

**SUBSIDIARY ARRANGEMENT  
BETWEEN  
THE GOVERNMENT OF AUSTRALIA  
AND  
THE GOVERNMENT OF THE REPUBLIC OF INDONESIA  
RELATING TO  
THE AUSTRALIAN COMMUNITY DEVELOPMENT AND  
CIVIL SOCIETY STRENGTHENING SCHEME  
(ACCESS) PHASE II  
IN INDONESIA**

**1. General**

This Subsidiary Arrangement expresses understandings between the Government of Australia (GOA) and the Government of the Republic of Indonesia (GOI) and is made pursuant to the terms of Article IV of the General Agreement on Development-Cooperation (GADC) that came into force on 21 July 1999. The terms of the GADC apply to this Subsidiary Arrangement.

**2. Name of Activity**

Pursuant to Article IV of the GADC, the name of the activity is the Australian Community Development and Civil Society Strengthening Scheme (ACCESS) Phase II (the Program).

**3. Executing Authorities**

The Executing Authorities for this Program will be:

For the GOI:

The Ministry of Home Affairs (MOHA).

For the GOA:

The Australian Agency for International Development (AusAID) of the Department of Foreign Affairs and Trade.

AusAID may engage suitably qualified Managing Contractors to carry out any part of its commitments under this Subsidiary Arrangement.

**4. Duration of Activity**

The Program will commence in May 2008 and will be implemented over five years. This Subsidiary Arrangement will take effect from the date of its signature and will be valid until the completion of the Program.

## 5. Activity Location(s)

The Program Office will be located in Bali.

The Program will continue to support civil society activities in the existing eight districts within four target provinces covered in ACCESS phase I: Nusa Tenggara Timur, Nusa Tenggara Barat, South Sulawesi and South East Sulawesi. The Program will be expanded to new districts in the existing provinces from the first year of implementation of the Program. The selection of new districts will be discussed with both Government of Australia and Government of Indonesia.

## 6. Activity Description

**Program Purpose:** The core purpose of this Program is to improve democratic governance in targeted districts in Indonesia.

### *Background*

ACCESS phase I has been operating in Indonesia for 6 years since implementation in 2002. A final review was conducted in 2006 to investigate the possibility of a new phase to the Program. A performance assessment of the Program was undertaken in April – May 2006 to assess the feasibility of implementing an ACCESS Phase II.

The Review Team found ACCESS phase I to be a successful and favourably received Program that has made good progress in its intent to strengthen civil society, strengthen engagement between civil society and government and promote community capacity building through community led planning. The Program was assessed as making a strong contribution to the process of decentralisation and democratisation in Eastern Indonesia by providing a conduit through which local people had greater control over the development process.

Following the Review's recommendation, AusAID commissioned the design of second phase of ACCESS.

### *Program Description*

The underlying approach for ACCESS phase II will be to consolidate and build on the strength of phase I. The strategic direction for phase II will include:

- Strengthening engagement between civil society and government, by focusing on the partnership between civil society and government;
- Focusing on empowering citizen participation for democratization, from the grass roots, to village, subdistrict, district, province and national level;

- Scaling up impact through working across the systemic issues of governance at district level, and more directed efforts to link with the GOI national program, the AusAID country program, and the efforts of other donors. This will include replication to other districts through contiguous geographic expansion and or strategic partnership with other AusAID, GOI and donors programs.

The Program is based on the soft system approach as its underlying paradigm for bringing about social change, with a Managing Contractor acting as a facilitator with local actors, building their capacity to undertake action.

The Managing Contractor has five key functions in the Program as follows:

1. to resource and administer Program;
2. to engage with civil society and local government on the basis of shared values and principles;
3. to build capacity of local institutions (civil society organizations, networks, and local government) to fulfill functions in a decentralized democracy;
4. to support planning and implementation of self-directed development efforts; and
5. to promote continuous learning, policy and practice change both internally and externally.

The operation of the Program will be governed by the Program Operations Guidelines as mutually determined between the Government of Australia and the Government of Indonesia.

The Program has a targeted geographic focus and will be on a similar scale to phase I. The Program funding level (inclusive of management costs) is approximately A\$26.5 million, including external mid and final reviews, over a 5 year period.

#### *Implementation Arrangements*

Overall responsibility for management of GOA inputs will be vested with a Managing Contractor. The Managing Contractor will appoint a full time Program Director, based in Bali, with primary responsibility managing the strategic planning and engagement process of the Program, and oversight of the operational management aspects

The Program Director will be assisted by Program Coordinator who will manage the day to day management and administration of the Program and provide ongoing support to the Program Director.

The Managing Contractor will appoint a Capacity Building and Continuous Learning Adviser, with prime responsibility for developing a capacity building strategy and program for CSOs/NGOs and community organisations. This Adviser will also support an integrated participatory M&E strategy and associated activities with subsequent dissemination of lesson learnt to internal and external parties.

The Managing Contractor will appoint a Community Engagement/Governance Adviser, with prime responsibility for developing and upgrading quality community engagement strategies to support the development of a model approach to community empowerment.

A Program Coordination Committee (PCC) will meet each six months with representatives from GOA (AusAID) and GOI (Ministry of Home Affairs). The PCC will be responsible for the policy and strategic direction of the Program, reviewing progress and endorsing the Annual Plan. The Managing Contractor will provide secretarial services and will be represented by the Program Director.

## **7. Financial Contributions**

The contributions of the GOA, as outlined in the Project Design Document, are estimated to total \$A26.5 million. The national GOI counterpart will provide funds from its supporting budget for the Program in order to ensure that the Program is implemented fully and effectively. Contributions from local GOI counterparts will be stipulated under the Technical Arrangement with local Government. The disbursement of the GOA contributions will be subject to normal Australian Government annual parliamentary approval of appropriations.

## **8. Materials, Services and Equipment to be supplied**

### **8.1 Government of Australia**

#### *Technical Assistance*

There will be two broad types of technical assistance provided in accordance with the Project Design Document.

Long term technical assistance will be provided in line with Project Design Document which will be instrumental in developing policies and strategies to guide local implementation of the Program. The technical assistance will include the evaluation of the effectiveness of the approaches used and the inclusion of continuous improvement processes into the operating guidelines of the Program.

The second type of technical assistance will be short-term inputs to the Managing Contractor to respond to emerging needs and opportunities. ACCESS is encouraged to identify experienced national advisers wherever possible, otherwise advisers from other nationalities will be utilised.

AusAID will inform the GOI of the assignment of foreign experts pursuant to the Program (whether or not the assignments are short or long term).

#### *Procurement, Maintenance and Program Management*

The GOA will provide funding to the Managing Contractor for procurement of vehicles, maintenance, purchase of equipment and materials to be allocated and used in accordance with Implementation Schedule of the Program Design Document. At Program completion, the Project Coordinating Committee (PCC) will discuss a detailed asset distribution plan. Final asset distribution will follow GOA approval.

The GOA will also fund the costs of program management in accordance with Basis of Payment detailed in the Contract.

## **8.2 Government of Indonesia**

### *Management and Coordination*

The GOI will provide management and coordination functions to assist with the implementation, progress and monitoring of the Program. Technical Arrangement, between the Program and local government counterpart, will state management and coordination functions at local level, including the role of local government at sub-district level.

GOI contributions will include, and not limited to:

#### At National level

The national counterpart for the Program is the Ministry of Home Affairs. The Center for Management of Overseas Cooperation of the Secretariat General office will be the contact point regarding the design and oversight for planning and strategic direction of the Program; while the Directorate General for Community and Rural Empowerment (Ditjen PMD) will engage in the implementation and technical execution of the Program. The Ministry of Home Affairs will provide the following management and coordination functions to assist with the implementation, progress and monitoring of ACCESS phase II:

- (a) Overall coordination of GOI participation and involvement in the Program, including ensuring ongoing coordination and communication with provincial, district and village level government bodies regarding roles and responsibilities
- (b) Designation of appropriate counterpart personnel to liaise with AusAID and Program staff on ACCESS Program
- (c) Nomination of the appropriate GOI representatives for the ACCESS annual PCC meetings and six-monthly District Committee meetings
- (d) Approval of Annual Plans discussed in the PCC meetings

- (e) Participation in the supervision, monitoring and evaluation process during implementation of the Program. This will include participation in external reviews
- (f) Facilitate Technical Arrangements between ACCESS and local government
- (g) Facilitate accreditation process for the assignment of foreign experts
- (h) Others facilitation and service that will be required during the implementation.

#### At Provincial level

PMD is the counterpart body within the provincial government which has responsibility for the coordination of district governments. The appointed body will provide the following coordination functions to assist with the implementation, progress and monitoring of ACCESS phase II:

- (a) Designation of appropriate counterpart personnel to liaise with ACCESS staff, and attend District Committee Meetings and related ACCESS activities
- (b) Provide advice to ACCESS in preparing the replication plan;
- (c) Provide recommendations for the accreditation process for the assignment of foreign experts
- (d) Facilitate relations between ACCESS and other government bodies to support Program implementation
- (e) Coordination of communication with and between ACCESS target districts
- (f) Coordinate the dissemination of ACCESS lesson learnt to other districts governments within their province.

#### At District level

The counterpart body within the district government appointed by the GOI, will have responsibility for the coordination of districts governments including with Badan Pemberdayaan Masyarakat (BPM). Role and responsibility of each units will be arranged under Technical Arrangement between ACCESS and the district government counterpart. The appointed body will provide the following coordination functions to assist with the implementation, progress and monitoring of ACCESS:

- (a) Provision of facilities in the government's office in district offices, if required
- (b) Designation of counterpart personnel for day to day liaison with ACCESS staff
- (c) Active involvement of the counterpart staff in ACCESS six-monthly District Committee meetings and related ACCESS activities

- (d) Provide advice and information to ACCESS in relation to issues such as poverty and development program assessments undertaken in the districts, and copies of district development plans
- (e) Facilitate relations with village governments to ensure effective Program implementation
- (f) Coordinate the dissemination of ACCESS lesson learnt within the district
- (g) Facilitate relations between ACCESS and other government bodies to support Program implementation within the district
- (h) Participation in the supervision, monitoring and evaluation of the implementation phase of the Program
- (i) Ensure coordination and communication between ACCESS and other poverty alleviation programs within the district (government and other donors)
- (j) Provide recommendation of NGOs who may be involved in the Program
- (k) Synchronise the Program's approaches (e.g. participatory planning) with GOI's processes and systems (e.g. MUSRENBANG)
- (l) Other facilitation for the purpose of the Program.

#### At Village level

The village government will be the official point of contact within the village. The roles of the village government will include:

- (a) Initial discussion and consent to the development of an ACCESS supported program within the community in line with the ACCESS goals
- (b) Provide initial demographic information of the village
- (c) Assist the introduction of ACCESS to the community
- (d) Active involvement in community meetings and development/implementation of an action plan
- (e) Participation in the supervision, monitoring and evaluation of the implementation phase of the Program
- (f) Ensure that activities are consistent with and not duplicating government development plans which might detrimentally affect that village community
- (g) Synchronise Program approaches (e.g. participatory planning) with GOI's processes and systems (e.g. MUSRENBANGDES)

### **9. Program Personnel**

#### **9.1 Government of Australia**

The GOA will provide office accommodation, duty travel costs and remuneration for all international and locally engaged staff assigned to the Program, and housing for the four long term staff attached to the Program. The staffs include:

- (a) Program Director;
- (b) Program Coordinator;
- (c) Community Engagement/Governance Adviser
- (d) Capacity Building/Continuous Learning Adviser;
- (e) Senior Project Officers;
- (f) Project Officers;
- (g) Assistant Project Officers;
- (h) Accountants
- (i) Administrative staff; and
- (j) Sub-contracted short term specialist staff to provide technical assistance.

## **9.2. Government of Indonesia**

The GOI will nominate appropriate staff to represent the Government at District Committee meetings and Program Coordinating Committee meetings for approval of Annual Plans, and for monitoring and evaluations purposes.

## **10. Timetable for Implementation**

The Program is expected to start in May 2008 for five (5) year duration.

## **11. Monitoring, Review, Evaluation and Reporting Arrangements**

The Government of Australia and the Government of Indonesia will undertake continuous Program monitoring and evaluation, in accordance with a schedule to be developed during the first quarter by the MC.

Program success will be measured by the extent to which ACCESS supported interventions result at:

- the community/village;
  - improved civil participation in, and ownership of, local level decision making
  - equitable roles of men and women
  - improvement in local development impacts
- district level;
  - improved transparency and accountability in district decision making
  - improved accountability as evidenced by democratic and equitable resource allocation and improved service delivery
  - poverty reduction at local level
- national level
  - influence or adoption of ACCESS lessons learnt by other major GOI and donor policy.

AusAID and MOHA will undertake six monthly monitoring visits, with independent technical assistance at AusAID's discretion. These monitoring visits will form the basis for Contractor Performance Assessment.



AusAID will fund two external reviews. The first review will be 21 months after Program implementation and the second review will be 45 months after Program implementation. Representatives from both AusAID and MOHA will participate in these review process.

#### *Reporting Arrangements*

The Managing Contractor will prepare reports and distribute them as described below.

An Annual Plan, prepared by the Managing Contractor for presentation and approval at the Program Coordinating Committee meeting. The report will provide a review of Program's progress to date and based on that analysis, an implementation strategy and detailed work plan will be developed for the coming years.

A six monthly Progress Report, prepared by the Managing Contractor, will outline Program progress to date, achievements, issues and challenges over the preceding 6 month period.

A Monthly Report, prepared by the Managing Contractor, will outline details of grants activity over the preceding month, including new concept papers received, projects in progress and completed projects (name of grantee, title of project, field and amount).

#### **12. Intellectual Property**

Pursuant to Paragraph 1 of Article VII of the GADC, the parties have decided that any Intellectual Property issues that might arise during the carrying out of the Program will be dealt with in accordance with Annex C of the GADC. A copy of Annex C is attached to this Subsidiary Arrangement as Annex 1.

### 13. Amendments to the Subsidiary Arrangement

This Subsidiary Arrangement may be amended at any time by an Exchange of Letters between the GOA and the GOI.

Annex 1 to this Subsidiary Arrangement forms an integral part of this Subsidiary Arrangement.

IN WITNESS WHEREOF, the undersigned have signed this Subsidiary Arrangement.

Signed in duplicate, in Jakarta, on this 30<sup>th</sup> day of April in the year of two thousand and eight, in two (2) originals of the English language, both of the texts being equally authentic.

FOR THE GOVERNMENT OF  
AUSTRALIA

FOR THE GOVERNMENT OF  
THE REPUBLIC OF INDONESIA



Blair Exell  
Minister Counsellor  
Development Cooperation



Diah Anggraeni  
Secretary General  
Ministry of Home Affairs

**PROTECTION, OWNERSHIP AND ALLOCATION OF  
INTELLECTUAL PROPERTY BY PARTICIPANTS IN ACTIVITIES  
UNDER THIS MEMORANDUM**

1. This Annex provides an indication of the Intellectual Property issues that should be addressed by Participants in the Implementing Arrangements (Contract).
2. Notwithstanding anything stated or implied in this Annex, it is the sole responsibility of prospective and actual Participants to take all necessary steps, including obtaining expert professional advice, to ensure that their legal and commercial positions are adequately protected and to ensure adequate legal and physical protection for Background Intellectual Property and Foreground Intellectual Property.
3. Implementing Arrangements should contain clauses that:
  - (a) specify appropriate procedures for checking-
    - (i) prior to the commencement of the Activity; and
    - (ii) as appropriate during the Activity;for third party Intellectual Property that might:
    - be infringed by the Participants while carrying out Activities; or
    - infringe Intellectual Property created under the Implementing Arrangement.
  - (b) identify each Participant's Background Intellectual Property and:
    - (i) the nature of the protection that has been or needs to be, accorded to that Background Intellectual Property; and
    - (ii) the nature of any third party rights restricting the use of Background Intellectual Property;
  - (c) specify appropriate procedures for:
    - (i) identifying;
    - (ii) determining ownership of; and
    - (iii) protecting;Foreground Intellectual Property;

- (d) specify appropriate procedures for approving the conditions on which each Participant may be licensed to use Foreground Intellectual Property for its own non-commercial purposes (which purposes exclude sub-licensing and commercial purposes such as manufacturing and having manufactured) and for commercial purposes;
- (e) specify appropriate clauses allowing a Participant to be licensed to use another Participant's Background Intellectual Property when it is reasonably necessary for the commercial use of Foreground Intellectual Property;
- (f) specify appropriate procedures for licensing third parties to use Foreground Intellectual Property, including where such use requires access to another Participant's Background Intellectual property and the conditions upon which a licence to the Background Intellectual Property will be granted;
- (g) specify appropriate procedures for approval by all the Participants, prior to disclosure, of the public disclosure of information through publications, seminars or any other means;
- (h) specify the rights and obligations of visiting researchers involved in the Activity and particularly in relation to Intellectual Property created by them during their work in the Activity;
- (i) nominate the governing law of the implementing Arrangement; and
- (j) specify appropriate procedures for the resolution of disputes, including international commercial arbitration.