



**Memorandum of Understanding
between
the Government of the Republic of Indonesia
and
the European Commission
regarding the Multi-Annual Indicative Programme 2007-2010**

1. Framework of Cooperation between Indonesia and the European Community

The Financing Instrument for Development Cooperation under which EC development assistance to Indonesia is provided, has as its main objective the eradication of poverty in the context of sustainable development, including pursuit of the Millennium Development Goals. Cooperation under the Instrument shall also encourage the integration into the world economy, the promotion of good governance and human rights, and the strengthening of the relationship between the EC and Indonesia.

The Country Strategy Paper 2007-2013 and the Multi-Annual Indicative Programme 2007-2010 for Indonesia have been designed on the basis of such principles, the "European Consensus on Development", and also the Declaration on Aid Effectiveness adopted in Paris in 2005. The present Memorandum of Understanding reflects the indicative assistance priorities for the period 2007-2010 as outlined in the Multi-Annual Indicative Programme 2007-2010.

2. Assistance priorities for the period 2007-2010

The overall objective of the Multi-Annual Indicative Programme (MIP) 2007-2010 is to support the sustainable reduction of poverty in Indonesia within the framework of Indonesia's Medium Term Development Plan 2005-2009. In line with the Paris Declaration, EC assistance will seek to align with Indonesia's policies and using its systems, wherever feasible, and to promote coordination and harmonisation with other development partners. EC assistance will in particular be based on and support the effective implementation of the Government's policies in the priority sectors mentioned below.

In order to maximise impact, results and effectiveness, assistance provided under the MIP 2007 – 2010 will concentrate on the following priorities:

1. Basic education
2. Economic Development (including trade & investment)
3. Law enforcement and judicial reform

3. Indicative Financial Envelope

The indicative financial envelope for the period 2007-2010 is EURO 248 million. It is subject to budget availability and may be adjusted in the course of identification and formulation.

The Multi-Annual Indicative programme 2007-2010 for Indonesia foresees the following indicative budget for each priority as follows:

Assistance (million EURO)	TOTAL 2007-2010
Basic education	198
Economic Development (including trade & investment)	30
Law enforcement and judicial reform	20
Total	248

4. Final provisions

This Memorandum of Understanding does not contain obligations under international law.

5. Signature

For the Government of Indonesia

Signed

H.E. Mr Hassan Wirajuda
Minister for Foreign Affairs

Done in Jakarta

This th day of 2007

For the European Commission

Signed

H.E. Mr Jean Bret  ch  
Head of EC Delegation in Jakarta

Done in Jakarta

This th day of 2007