

Therefore, in the next three to five years, in accordance with the challenges faced by the new government of Indonesia and its program priorities, it is suggested that Canadian aid programs for Indonesia should be focused on: (1) reducing poverty and unemployment, especially in rural areas; (2) increasing the quality of the governance for regional governments; and (3) assisting the Indonesian national government in its legal, policy and institutional reforms, and in its programs of eradicating corruption and upholding law enforcement.

In order to achieve these goals, I would recommend the following strategic approaches that can be adopted by the Canadian government:

1. In order to assist the Indonesian government in poverty reduction programs, Canadian assistance needs to be focused on the development of basic infrastructure directly relevant to the interest of poor people, such as water supply, basic health and education, and income generating activities. Assistance can be provided by promoting the growth of small and medium enterprises as a means of increasing jobs for poor people. This can be facilitated through the development of a legal framework and policies for assisting small and medium enterprises, including the establishment of business development programs. Such activities can be in the form of micro-credit for poor people in rural areas. Credits channeled in this way could be used not only for productive undertakings but also for people's welfare and their long-term investments like education and healthcare. Also important is that a micro-credit project can be utilized for the empowerment of women, since women constitute the majority of those joining and borrowing from popular self-reliance organizations. In current practice, the greatest portions of micro-credits are already managed by women, and micro-credits can be channeled both by formal organizations as well as informal ones like NGOs.
2. Continue governance reforms at the local government (regency/ municipality) and national government levels. At the level of the regency or municipality, CIDA should provide assistance for policy reforms that aim to increase accountability and transparency in formulating, planning and implementing programs and budgets. This can be undertaken through program planning and implementation using participatory methods; through the opening up of channels for public control as wide as