

INVESTMENT CONCEPT TEMPLATE

A: Investment Concept Title: Indonesia Australia Disaster Risk Management	
Proposed start date: January 2019	End Date: June 2023
Proposed DFAT funding allocation: \$ 25,000,000	Total funding from all donors: \$ 25,000,000
Risk and Value Profile: Low Risk / Low Value	
Consultation: HPD, SED	
Proposed Design Pathway: DFAT-led design	
Delegate approving concept: Minister Counsellor (Post) and Assistant Secretary (Desk)	

B: Problem/Issue definition and rationale for investment (Why)
<p>Indonesia is one of the most natural disaster-prone countries in the world due to its hazard profile and high population exposure. Natural disasters not only cause significant loss of life and social impacts, they undermine, or even reverse, economic and development gains. The economic impact of natural disasters can reach 0.3% of national GDP and up to 45% of provincial level GDP - impacts at sub-national level can be particularly acute.</p> <p>In recognition of this risk, disaster risk management (DRM), including preparedness and response, is critically important for the Government of Indonesia (GOI) and the people of Indonesia. DRM features strongly in Indonesia's development plans. The National Medium-Term Development Plan (RPJMN) 2015-2019 established clear target to reduce the disaster risk in centres of economic growth.</p> <p>Since the 2004 Indian Ocean tsunami, there have been major investments to build Indonesia's DRM capacity. Significant GOI resources now support disaster response activities, and improvements have been made in disaster related regulations and response capacity at the national level. Indonesian civil society has also established cadre throughout Indonesia and is an important part of Indonesia's capability.</p> <p>Despite this progress, capability gaps still exist. A number of issues need to be addressed for the government to get a reasonable return on its significant investment and for disaster risks to be dealt with effectively, even for small-to medium-scale disasters. For example:</p> <ul style="list-style-type: none"> • National Disaster Management Authority's (BNPB) key role is <i>coordination</i>; there is a need to help strengthen national and subnational coordination due to its complexity involving 35 ministries and government agencies who have a role in DRM. Strong coordination and communication is crucial for effective DRM. • At <i>local and provincial level</i>, governments are less prepared to deliver an effective, timely and coordinated response. The capability of Provincial and District agencies (BPBD) to prepare for disasters is very uneven but generally low. There is a need to strengthen local capability and linkages between BNPB and BPBDs. <p><i>Why should Australia invest?</i></p>



Over the last ten years, Australia has established a strong partnership with BNPB, providing more than \$80 million for hazard science, preparedness systems and disaster policy. Achievements include: helping BNPB to 'stand up' as a new agency with strong technical capacity; producing world-class technological tools for disaster managers and innovative programs for safer communities; building scientific evidence and human resources to manage the risk associated with natural hazards; strengthening the capability of Indonesia's civil society; and providing state-of-the-art facilities for emergency operations and/or training in Kupang, Makassar, Bogor and Padang.

A targeted Australian program can help Indonesia to address the remaining constraints to effective DRM planning and response. Improvements in Indonesia's preparedness for natural disasters promotes Australia's national interest through helping to safeguard Indonesia's economic growth and stability, and protecting Australia's other economic, social and development investments. It also builds substantial goodwill with GOI and with civil society.

Contributing to humanitarian responses in Indonesia is a high priority for the Australian Government. As one of Indonesia's closest neighbours, Australia has a history of providing support when it is most needed. Australia's DRM program provides the knowledge and relationships that enable Australia to respond in times of need.

With a solid foundation of technical cooperation and relationships at the national level, there is potential to extend our partnership to support joint cooperation on regional humanitarian crises (building on our current cooperation responding to the Rohingya crisis). Such cooperation in the Indo-Pacific region will extend and deepen our partnership and aligns with priorities outlined in the Foreign Policy White Paper.

Australia has deep experience with Indonesia's disaster preparedness systems and community-based disaster risk management. We work closely with the other key DRM donors in Indonesia, including the US, NZ, Japan and other donors.

C: Proposed outcomes and investment options (What)

We propose a focus on strengthening engagement with government and non-government DRM partners and improving disaster risk management in Indonesia. The suggested outline for the new investment is summarised below. A design will cover the second and third objectives:

Goal	Strengthen humanitarian engagement between Australia and Indonesia and Indonesia's management of disaster risks		
Objectives	High level of Australian readiness to respond to humanitarian crises	Management of disaster risks improved	Engage on regional humanitarian crises
Outcomes	Australia has relationships in place to support Indonesia in a crisis	Improved disaster preparedness, response and recovery	Australia and Indonesia coordinate on humanitarian responses in the region
	Australian Embassy has mechanisms in place to rapidly support a response and regularly tests its preparedness	Improved collaboration among government and non-government DRM partners	Indonesia's humanitarian responses demonstrate good international practice

Objective 1: High level of Australian readiness to respond to humanitarian crises (Note: not included in the design)

The Embassy will maintain a capability to support Australian humanitarian assistance in a crisis including through a trained and resourced humanitarian response team. The new investment will (separate to the design) include a small budget to support this readiness. We will also maintain pre-positioned funds with the International Federation of the Red Cross/Crescent (IFRC) for use by Indonesian Red Cross (PMI) in a humanitarian emergency.

Although linked, the design will not directly cover this objective and it will be managed internally by Post.

Objective 2: Improving management of disaster risks in Indonesia

We will aim to improve management of disaster risks with a particular focus on strengthening GOI coordination in preparing for, responding to and supporting recovery from disasters. A focus on improving DRM coordination will allow us to maintain the knowledge and relationships critical in the event of a major disaster in Indonesia or regionally. It will also build on the strengths of our existing DRM engagement, and complement other donors (NZ, US, Japan).

The investment will strengthen Indonesia's DRM coordination and preparedness through a range of approaches, including direct technical assistance and capacity building for GOI (BNPB/Bappenas/BPBD) and non-government partners, community preparedness programs, support for regular disaster exercises involving GOI and non-government DRM actors, and reviews to learn and apply the lessons from disasters such as the Mt Agung eruption.

The investment will help review DRM policy and practice at the national and sub-national level and identify and pilot new policies and procedures. It will support Indonesia's own capability, leverage existing expertise, and support the implementation and scaling-up of these policies and practices. Through this policy work, the program will also seek to address and mainstream cross-cutting issues such as gender, child protection and disability and explore specific issues such as cash transfer programs and disaster risk financing (which are also key gaps).

The investment will also look to address the significant knowledge and coordination gaps between the national and sub-national levels. We will support a series of disaster response exercises in priority areas. Through exercises, the program aims to improve coordination and awareness amongst stakeholders at sub-national level and between sub-national government and national government, while also testing existing plans, policies and procedures.

A focus on coordination represents a narrowing of our existing program – with a shift away from information management and science. Our new program will focus on improving the utilisation of the existing, extensive suite of DRM tools and data to prepare for future disasters. If support is required to improve sustainability of legacy projects then we will continue this work through targeted activities. We will work closely with Japan, US, NZ and other donors to ensure complementary approaches. Japan, in particular, is in the process of designing a program to support Indonesia in information management and technology, earthquake and tsunami analysis, and capacity development with BNPB, BMKG and KOMINFO.

We will continue the strong and long-standing partnerships with civil society organisations, especially PMI, Muhammadiyah and NU. We will continue to build their capacity but will also increasingly engage them as partners for delivering capacity building and technical assistance to local government and communities. We will also work with the GOI to find ways to overcome the barriers constraining it from funding civil society partners.

We will look for opportunities to collaborate with other Australian investments where this brings specific, relevant expertise. For example with MAHKOTA on cash transfers during and after humanitarian emergencies; and with KOMPAK on engaging sub-national and village government in disaster risk management.

We will also continue to support the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) in Indonesia. OCHA focuses on increasing Indonesia's engagement in the international humanitarian system, assists in the coordination of international partners, and strengthens ASEAN's disaster management capacity through the ASEAN Humanitarian Assistance Coordination Centre on Disaster Management. We have found OCHA to be a valuable partner and Indonesia has benefited from the strategic and technical mentoring and advice it provides.

Objective 3: Coordination on regional humanitarian preparation and response

We will continue to improve our coordination and collaboration with Indonesia on regional humanitarian preparation and responses. Indonesia has already provided humanitarian assistance to neighbours in Asia and the Pacific and has ambitions to become an international mentor for disaster preparedness and response. As an active

and long standing participant in the international humanitarian system, we are well placed to partner with Indonesia in this endeavour.

This component will require extensive consultations with Indonesian and Australian government and civil society partners. Indicative activities could include mentoring deployments of Australian and Indonesian humanitarian specialists (government or non-government); providing knowledge and exposure related to the international humanitarian system for government and non-government partners; supporting joint training, exercises and professional development; and providing logistical support for joint humanitarian operations.

D: Implementation/delivery approach (How and with whom?)

We propose a delivery approach that includes a managing contractor, a multilateral partner (OCHA) and potentially whole-of-government twinning arrangements. Program governance arrangements will oversight all these areas of our cooperation and will decide specific implementation options. We will not provide budget support for BNPB or other government partners – the priority of the partnership is on sharing technical knowledge and skills and encouraging practical collaboration among Indonesia’s DRM actors as well as between Australia and Indonesia.

Specific activities will be identified through an annual planning process and approved by a program steering committee co-chaired by GOI and GOA (DFAT) and including senior representatives from GOI ministries. We will ensure that some flexibility is provided for funding emerging priorities. We will also propose a consultative mechanism to ensure non-government partners have a voice in program implementation, as well as a technical advisory group, comprised of technical experts from Australia and Indonesia, to inform decision-making by the Steering Committee.

We propose the use of an independent managing contractor to manage much of the investment. The contractor will prepare annual plans in close consultation with GOI and DFAT, manage sub-contracting and granting arrangements for the delivery of activities agreed through the annual plan, as well as monitoring and evaluation, secretariat support for the Steering Committee and communications. We propose a five year contract with an option to extend.

While our engagement with OCHA will be covered by the investment design, we will engage directly through a separate agreement rather than through the contractor.

E: Risk assessment approach (What might go wrong?)

The overall rating for the future investment from the risk and safeguards assessment tool is low-risk. Key risks include delays and failure to achieve outcomes in the timeframes due to changes in government priorities and policies and/or lack of government buy-in. Despite the low risk, the challenge of improving DRM coordination is not being underestimated. Understanding and responding to the challenge will require an in-depth understanding of the formal and informal institutional barriers to improved coordination. The team working on the design, including Counsellor DEH, will ensure that managing this risk will be given careful consideration in the design and implementation of the proposed program.

Risks will be mitigated through close engagement with GOI during the design phase, clear design and program logic, inclusion of other government and non-government partners in the design process and in program governance arrangements. Risks will also be reduced by requiring a Contractor whose implementing personnel are experienced in DRM. We will also consider appointing a technical advisory group, comprised of international/Indonesian technical experts, to provide DFAT and the steering committee with independent advice on implementation and risk management.

A review of Safeguards include:

- Child protection; the design will need to ensure a shared responsibility for child protection where partners are working directly with communities, families, children and young people.
- Displacement and resettlement; project-related displacement is not anticipated, however, internal displacement as a result of natural disaster within the investment time period is a possibility. In line with the guiding principles of DFAT's Humanitarian Strategy, the investment's actions will be informed by respect for international humanitarian law, refugee law and human rights law in the provision of humanitarian action and the protection of populations affected by humanitarian crises.
- Environmental protection; the investment will not have a significant impact on the environment, however, environmental management has an impact on DRM and therefore will require consideration in the design.

F1: Proposed design and quality assurance process (What are the next steps?)

The design will cover the second and third objectives in our strategic approach (improving management of disaster risks in Indonesia, and coordination on regional humanitarian responses). The first component of the strategic approach (Readiness to support Australia's response to humanitarian crises) will be managed internally.

The design will outline the program goal and objectives, theory of change, implementation arrangements, risk management, and explain how progress towards outcomes will be measured. The design will be prepared in partnership with GOI and other partners and will take account of lessons from our program.

Key steps in the design process are as follows:

- February – April 2018: Concept and planning
- April to November 2018: Design, quality assurance, approval process and tender
- January 2019: New Subsidiary Arrangement (SA) between Australia and Indonesia
- January 2019: Commence implementation