

South East Asia Prosperity Fund 2014-2015: Indonesia Activity

The South East Asia Prosperity Fund is the UK Foreign & Commonwealth Office's (FCO) technical cooperation programme that aims to create the conditions for global growth. The South East Asia Prosperity Fund is supporting around GBP 500,000 to develop 9 projects in Indonesia for 2014-2015. The British embassy in Jakarta together with the project implementers, local and national governments including CSO's and media are working together to create innovative solutions to solve issues in the areas of climate change and energy, the economy and trade, transparency and anti corruption.

Climate Change and Energy

Following the success of presenting Energy Security Business Case ("ESBC") which clearly demonstrated the magnitude of the downstream energy security challenge (> US\$80Bn by 2025) and the incontestable case for regulatory reform to secure private sector investment in Indonesia, we continue to support Synergy to work with National Energy Council (DEN) and the Vice Minister of Energy and Mineral Resources (ESDM). This year the project aims to secure cross government ministry support to implement key regulatory reforms and to subsequently start the reform process of removing cross-ministerial regulatory barriers and restrictions, which are undermining energy security and preventing significant private sector investment and competition in the downstream oil fuels, LPG, biofuels and crude oil sectors.

Meanwhile advancing our cooperation with Green Economy Caucus (GEC) in the Parliament, we continue supporting Prakarsa to improve the capacity of Legislators at the national and sub-national in reviewing government's policies on green economy and low-carbon growth to achieve sustainable development. The National Council for Climate Change (DNPI) has expressed its interests to closely work with GEC and fund GEC's programme. An initial discussion between DNPI and GEC has taken place and an MoU is expected to be produced by September 2014.

Further we also develop a project with Earth Security Initiative to build Indonesian government capacity to increase its cooperation with global business to support investments in sustainable palm oil. The main agenda of this project is to reduce its carbon emissions from deforestation and improve the effectiveness of its commitment towards a global climate agreement in 2015. The project will help Indonesian government to understand and respond to global market opportunities to reduce emissions from tropical deforestation by moving ambitiously towards sustainable palm oil by involving and aligning core government trade, investment and financing capabilities which are at present not fully engaged with the sustainable palm oil agenda.

Transparency and Anti Corruption

Collaborated with ICW, we have run projects to assist Jakarta's government to set up integrity infrastructure in procurement process since 2012. This year, we aim to mitigate illicit enrichment and to increase capacity of CSO and journalist to monitor public procurement. The project provides guidelines and training for the officials to report their wealth as well as the CSO to actively monitor the procurement process. It will create transparent environment and improving transparency and accountability of public procurement system within the government. This project will continue to facilitate Jakarta to achieve good governance and contribute to create a better business environment.

Successfully brought up the issue of combating facilitation payment to Corruption Eradicating Commission (KPK) and in the APEC Ministerial Meeting in Medan, We escalate our work with Transparency International Indonesia to develop and socializing anti facilitation payment guidance and procedures to government, national and foreign Businesses and other key stake holders. The project aims to institutionalise anti facilitation payment initiative in strategic institution and sectors. There will be joint public campaign with KPK, Mou Signing with selected private and public sector including joint training run by KPK and TII to selected private companies and public sectors in integrated anti facilitation payment at existing integrity system management.

Trade and Economy

We collaborate with Bandung government and Center for Innovation, Entrepreneurship, and Leadership –Institute Technology of Bandung to help Bandung creative SMEs expanding their market access, improve their product design and management skills, as well as attain the business feasibility to meet investor, banking, and product's buyer criteria through intensive business consultation, training, mentoring and coaching program. This project will also identify the cooperation opportunity between Bandung and UK SMEs. This program has a very strong support from the Bandung Mayor. The Bandung government is keen to learn from UK how to build strong SME and expressing their strong interest to develop the relationship with UK in this sector. They also will Invite UK's SMEs/Institution to Buyers and Partner's Pitching event.

After successfully producing road map to enhance the Rupiah debt capital markets in Indonesia last year, we continue providing our expert advice to Debt Management Office in Ministry of Finance. Phase II will be devoted to explaining to the parties other than the DMO such as; Tax office, OJK, Band Indonesia, other parts of the Ministry of Finance, the details of the recommendations, their logic, the benefit to Indonesia accruing from a more liquid government bond market also to listen and understanding their concerns, and adjusting the recommendations to take into account their concerns. The project in the long term will improve access to infrastructure financing, a more efficient and safer institutional savings sector, a government bond futures market, better allocation of funds for investment by both the private and public sectors, accelerated economic development and a healthier banking sector. UK companies (financial and non-financial), who are significant investors in Indonesia, will benefit from more stable and liquid financial markets and a faster growing economy.