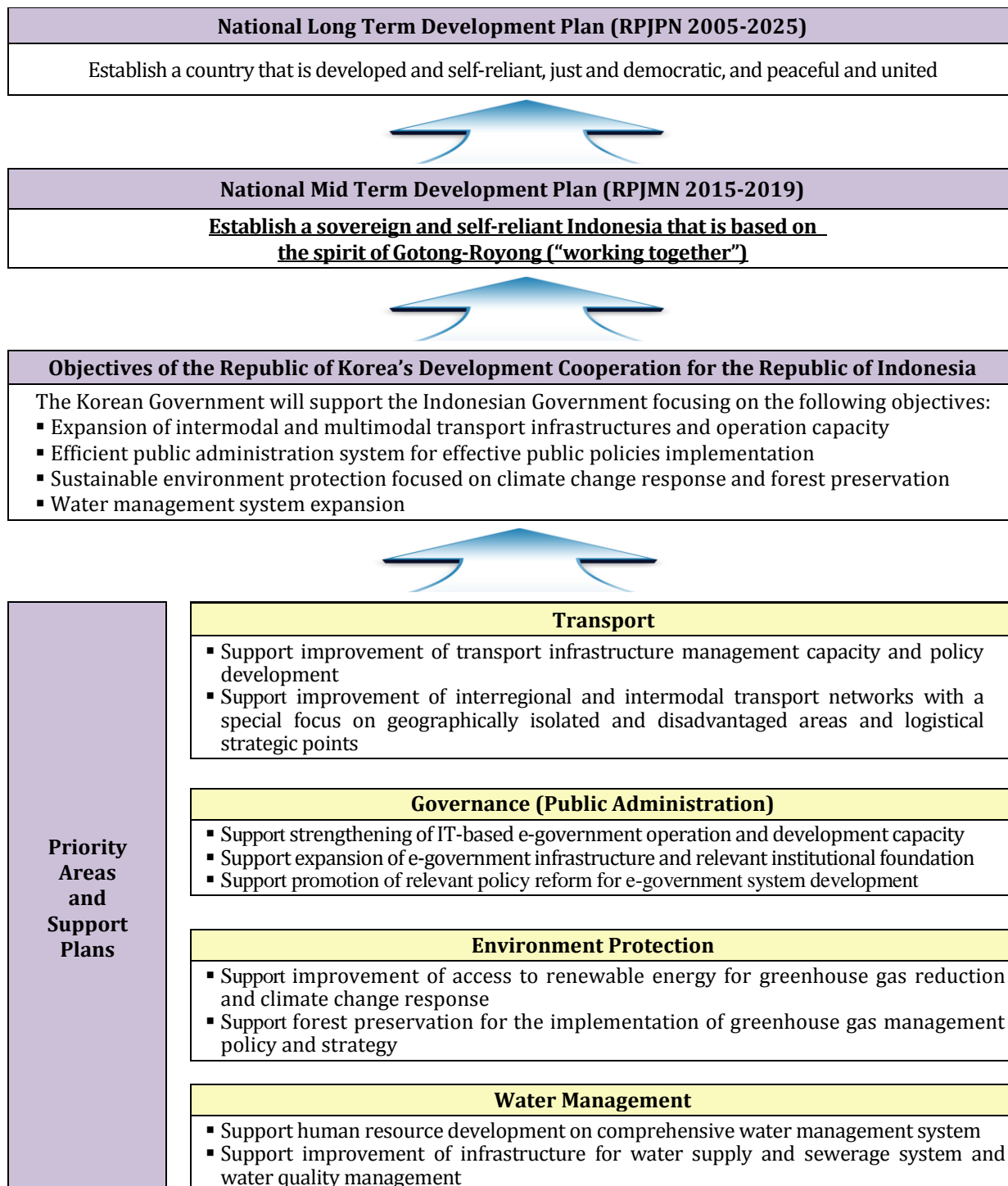
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The Republic of Korea's Country Partnership Strategy for the Republic of Indonesia

I. Summary



1. **(Vision)** The Government of the Republic of Korea (Korea) will make development cooperation efforts to contribute to the National Mid-term Development Plan 2015-2019 (RPJMN) of the Government of the Republic of Indonesia, whereas to support plans and implementation.
2. **(Priority Cooperation Areas)** The priority cooperation areas reflect Indonesia's development needs and Korea's strengths in development cooperation and its own development experience. Seventy percent of Korea's ODA for Indonesia will be allocated to the following priority cooperation areas.
 - **Transport** including interregional, multimodal, and intermodal transport; and a transport operation and management system
 - **Governance (Public Administration)** including e-government system development, operation, maintenance, and IT-based capacities building in government
 - **Environment Protection** including forest preservation and improved access to renewable energy as a response to climate change and greenhouse gas reduction and management
 - **Water Management** including comprehensive water management system, improved water supply and sewerage systems, and water quality management

All sector strategies will include human resources development in order to ensure the sustainability of development cooperation.

3. **(SDGs Implementation)** Korea's development cooperation efforts for Indonesia will be geared toward Indonesia's implementation of the Sustainable Development Goals (SDGs).

II. Priority Areas and Implementation Measures

A. Transport

1. Needs Assessment

Despite macroeconomic growth, the Indonesian government is facing a serious challenge in the area of infrastructure. The major share of transport mode in Indonesia is road (85%) followed by airport (8%), and port (7%). Java and

Sumatra, where the country's main road networks are located, are suffering chronic traffic congestion and could no longer function as economic and strategic key points.

From the physical capacity point of view, the cargo and passenger train capacities have already reached their limits. The demand for air transportation has exceeded the capacity by 3 - 4 fold, while cargo unloaded at the seaports require an average of 6 - 8 hours to reach industrial centers or distribution centers.

Recognizing the overstressed transport infrastructure, the Indonesian government promotes the construction of various transport infrastructure. Through the expansion of transport infrastructure, the government plans to improve the national and interregional transport network, and reinforce the national distribution system. The goal is set to reduce the transportation and logistical cost from 23.5% of GDP (2014) to 19.2% by 2019, increase the employment rate and reduce the regional poverty gap¹.

The Mid Term Development Plan (RPJMN 2015-2019) highlights the importance of improved national connectivity for balanced national development. The RPJMN 2015-2019 acknowledged the long-term negative consequences of the concentrated infrastructure development in large cities and noted improved national connectivity is required to enhance interregional and international trade. Goals of the RPJMN include the construction of new roads from 1,202km (2014) to 2,650km, the extension of the railways to increase overall lengthening by 60%, developing the Kualan Tanjung and Bitung port into an international hub, and increasing the Soekamo-Hatta airport capacity to 87 million persons by 2019.

2. Implementation Strategy

Korea's support strategy for Indonesia will be based on the RPJMN 2015-2019 with particular focus on **transport modal network and interregional connectivity, IT-based infrastructure management capacity, and transport policy development.** Korea's experience in infrastructure expansion based on economic development plan and personnel capacity building will be shared in the process.

Korea's CPS will support:

a. Improvement of interregional and intermodal transport networks with a special focus on geographically isolated and disadvantaged areas and logistical strategic points

- Korea will take an integrated approach towards national connectivity which

¹ The Indonesian government aims to increase the GDP growth rate to 8%, reducing the unemployment rate (2014: 5.9% → 2019: 4.0-5.0%) and poverty rate (2015: 10.96% → 2019: 7.0-8.0%) by 2019.

engages regions and transportation modes as a means to promote balanced development. On such note, Korea will provide policy-level advice, data construction, and analysis framework on **multimodal and intermodal transportation integration**.

- A special focus will be given to an **integrated transfer terminal** for cargo and passengers at strategic key points that link railways, expressways, or ports.

b. Improvement of transport infrastructure management capacity and policy development

- Korea will support the development of an IT-based transportation management system environment to increase the efficiency of infrastructure maintenance. This system will be geared towards effective integration and management of regional data on transport infrastructure scattered across regions and public offices into a database.
- In order to enhance effectiveness, policy development and transport expert training will be complemented.

B. Governance (Public Administration)

1. Needs Assessment

The Indonesian government's administrative reform is focused on improving the quality of public services for the people and government productivity. The development agenda of the 3rd Mid-Term Development Plan (RPJMN 2015-2019) emphasize Indonesia's strong will towards administrative reform for a clean, effective, democratic, and reliable governance.

The expansion of an e-government system is geared towards fulfilling both focus areas: governance and reform. Each ministry already holds a basic form of electronic system, but, the central government is taking greater interest in further development and utilization of a comprehensive government administration management system and national data centers (e.g. Geological Research and Development Centre, GRDC) in order to enable information sharing among the central and local governments.

Despite the ministerial efforts to build a comprehensive administration management system, the integration of the IT-systems independently developed by ministries and local governments remains as a challenge. The Ministry of Administrative and Bureaucratic Reform is currently working on establishing an E-Government Master Plan while the Ministry of Communication and Informatics and other ministries are working separately to improve base systems and build personnel capacity for e-government system development and maintenance. Advanced and practical technical support and capacity building for

the integration, development, and management of IT-systems and the development of relevant policies are needed.

To realize the e-government development plans, improving the IT environment is needed. According to the UN DESA's 2016 E-Government Survey, Indonesia ranked in 116th place among 193 countries for the E-Government Development Index (EGDI) indicating relative disadvantaged position for building and operating e-government system. A similar position was indicated in the ITU's ICT Development Index Report where Indonesia was ranked in 106th place.

2. Implementation Strategy

Korea's support strategy for Indonesia will be based on the RPJMN 2015-2019, the Indonesian government's e-government master plan and road map, and the MOUs signed between the Korean and Indonesian governments (2013, 2014 and 2015)² with particular focus on **improving e-government infrastructure and policy framework** to strengthen government effectiveness and efficiency. Korea's own experience in advance e-government system development and maintenance will be reflected in its development cooperation programs.

Korea's CPS will support:

a. Expansion of e-government infrastructure and relevant institutional foundation

- The Korean government will support the Indonesian government's high-priority areas of e-government infrastructure expansion with consideration to a comprehensive e-government perspective.

b. Strengthening of IT-based e-government operation and development capacity

- Korea will support capacity building and training of relevant personnel for operation and maintenance of an e-government system. The programs will take account of the preliminary demand survey which indicated a greater need for experts on IT system development, operation, and management rather than basic IT capacity building program.

c. Promotion of relevant policy reform for e-government system development

² The Memorandum of Understanding (MOU) between the Korea's Ministry of Government Administration and Home Affairs, the Indonesia's Ministry of Administrative and Bureaucratic Reform and the Indonesia's Ministry of Communication and Informatics was signed on October 2014. The MOU between the Korea's Ministry of Science, ICT and Future Planning and the Indonesia's Ministry of Communication and Informatics was signed in April 2015.

- In line with the Indonesian government's e-government master plan, Korea will share its own experience on setting and improving various e-government laws, decrees, regulations, and guidelines.

C. Environment Protection

1. Needs Assessment

The rapid growth of the national population³ in Indonesia is closely linked to the increase in greenhouse gas emissions and acceleration of forest denudation. Jointly, forest denudation and increased carbon dioxide (CO₂) emissions are considered serious national concerns for Indonesia today. The forest area was reduced from 65.4% of the land area (1990) to 51% in 2015, while carbon dioxide (CO₂) emissions increased by a shocking 342%. The actual increase of CO₂ was from 95 million metric tons in 1980 to 335 million metric tons in 2006 which ranked Indonesia as the world's third largest emitter of greenhouse gases, after the United States and China.

Economic losses of almost \$400 million were accounted to air pollution according to the 2010 World Bank report, a worrisome figure challenging sustainable growth. Energy sources, forest fires, and logging are identified as the largest factors for CO₂ emission in Indonesia.

The Indonesian government is aiming to cut down CO₂ emissions until 2020 as a response to the threat to the environment and sustainable growth. The 2008 government announcement set the initial goal of cutting down emission by 26%, which may be increased as much as 41% with collaboration efforts with the donor countries. In addition, the national energy strategy "Vision 25/25" is set to increase the share of new and renewable energy to 25% by 2025.

Policy and project level efforts are being made in regards to the climate change response. For an effective response to climate change to take place, development cooperation and coordination aligned to the Indonesian government's policies and strategies on climate change response is needed. The government has announced the Climate Change Sectoral Roadmap (ICCSR) 2010-2030 and its detailed strategic plans on climate change response. Development cooperation projects are currently being implemented with the Indonesia Climate Change Trust Fund (ICCTF).

2. Implementation Strategy

Korea's support strategy for Indonesia will be based on the needs and goals of **greenhouse gas reduction and climate change response** as identified in

³ From 150 million in 1980 to 250 million in 2015, 60% increase of national population was observed.

Indonesia's Vision 25/25, Climate Change Sectoral Roadmap (ICCSR) 2010-2030, and the 2013 MOU on reforestation and ecotourism. Korea's familiarity with the forestry sector network as seen by the founding of the Korea-Indonesia Forest Center (KIFC) and project experience in forest, coastline, and river basin preservation; climate change adaptation and mitigation; and new and renewable energy will be reflected in the process.

Korea's CPS will support;

a. Forest preservation for the implementation of greenhouse gas management policy and strategy

- In line with the spirit of agreement, Korea will support forest preservation as a response to climate change. Specific focus will be given to policy advice on protecting and managing forest resources, forestry information system development, capacity building for forest restoration, and joint research on forest carbon offsetting and green technology.

b. Improvement of access to renewable energy for greenhouse gas reduction and climate change response

- Support for the capacity to promote renewable energy will take into consideration engaging renewable energy policy reform and implementation and improving access to electricity in geographically isolated and disadvantaged areas. Recognizing the limitation of ODA resources, Korea will promote partnerships with the private sector.

D. Water Management

1. Needs Assessment

Water resource management in Indonesia is attributed as an important facet of national security in the RPJMN 2015-2019. The importance given to water resource management reflects the Indonesian context. Approximately 60 million people living and making a living along the 99,093km coastline (2013) require protection from the risks of coastal erosion and floods, while 55.5% of the Indonesian population (2012) is using groundwater, which is easily contaminated by urban and industrial waste and agricultural pesticides, for daily purpose.

Floods, famine, deforestation, soil erosion, and sedimentation are affecting water storage and, eventually, agriculture. The frequency of floods has increased from 150 incidences in 2001 to 672 incidences in 2009, and is continuously rising. Famine is affecting about 3% of the total double-cropping rice planting area (250,000Ha), and the sedimentation from soil erosion and waste water treatment facilities is negatively affecting the water storage for farming.

Also, the deforestation caused by economic activities, agriculture, and mining have led to significant changes to the water catchment area. In the case of the Kalimantan and Sumatra, the activities have destroyed 8.4% of Indonesia's forest between the year 2000 and 2012. The consequent shifts in the pattern of soil erosion and runoff and the level of sedimentation has caused significant changes to the water catchment area, reducing natural water storage capacity.

Maintaining quality of water resources is a serious challenge for national development. The effects of industrialization and urbanization, and the lack of waste water treatment facility need to be mitigated to achieve and maintain good quality water. With swamps, arable lands, and plantations being taken over by residential areas and destroyed by economic activities, conservation is important in order to alleviate soil erosion and secure sustainable water resources.

2. Implementation Strategy

Korea will take an integrated approach to its support of effective and efficient **water resource management**, which includes flood control and water supply, river rehabilitation, IT-based comprehensive water management system, and sewerage system. Related project experience in Indonesia⁴ including the noteworthy cooperation with Netherlands, a mega multilateral consulting project for flood prevention and regional development, in the Northern coast of Jakarta will also be applied.

Korea's CPS will support;

a. Human resources development on comprehensive water management system

- Korea will support efforts to strengthen water management capacities, particularly for capacities responding to floods, droughts, and water pollution caused by industrialization and urbanization.

b. Improvement of infrastructure for water supply and sewerage system and water quality management

- The focus will be given to improving the drinking water system to reduce dependence on groundwater in residential areas. Korea will support the development of relevant infrastructure and introduce advanced water quality managing methods.

⁴ Pilot Project for Ciliwung River Restoration (KOICA), Karian Multipurpose Dam Project (EDCF), Citarum River Flood Forecasting System Development Project (KOICA), Master Plan, Feasibility Study and Basic Design for Drainage System in Palembang City (KOICA), and etc.

III. Country Partnership Strategy (CPS) Evaluation Framework

National Mid Term Development Plan (RPJMN 2015-2019) Developing Indonesia, reducing poverty, and improving the cooperative relation between Korea and Indonesia by contributing to Indonesia's successful implementation of the Mid-Term National Development Plan				
CPS Strategic Goals				
Priority Areas	Goals	Expected Challenges	Achievements	Evaluation Index
Transport	<ul style="list-style-type: none"> Improvement of transport infrastructure management capacity and policy development Improvement of interregional and intermodal transport networks with special focus on geographically isolated and disadvantaged areas and logistical strategic points 	Lack of comprehensive development plan Low budget and lack of transport expert	Expand transport network and stable transport services Accumulate Transport data Build capacity of expert on transport	CPS Conformity (whether a project has been appropriately identified and developed in accordance with CPS goals) Project Implementation Status (whether projects have been implemented in alignment with CPS)
Governance (Public Administration)	<ul style="list-style-type: none"> Strengthening of IT-based e-government operation and development capacity Expansion of e-government infrastructure and relevant institutional foundation Promotion of relevant policy reform for e-government system development 	Low level of social and public infrastructure Administration segregation between government ministries	Improve relevant regulations on e-government Improve delivery of government service to public Improve government transparency and efficiency	
Environment Protection	<ul style="list-style-type: none"> Improvement of access to renewable energy for greenhouse gas reduction and climate change response Forest preservation for the implementation of greenhouse gas management policy and strategy 	Low level of infrastructure Low level of public awareness	Reduce possible water-based disasters occurrence Improve residential sanitation and hygiene Reduce or delay forest denudation	
Water Management	<ul style="list-style-type: none"> Human resources development in comprehensive water management system Improvement of infrastructure for water supply and sewerage system and water quality management 	Low level of infrastructure Low level of public awareness	Reduce possible water-based disasters occurrence Improve residential sanitation and hygiene	

IV. Mid-Term Allocation Plan

Seventy percent of Korea's ODA will be dedicated to the **priority areas**, while some flexibility will be applied in order to accommodate urgent humanitarian needs and socioeconomic changes in Indonesia.

Also, resource allocation will be adjusted based on program implementation, policy dialogue, interim monitoring, delays in projects, and other possible changes in circumstances.

Budget allocation could also be adjusted during budget discussions and project planning stages, and is subject to parliamentary decision.

V. Partnership Plans

1. Partnership between donors

Cooperating with various partners is essential to maximize development effectiveness in Indonesia, an archipelagic state. Korea will continue to participate in infrastructure development projects and multilateral cooperation network of donor organizations, and cooperate with other key donor organizations to support the implementation of Indonesian government's main policy agenda in Korea's priority areas.

2. Partnership with the private sector

As public resources for development is limited, engaging the private sector in infrastructure development project is important; however, the success of such a project would require know-how and expertise gained through experience.

In this regard, Korea will continue to implement innovative, small-scale pilot projects such as KOICA's socially responsible investment partnership projects, creative value creating programs, and etc.

3. Cooperation at the field level

As support to the infrastructure development plan of the Indonesian government, Korea will make efforts to link grants and loans at the project development stage. Projects that could produce tangible results and attract private sector participation will be prioritized.