

Private Sector Development



Production of aluminium at PT. Indonesia Asahan Aluminium



The Indonesia Export Training Center (IETC)

Beginning in 1986, JICA launched a series of projects in connection with the Indonesia Export Training Center (IETC). Through these projects, JICA supplied buildings, equipment, and materials through grant aid, and it provided technical cooperation to give IETC the ability to plan and manage training to supply knowledge and know-how needed for trade for private enterprises. This cooperation also led to a project to reinforce the Regional Export Promotion and Training Center (RETPC), which was established to provide similar training at the regional level in the 2000s.

Results

Japan has provided cooperation to support the development of Indonesia's private sector in ways that meet ever-changing needs amid strong economic growth. As a result, JICA:

- Implemented human resources development in both the government and private sector to promote exports.
- Supported the formulation of strategies for developing SMEs and the establishment of the "SME management consultant" system, and created a framework for developing human resources to support them.
- Supported specific improvements in investment and business environments.



CEVEST

Overview

Developing the private sector requires promotion of both domestic and external private investment and reinforcement of enterprises' industrial competitiveness in such areas as technologies and human resources.

In the 1960s, state-owned enterprises in caustic soda, paper manufacturing, textiles, and other sectors formed the backbone of Indonesia's industry, and JICA provided cooperation centered on factory renovations in these enterprises. Later, in the 1970s, state management focused on economic development came to be practiced under the Suharto administration, and thus state-run enterprises maintained their prominence in textiles, fertilizers, paper making, and other important industrial sectors. JICA's cooperation followed suit by focusing mainly on state-run enterprises and related industries. During this time, a national project called the "Asahan Aluminium Project" was launched as a joint venture by the Indonesian government and a federation of 12 private Japanese enterprises. JICA's support for vocational training in Sulawesi also started at this time. This support was continued to the Center for Vocational and Extension Service Training (CEVEST) in the 1980s. Entering the latter half of the 1980s, the Indonesian economy fell into a slump due to stagnant crude oil prices, which led to stronger desire in the country to break away from petroleum dependency. Consequently, Indonesia strove to achieve further industrialization and export diversification through introduction of foreign capital and technologies. Looking to assist exporting enterprises, JICA helped establish the Indonesia Export Training Center as a facility to promote exports by medium-sized enterprises, and support the formulation of strategies for cultivating export industries.

In the 1990s, Indonesia's intention to promote exports by bringing in foreign capital and upgrading its industries solidified. Japan responded by shifting the focus of its cooperation to establishment of investment and business environments, including development of supporting industries, promotion of investment, and protection of intellectual property rights.

This action suppressed major upheavals during the Asian currency crisis of 1997. Following the Asian currency crisis, there was renewed recognition in Indonesia of the importance of developing small- and medium-sized enterprises (SMEs) in economic activity, and thus cooperation in this field moved forward. Here, JICA provided cooperation toward nurturing enterprise clusters with focus on micro enterprises and developing human resources to support SME development. Based on the latter, a national system for licensing Indonesian "SME management consultants" was established. Training of these consultants is currently being conducted for regional public servants, with funding from the Indonesian government budget. Entering the 2000s, the importance of establishing investment and business environments (which JICA had support to since the 1990s) grew. Accordingly, JICA began providing technical cooperation intended to make specific improvements in areas such as frameworks for fair market competition, intellectual property rights, tax administration, and occupational safety and health. In addition, JICA is providing "Development Policy Loans" to support the initiatives of the Indonesian government to make institutional reforms.

VI. Toward Human and Social Development

Health and Medical Care

Overview

JICA has provided cooperation for the health and medical care sector in a variety of fields. Primary among them are family planning and maternal and child health, hospital improvement, regional health, measures against infectious diseases, pharmaceuticals, and social welfare.

The 1960s were a period of high birthrates in Indonesia. Thus, for the Indonesian government, which was worried about the effects that a rapidly growing population might have on its economy and society, control of the nation's birthrate became a major issue. Because Japan had been successful in lowering its birthrate and infant mortality rate during a short period of time and in promoting family planning following World War II, the Indonesian government asked Japan for technical cooperation in the family planning field. This request led to the initiation of JICA's Indonesia Family Planning Project in 1969. As Indonesia's birthrate declined, JICA switched its focus from family planning to maternal and child health in the mid-1980s. JICA supported the development of "Indonesian maternal and child health handbooks" customized for Indonesia to meet specific local demands. The introduction of the handbook was initiated by the Indonesian counterpart of the project who had observed Japan's maternal and child health handbook system during a training session in Japan. The handbooks were later diffused at the national level, and they are currently distributed to 5 million expectant mothers each year. The handbooks are proving useful in improving maternal and child health services and raising awareness and knowledge among mothers.

As for hospital improvement, JICA has worked to enhance medical facilities by upgrading leading hospitals, providing medical equipment and supplies, expanding facilities and providing technical cooperation since the late 1970s. At the same time, JICA has supported human resources development in the medical field by building nursing education facilities and upgrading the University of Indonesia's School of Medicine.

In the 1990s, JICA addressed a need for domestic manufacture of polio and measles vaccines by providing manufacturing facilities and equipment as well as technical cooperation in vaccine production. PT. Bio Farma, a state-run pharmaceutical corporation that manufactures vaccines, is continuing to grow by providing training to other countries with cooperation from JICA and exporting polio and measles vaccines overseas.

Since the 2000s, JICA has been supporting the reinforcement of the capacity of regional health management in response to decentralization as well as countermeasures against both emerging infectious diseases (avian influenza, etc.) and reemerging infectious diseases (tuberculosis, etc.).



A mother and a child with an Indonesian maternal and child health handbook



Production facilities of polio and measles vaccines (PT. Bio Farma)

Cooperation in vaccine manufacturing

JICA provided facilities and equipment for vaccine manufacture as well as technical cooperation for the production and management of polio and measles vaccines to PT. Bio Farma, a state-run pharmaceutical corporation.

At the present time, Bio Farma has a 100% share of the polio/measles vaccine market in Indonesia and is exporting to other countries. It also manufactures vaccines for other diseases, such as seasonal influenza and rabies. Thus, Bio Farma is improving its technical level as it protects children's health not only in Indonesia but around the world.

Results

JICA has provided support for Indonesia's health and medical care sector by reinforcing medical facilities and developing human resources. It has also worked to strengthen new systems and organizations in the maternal and child health field. As a result:

- Maternal and child health handbooks that were created through the joint work by the Indonesian side and JICA have been diffused nationwide, where they have contributed to better maternal and child health system of Indonesia by raising the quality of maternal and child health services and improving awareness and knowledge among mothers.
- JICA contributed to the improvement of leading medical organizations and development of human resources in the medical field.
- Stable supply of necessary vaccines became possible with the domestic manufacture of polio and measles vaccines. In addition, efforts by PT. Bio Farma with the network of Japanese research institutes and pharmaceutical companies that was built through the cooperation made the domestic manufacture of other vaccines possible and contributed to better health in Indonesia.