



2020-21 INDONESIA DEVELOPMENT PROGRAM PROGRESS REPORT

The *2020-21 Indonesia Development Program Progress Report* summarises progress for the reporting period 1 July 2020 to 30 June 2021 of implementation of the Australia – Indonesia COVID-19 Response Plan and program highlights.

Our development program to Indonesia contributes towards achieving the following Sustainable Development Goals.

Program Budget	2020-21 Budget Estimate \$m*
Bilateral	255.7
Regional	24.7
Global	15.4
Other Government Departments	3.2
Total	299.0
Temporary, Targeted and Supplementary Measures (TTS)	84.1
Total ODA	383.1

*Actual expenditure is expected to be available in December 2021/ January 2022.



CONTEXT

Australia and Indonesia are close neighbours, strategic partners and friends. The *Australia-Indonesia Comprehensive Strategic Partnership* has elevated our bilateral relationship and sets an ambitious agenda for deeper and broader cooperation across all facets of our partnership. Australia and Indonesia have a long and proud history of supporting each other in times of need, and we have a shared commitment to combatting COVID-19 together. Our support to Indonesia includes a \$1.5 billion loan to support Indonesia's COVID-19 response and economic recovery.

Indonesia was severely impacted by the COVID-19 pandemic and has experienced widespread community transmission.

The pandemic has altered Indonesia's development trajectory. Growth forecasts have been continually revised, with the latest Asian Development Bank (ADB, September 2021) forecast of 3.5 per cent gross domestic product (GDP) growth in 2021. According to Government of Indonesia estimates, the 2021 fiscal deficit (per cent of GDP) forecast is 5.8 per cent. Ongoing movement restrictions across much of Indonesia have forced businesses to close and many workers to stay home, which has impacted the large informal sector.

After years of progress, **rates of poverty have risen** again, with an official Government of Indonesia estimate of 10.1 per cent (March 2021). Quick and timely government assistance has helped to cushion the economic and social impact of the pandemic, but risks to vulnerable groups remain.

The pandemic has had a considerable impact on human development. Children have missed out on education and healthcare. There have been significant learning losses due to school closures, which have forced more than 68 million young Indonesians out of their classrooms for over a year.

The pandemic's impacts have challenged previous gains made in women's economic empowerment and in eliminating barriers to paid work. **Gender inequalities have widened** as women have assumed additional caring responsibilities alongside work. Government assistance was provided to women experiencing violence during the pandemic, including through online counselling and psychological support services.

The pandemic has also **heightened existing inequalities** for the nine per cent of Indonesians with disabilities, who are more likely to be poor and face greater exposure to economic shocks.

AUSTRALIA'S RESPONSE AND PROGRAM HIGHLIGHTS

Australia has reshaped its development partnership to support Indonesia's efforts. COVID-19 has presented significant implementation challenges, restricting the movement of resources and expertise, slowing progress towards outcomes for some investments. In the reporting period, we have adapted existing programs to deliver results while also meeting new priorities such as economic recovery.

Health Security

Australia responded swiftly to support Indonesia following the onset of the crisis. We exceeded our Health Security targets in the provision of emergency assistance, and supported Indonesia to respond to the crisis at national and local levels. **Our support improved health surveillance tools and bolstered coordination among health agencies**, which is key to improving overall capacity of the national health security system to better respond to future public health threats.

Australia has committed \$101.9 million over three years (2020-2023) for COVID-19 vaccine access in Indonesia, including delivery support and vaccine procurement, drawing on **Australia's Regional COVID-19 Vaccine Access and Health Security Initiative (VAHSI)**. Through VAHSI, Australia has committed to support Indonesia and other Southeast Asian countries to expand COVID-19 vaccine coverage in a safe, and timely manner. Progress will be reported in 2022. Australia has committed to share 2.5 million AstraZeneca vaccine doses from Australian supplies with Indonesia by the end of 2021.

This is in addition to Australia's support for the COVID-19 Vaccines Global Access Advance Market Commitment (COVAX AMC) totalling \$130 million. At 30 June, COVAX AMC has delivered more than 8.2 million COVID-19 vaccine doses to Indonesia's national rollout.

Australia responded to the pandemic with critical life-saving support. **We provided 2.2 million people with emergency assistance, including food packages, and delivered protective medical equipment to front line medical staff.** Additional emergency assistance was provided through United Nations Children's Fund (UNICEF), including: **essential water, sanitation and hygiene supplies** to help stop the spread of the infection; **connecting women and children to critical basic health services** including pre- and postnatal care, medical care for childhood illnesses and life-saving vaccination; and **improved access for children to essential nutrition services**. We supported Indonesia to improve the management and provision of water and sanitation services which underpinned COVID-19 responsive hygiene practices.

We continued to be responsive to Indonesia's priorities as set by its Committee for the Handling of COVID-19 and National Economic Recovery. We supported improved coordination between national and sub-national governments, and improved data quality on COVID-19 cases and responses at the local level. For example, we supported the Indonesian Ministry of Home Affairs to develop official guidance; dashboards of information on health, education, social safety nets, mobility and the economy; and regulations authorising local governments to work with non-government partners in managing the pandemic. **This assistance provided Indonesia with the legal authority and management tools to respond to the pandemic** while also giving visibility of the spread of the virus, and the effectiveness of mitigation efforts. These efforts were critical to the improvement of Indonesia's all-of-government response to COVID-19.

Using big data (large, complex data), Australia supported Indonesia to develop policy options to manage the crisis, which resulted in improvements to Indonesia's COVID-19 vaccination program. Through Australia's support for an 'access and vulnerability matrix', Indonesia was able to identify where vaccination centres could be placed to have the greatest health impact. Australia supported the West Java Provincial Government to strengthen its data management to identify the risk of COVID-19 transmission at the village level. This supported local authorities to make data-informed decisions around their policies and interventions to prevent COVID-19 spread and target support for high-risk areas.

Stability

In the reporting period, Australia and Indonesia continued to work together constructively to support communities and the most vulnerable to weather the shocks of COVID-19. We supported improvements to the justice system, the

deployment of new and improved social protection programs. Our outcomes to support Indonesia's stability are all on track.

In June 2020, Indonesia increased its National Economic Recovery Program budget (approximately AUD70 billion) to deal with COVID-19 impacts. **In the reporting period, Australia worked with Indonesian authorities to ensure integrity in the design of social safety net programs, which resulted in 54.6 per cent of the population (147.5 million people) being reached with new or improved social protection programs.** Australian technical support contributed to Indonesia's decision to provide free and subsidised electricity to over 31 million poor households.

COVID-19 has exacerbated the inequalities of Indonesia's people with disabilities (nine per cent of the population). Australia and Indonesia have a shared commitment to reduce these inequalities. In the reporting period, **we conducted research into the impact of the pandemic on people with disabilities**, which led to a decision by Indonesia to develop a comprehensive database on disabilities. Australia was active in ensuring people with disabilities had a voice in government decision-making. For example, we facilitated the effective participation of Disabled People's Organisations to contribute meaningfully to government regulations relating to the National Disability Law and to establish Indonesia's first disability rights indicators to monitor implementation of the law.

We have also supported studies that informed the development of learning from home policies. This included a simplified curriculum and accompanying modules, instruction for teachers to use diagnostic assessments and increased funding from the national government to support the learning from home process in the outermost, remote and disadvantaged regions. This was critical given significant regional disparities across Indonesia, including a large number of students without internet access, devices or electricity.

Economic recovery

Our efforts to support Indonesia's Economic Recovery are yielding results. In the reporting period, **we provided an \$1.5 billion loan to Indonesia that supported Indonesia's management of the COVID-19 crisis and economic recovery interventions, and successfully leveraged \$2.3 billion dollars of additional resources** to support Indonesia's economic development. Our investments contributed to the passing of a critical piece of legislation for job creation, improving the business environment for domestic growth and trade and investment opportunities. While gains were made in supporting Indonesia to increase economic inclusion of women and vulnerable groups, more work is needed.

We supported Indonesia to identify where COVID-19 recovery funds would produce the highest return on investment, and to monitor the impacts of the crisis on economic growth. For example, we helped produce a map that allowed Indonesia to predict in which sectors COVID-19 was causing the most economic damage, and where to target a recovery package to get the highest return on investment. We also used satellite and mobility data to model the effectiveness of COVID-19 restrictions.

Our trusted trade and investment advice has been critical to support Indonesia to address binding constraints to growth, including to improve Indonesia's business enabling environment to attract investment and create jobs. This has resulted in improvements to licensing, investment, and labour regulations. These reforms aim to increase economic competitiveness, attract investment, create high quality jobs, and promote domestic growth and trade and investment opportunities for Indonesia's partners, including Australia. In 2021-22, we will continue to support the Government of Indonesia to ensure momentum is maintained on priority economic reforms.

Australia partnered with Indonesia to bolster local government capacity on budget planning, implementation and expenditure monitoring, which is essential for improved health service delivery and strong health outcomes. **Our research, analysis and advocacy resulted in health budgets being targeted to the services that are most needed**, ensuring better access and quality of health services for people in Indonesian communities.

Providing access to economic opportunities to women and other vulnerable groups who have been disproportionately impacted by COVID-19 was a priority focus for Australia. In 2021-22, Australia and Indonesia will commence a new partnership that will help ensure more Indonesian women, children and minority groups can equitably participate in and benefit from social, political and economic opportunities.

ANNEX 1: PROGRESS AGAINST COVID-19 RESPONSE PLAN RESULTS INDICATORS

Health Security

Key Results Indicators	Progress/Result
693,000 women, men, girls and boys provided with emergency assistance	Assisted 2,220,090 women, men, girls and boys with emergency assistance. Examples of assistance included food packages, protective COVID-19 related supplies (including masks and disinfectant) and critical water, sanitation, and hygiene supplies.
100 ventilators and associated medical supplies provided to support treatment of COVID-19 in Indonesia	Responded early to support Indonesia's COVID-19 response through the delivery of an initial 100 non-invasive ventilators, associated consumables and laboratory equipment in July 2020.
Indonesia improves responses to health security threats (especially COVID-19)	Contributed to improved response to health security threats by supporting formulation of nine guidelines and 16 protocols at national and sub-national levels to prevent COVID-19 spread. Technical assistance was provided to the Ministry of Home Affairs to strengthen their information management system that informs decision-making on health, social safety nets and economic issues.
Indonesia strengthens health systems, including preparedness for health emergencies	Conducted a review of laboratory laws and regulations, to help develop a unified public health laboratory system connected to an integrated health information system; as well as a review of laws and regulations related to emergency preparedness and response to eliminate contradictory regulations that caused confusion at local levels. New legislation covering laboratories and emergencies is currently being drafted with Australian support. Australia strengthened health surveillance tools, coordination across government bodies and health system data analytics.
1,970,000 additional women and men have access to improved water and 198,000 sanitation services (625,000 water and 105,000 sanitation respectively in 2020-21)	147,557 additional women and men were provided access to improved water and an additional 30,535 women and men were provided access to improved sanitation in 2020-21. Supported local governments to invest in neighbourhood scale sewage systems, providing technical input on budgeting, designing and implementing infrastructure. Some Indonesia water and sanitation projects did not commence as expected. COVID-19 hampered the Government of Indonesia's progress, including construction delays, new design work to respond to COVID-19 and reprioritisation of resources.
Evidence of Indonesia making progress to prevent stunting	Support to increase access and use of iron folic acid tablets to reduce risk of anaemia in teenage girls and of stunting in any subsequent children they may have, in East Nusa Tenggara province. Support also strengthened coordination between national and subnational governments, and increased local government capacity in implementing the national strategy on stunting reduction in West Java and East Nusa Tenggara.

Stability

Key Results Indicators	Progress/Result
Indonesia strengthens governance systems to mitigate the impact of COVID-19, including in social protection, education, and law and justice	Contributed to enhancing Indonesia's governance systems through a variety of approaches including: development of a system to monitor the distribution of COVID-19 social assistance; training to civil society to monitor goods and services procurement using social safety funds; mitigating student learning loss due to COVID-19; provide technical support to Indonesia's courts and prosecutors to adapt to COVID-19 conditions and continue hearings online; and implementing e-filing and e-litigation to support court efficiency and transparency and ensure access to justice services through the courts during the pandemic.
Examples of significant policy change across COVID-19 response and recovery priorities	Five significant policy change case studies were reported this year: <ol style="list-style-type: none"> 1. Support to Ministry of Home Affairs on COVID-19 Official Guidance; 2. Strengthening Government of Indonesia's governance systems to reduce the risk of COVID-19 in Prisons; 3. Support to Omnibus Law on Job Creation; 4. Support to the Ministry of Health on health sector costing mechanisms; and 5. Support to Ministry of Education, Culture, Research and Technology on online learning media and resources, and curriculum implementation.
Examples of Indonesia improving evidence generation and knowledge-to-policy process	Initiated research into the impact of the pandemic on people with disabilities as well as women and family dynamics. The research supported the Government of Indonesia's decision to develop a comprehensive database of people with disabilities. Also supported studies regarding key bottlenecks within Indonesia's disaster management eco-system that are impacting resilience at the local level.
Evidence of policy advice and support for agricultural productivity and market access for food security	Supported Indonesia's 2020 and 2021 agricultural budget review and provided program improvement recommendations to the Ministry of Finance. Support was also provided to East Nusa Tenggara Provincial Government to make substantive changes to its regulatory framework and practice to encourage greater private investment in the province.
270,000 smallholder farming households increase their incomes by 30 per cent (120,000 in 2020-21)	An estimated 62,824 smallholder farming households (56 per cent men and 44 per cent women) experienced an average of 18.36 per cent net attributable income change in 2020-21. However, the COVID-19 pandemic delayed field impact assessments, which hampered efforts to track progress toward the target. Additionally, the economic impacts of the pandemic constricted potential new partnerships with private investors, which affected the number of farmers that could be reached.
55 per cent of the Indonesian population reached with new or improved social protection programs	54.6 per cent of the population or 147.5 million people, including at least 215,155 people with disabilities, had access to one or more social protection programs including provision of basic food, electricity subsidy and direct cash transfer. More than 2 million people had access to skills-training opportunities using vouchers for one-off training and financial assistance.

Evidence of women and girls survivors of violence receiving services	1,439 women survivors accessed services including trauma counselling, legal assistance, with referral delivered through local providers. Supported the service providers to progress replication of the integrated criminal justice system for handling cases of violence against women across Indonesia and to strengthen the database management to align with the database of Ministry of Women's Empowerment and Child Protection. However, the replication led by the ministry had slower progress than expected.
Evidence of women and other vulnerable group participating in the decision-making	Supported the participation of people with disabilities, including women with disabilities, in the refinement of the Student Learning Profile (SLP) instrument to identify student functional difficulties and additional support needs. Of 20 participants, nine were women and three were people with disabilities. In 2020, the Ministry of Education, Culture, Research and Technology adopted the SLP instrument and began to prepare its national rollout. Also supported civil society and women's rights organisations to participate in developing policy advice on addressing the impact of COVID-19 on access to justice services. This helped to secure an increase in national funding to waive court fees for family law applications to meet an increased demand during the pandemic, including from vulnerable women and their families.
Improved civil society engagement in government policy-making and progress delivery	Supported at least 13 civil society organisations (CSOs) in 14 districts to work with their local governments to strengthen policies, response and data collection around inclusion in COVID-19 government assistance. Supported a CSO disability network to collaborate with Government to develop Indonesia's first Disability Rights Indicators. These will be used as a national monitoring tool to assess disabled peoples' rights, in response to evidence confirming the disproportionate impact of COVID-19 on people with disabilities. Eight CSOs were also engaged in the distribution of personal protective equipment to health workers, public water sanitation and hygiene facilities.
Indonesian and Australian public sector agencies partnering to address shared risks to stability and security	Australian Treasurer and Indonesian Finance Minister announced an \$1.5 billion bilateral loan in November 2020. The loan was in support of the Asia Development Bank's COVID-19 Active Response and Expenditure Support. The loan was a valuable source of financial assistance for Indonesia as it focused on managing the COVID-19 crises and recovery.

Economic Recovery

Key Results Indicators	Progress/Result
Evidence of Indonesia promoting economic and financial stability, including economic stimulus measure	Supported the Government of Indonesia to manage financial instability through issuance of an emergency regulation on State Finances and Financial System Stability, which became Law 2 of 2020. Support was provided to Ministries of Finance and National Development Planning on health and COVID-19 related costing to improve forecasting used in government policies and budgets.
Dollars leveraged as additional resources to support economic development	Approximately \$2.3 billion ¹ of additional resources were leveraged to support economic development. This includes \$571,000 to implement rapid surveys on Indonesia's COVID-19 social assistance response and \$20.2 million private co-investment for nine Indonesian women's small and medium enterprises.

¹ Currency conversion used throughout is AUD1 = IDR 10,000; USD 1 = 0.7 AUD

Key Results Indicators	Progress/Result
Evidence of Indonesia promoting stable and inclusive economic growth, including reforms that promote a business enabling environment or human capital development	Contributed to the development of the Job Creation Law (the Omnibus Law). It is a wide-ranging law aimed at simplifying a complex regulatory landscape to promote investment and increase employment. Assisted the Government of Indonesia's COVID-19 response policies to support micro, small and medium enterprises, which had been severely impacted by COVID-19.
Evidence of Indonesia introducing reform to promote job creation	Provided significant support to the development of the Job Creation Omnibus Law. The Law amends 78 individual laws in the most wide-scale economic reform in decades. The Job Creation Law, and specifically the Australian-supported adjustments, are expected to create quality jobs through simpler and centralised business licensing and investment rules, as well as reform of labour regulations. These reforms were substantial, but there is still room for improvement.
200,000 women and other vulnerable groups access economic opportunities (80,000 in 2020-21)	69,798 women and 89,331 men gained access to economic opportunities. Supported the introduction of improved seed and agricultural practices to 68,760 women which in turn will increase yield. 570 women received e-commerce training and joined business assistance groups. 468 women also benefitted from jobs created and sustained by Australia's investment.
Opportunities are created for Indonesian and Australian businesses/organisations in support of economic recovery	Progress against this indicator will be reported in 2022 due to contributing investment commencing in 2021.
80 per cent of investments effectively address gender issues regardless of objective	The Indonesia development program's gender performance has improved by ten per cent since last year, from 65.7 per cent to 75.7 per cent investments receiving a satisfactory rating in gender equality. Significant improvement was made on gender analysis, and partner performance including better evidenced-based reporting.

ANNEX 2: INVESTMENT PERFORMANCE RATINGS

Investment Details	Year	Effectiveness	Efficiency	Gender
Indonesia Infrastructure Program Phase 1 (KIAT)	2021	5	5	5
Investment duration: 2016-2021; Budget: \$107.1m	2020	4	4	4
MDB Infrastructure Assistance Program	2021	4	5	3
Investment duration: 2013-2021; Budget: \$56.4m	2020	4	4	3
Provincial Road Improvement & Maintenance (PRIM)	2021	6	5	5
Investment duration: 2014-2021; Budget: \$37.7m	2020	6	5	5
Water and Sanitation Hibah Phase 2	2021	4	4	4
Investment duration: 2009-2022; Budget: \$119.7m	2020	4	3	3
SAIIG - Infrastructure Grants Municipal Sanitation	2021	5	4	3
Investment duration: 2012-2021; Budget: \$40m	2020	5	4	3
Rural Water Supply & Sanitation (PAMSIMAS 3)	2021	4	4	4
Investment duration: 2016-2022; Budget: \$20.1m	2020	5	5	4
AIP for Economic Development (Prospera)	2021	6	5	6
Investment duration: 2018-2023; Budget: \$145m	2020	6	5	5
ADB Sustainable Infrastructure Assistance Program II (SIAP2)	2021	4	4	4
Investment duration: 2018-2024; Budget: \$40m	2020	4	3	3
Palembang City Sewerage Project (PCSP)	2021	4	4	4
Investment duration: 2017-2024; Budget: \$45m	2020	4	5	4
Australia - World Bank Indonesia Partnership (ABIP)	2021	4	4	4
Investment duration: 2020-2025; Budget: \$25m	2020	n/a	n/a	n/a
Promoting Rural Income thru Support in Agriculture (PRISMA)	2021	4	4	5
Investment duration: 2018-2023; Budget: \$95.5m	2020	4	5	5
Australia - Indonesia Health Security Partnership (AIHSP)	2021	5	5	5
Investment duration: 2018-2025; Budget: \$29.6m	2020	n/a	n/a	n/a
Innovation for Indonesia's School Children Phase 2 (INOVASI)	2021	5	5	5
Investment duration: 2019-2023; Budget: \$54.3 m	2020	6	5	5
Governance for Growth (KOMPAK)	2021	5	5	5
Investment duration: 2015-2022; Budget: \$179.9m	2020	5	5	4
Towards a Strong and Prosperous Indonesian Society (MAHKOTA)	2021	5	6	5
Investment duration: 2015-2021; Budget: \$81.2m	2020	5	6	5
Micronutrient	2021	5	5	4
Investment duration: 2015-2024; Budget: \$8m	2020	5	5	4
Environmental Governance	2021	4	4	3
Investment duration: 2015-2024; Budget: \$10.1 m	2020	4	3	3

Investment Details	Year	Effectiveness	Efficiency	Gender
Pulse Lab Jakarta Phase II Investment duration: 2018-2024; Budget: \$6.5m	2021	4	4	3
	2020	4	5	4
Australia - Indonesia Partnership for Disaster Risk Management Investment duration: 2018-2024; Budget: \$31.7m	2021	5	4	4
	2020	4	3	4
The Knowledge Sector Initiative Investment duration: 2012-2022; Budget: \$109m	2021	4	4	5
	2020	4	4	4
Poverty Action Lab South East Asia Phase II (JPAL) Investment duration: 2017-2022; Budget: \$12m	2021	5	5	4
	2020	4	5	4
Australia Indonesia Partnership for Justice II Investment duration: 2014-2022; Budget: \$40m	2021	5	5	5
	2020	5	5	5
BRIDGE School Partnerships Program in Indonesia Investment duration: 2019-2022; Budget: \$4.6m	2021	4	4	4
	2020	5	5	3
Australia Awards in Indonesia Investment duration: 2014-2022; Budget: \$163.2m	2021	5	4	5
	2020	5	5	5
The Indonesia Project Investment duration: 2008-2022; Budget: \$14.6m	2021	6	6	4
	2020	6	6	4
Partnership for Australia-Indonesia Research (PAIR) Investment duration: 2018-2023; Budget: \$8m	2021	5	5	4
	2020	4	4	4
Red Meat and Cattle Partnership (RMCP) Investment duration: 2013-2024; Budget: \$37.1m	2021	4	4	3
	2020	4	4	3

FINAL INVESTMENT PERFORMANCE RATINGS

Investment Details	Year	Effectiveness	Efficiency	Gender
Shaping Inclusive Finance Transformations in ASEAN Program Investment duration: 2014-21; Budget: \$9.9m	2021 FIMR	4	5	4
	2020 IMR	5	5	5
Support Enhance Macro Economic & Fiscal Policy Analysis Investment duration: 2011-20; Budget: \$7.3m	2021 FIMR	4	4	2
	2020 IMR	4	4	3
World Bank Trust Fund - Teaching and Education (ID TEMAN) Investment duration: 2016-20; Budget: \$9m	2021 FIMR	4	4	3
	2020 IMR	4	4	4
Education Technical Assistance Program - Indonesia (TASS) Investment duration: 2015-21; Budget: \$15.7m	2021 FIMR	5	4	4
	2020 IMR	5	5	4
AIP Gender Equality & Women's Empowerment (MAMPU II) Investment duration: 2016-20; Budget: \$55.7m	2021 FIMR	5	6	6
	2020 IMR	5	5	5
Support to Marginalised Groups (PEDULI Phase II) Investment duration: 2016-20; Budget: \$21.6m	2021 FIMR	4	4	4
	2020 IMR	5	5	5
Indobee Project Investment duration: 2012-21; Budget: \$13m	2021 FIMR	1	2	2
	2020 IMR	3	4	3

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas.

5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas.

1 = Very poor; does not satisfy criteria in many major area.