

4

Development Assistance

Canada's official development assistance in Indonesia began in 1954 as part of the Colombo Plan, through which Canada provided technical assistance and training. In 1972, Indonesia became a major recipient within CIDA's programs, and has since received funding for large-scale infrastructure projects, programs aimed at strengthening key Indonesian institutions, and a major fertilizer supply program. The country program for Indonesia is now the third largest CIDA program in the world, with total disbursements reaching \$54.4 million in 1989/90.

Canada recognizes that despite Indonesia's economic improvements, sizeable flows of concessional financing and related technical assistance remain vital for the country. The objectives of the Indonesia program are: to strengthen Indonesia's planning and institutional capacity with respect to sustainable resource management, human resource and regional development; in doing so, to contribute toward progress in the priority areas of women in development and the environment; and in general, to support the country's macro-economic adjustment process.

Over 90 per cent of Canada's development assistance to Indonesia is channelled through CIDA's Bilateral, or Government-to-Government Program (see Table 4). Funds are also disbursed via other CIDA programs, such as the Institutional Co-operation and Development Services Program and the Industrial Co-operation Program, two of the most important in terms of level of disbursements. Other aid agencies such as the International Development Research Centre also play an important complementary role in Canada's development efforts in Indonesia as described below.

4.1 Bilateral Program

The overall aim of the bilateral program is to intensify general relations with Indonesia. This means working at the policy level within primarily public sector institutions, in order to strengthen Indonesia's

planning and institutional base. It also entails fostering a greater commitment to lasting relations among the many CIDA supported Canadian institutions, companies and individuals working in Indonesia.

Accordingly, CIDA's bilateral program in Indonesia focuses on four major areas: water resource management; environmental management; human resource development; and regional development.

Water Resource Management

CIDA is currently funding 10 projects worth \$108 million in this area, of which 6, representing more than 70 per cent of the total, are devoted directly to the management of water resources. These projects include irrigation studies, soil conservation, the strengthening of institutions which would manage water resources, and the actual design and construction of canals for water distribution. In addition, CIDA is supporting 21 Indonesian students studying water resources management in Canada, and provides for others through scholarships at the Master's and Ph.D. level at various Indonesian universities.

The remaining four related projects are largely concerned with local development in such areas as agricultural production and productivity, the implementation of potable water systems, and health and nutrition education.

Environmental Management

CIDA is currently sponsoring a major project to support the activities of Indonesia's Ministry of Population and Environment. This project aims at supporting the Ministry's activities through the provision of training, technical assistance and special studies on environmental issues.