



Australian Government

Department of Foreign Affairs and Trade



# Aid Program Performance Report 2013-14

Indonesia

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## Key Messages

Australia's aid program to Indonesia is designed to support prosperity, stability and security in one of our closest neighbours. Even at around \$600 million per year, the program is dwarfed by the scale of Indonesia's economy. We do not, therefore, aim to achieve impact by simply adding to Indonesia's resources. Rather, we seek to be catalytic; to add value to Indonesia's efforts. We do this by carefully selecting issues which have mutual importance and by providing high quality, flexible and responsive assistance, the vast majority of which is grant financed.

In a year marked by a range of bilateral challenges, we have nevertheless delivered far-reaching benefits. For example:

- technical advice helped Indonesia to adopt reforms to its tax audit system to be more risk-based and less administratively burdensome for both taxpayers and the tax office. This assists Indonesia to raise greater public revenues for development spending, improve the business climate, and improve the fairness of the Indonesian tax system;
- assistance to the Vice President's National Team for Accelerating Poverty Reduction enabled Indonesia to reduce fuel subsidies by developing a package of support to prevent six million people from falling into poverty after the price rises; and
- with Indonesian Government officers, we coordinated a team of international and national health experts to undertake a review of the Indonesian Health Sector. This review is now being used by Government of Indonesia as the basis for determining Indonesia's future health priorities.

The priority for the remainder of 2014-15 will be to build a new Aid Investment Plan (AIP) which will reflect closely the priorities of the new Indonesian administration, and enable the program's goals, particularly those around aid for trade and the private sector, to be achieved.

## Context

Indonesia is the sixteenth largest economy in the world and the biggest economy in South-East Asia. It is a middle-income country with a gross domestic product (GDP) per capita of US\$3,475 in 2013. Indonesia has significantly reduced its poverty rate over the past decade; yet more than 105 million Indonesians still live on less than US\$2 per day. The increasing GINI coefficient also indicates that the gap between rich and poor is widening.<sup>1</sup> Indonesia's economic growth projections have been downgraded during the past year with the World Bank now estimating a 2014 rate of 5.2 per cent compared to 5.8 per cent in 2013.

Indonesia has a young population and abundant resources but it is still building the capacity, and often processes, required to deploy these resources effectively. Some policies and institutions are inhibiting private sector development, constraining market developments and resulting in low levels of collection, allocation and utilisation of Indonesia's own resources. The favourable external context has changed with falling commodity prices and Indonesia now faces emerging budget pressures with other economic challenges beginning to grow. These structural challenges to growth and competitiveness could undermine Indonesia's economic and development progress.

Energy subsidies continue to be a serious drain on the national budget. Technical support provided by Australia in 2013 to target subsidies more effectively helped to secure savings of \$3.2 billion but additional spending in 2014 will largely eliminate those. Corruption continues to affect all aspects of life in Indonesia. In 2013, Transparency International's Corruption Perceptions Index rated Indonesia at 114<sup>th</sup> out of 175 countries (Malaysia was rated 53<sup>rd</sup> and Australia 9<sup>th</sup>).

Indonesia held its third direct election for President in 2014, with former Jakarta governor Joko Widodo successful. The remainder of 2014 will see some delays in implementation of parts of the development program as new ministers are appointed and new directions forged. Strains on the bilateral relationship over the last 12 months had an effect on some elements on the development cooperation relationship. However, strong personal and institutional relationships ensured that regular working relationships were maintained in good shape.

Indonesia has made good progress against four of the Millennium Development Goals (MDGs). It is on track to eradicate extreme hunger and poverty, achieve universal primary education, promote gender equality and empower women, and reduce child mortality. Its successes include halving the percentage of the population living on less than \$1 a day between 1990 and 2008, increasing net enrolment rates for primary education, and reducing child mortality below the age of five from 97 deaths per 1,000 in 1991 to 44 deaths per 1,000 in 2007.<sup>2</sup> Gender equality targets for the participation of girls in education are on track, as are literacy targets. Women's participation in the workforce has increased, as has the proportion of seats occupied by women in parliament, which reached 18.4 per cent in 2011.<sup>3</sup>

However Indonesia is struggling with maternal health; combatting HIV/AIDS, malaria and other diseases; and environmental sustainability. Indonesia's expenditure on health is very low compared to other countries and its health indicators are among the worst in the region. In 2013, public health expenditure was estimated to be around US\$44 per head per year. Maternal mortality and HIV remain a particular concern; estimates of the maternal mortality ratio rose to 359 per 100,000 in 2013 and women are an

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<sup>1</sup> <http://data.worldbank.org/indicator/SI.POV.GINI>

<sup>2</sup> <http://everyone.savethechildren.net/articles/indonesias-progress-2015-millennium-development-goals>

<sup>3</sup> UNDP in Indonesia - Millennium Development Goals: <http://www.id.undp.org/content/indonesia/en/home/mdgoverview/overview/mdg3/>

increasing proportion of new HIV cases, growing from 34 per cent in 2008 to 44 per cent in 2011. On the environmental front, deforestation continues at an estimated 1.17 million hectares per year.<sup>4</sup>

Two key laws were passed in the last 12 months. These signal possible changes in the development prospects for the country. The first, the Civil Service Law, aims to address inadequate human resource management in the Indonesian civil service which can often pose critical challenges for effective delivery in sectors such as education and health. The second is the new Law on Village Development (Village Law) which was passed by the Indonesian House of Representatives on 18 December 2013. Under this law, around \$4.7 billion a year could be transferred from the national government to individual villages to improve the welfare of people living in the 73,000 villages of Indonesia. The law could lead to the strengthening, among other things, of the financial autonomy of Indonesian villages and provides an opportunity for villages to identify and plan expenditure according to their own priorities to improve public service delivery and support economic development.

Australia's total official development assistance (ODA) budget to Indonesia in 2013-14 was \$601.6 million, making us the second largest donor behind Japan and the largest grant donor (Japan's bilateral aid is mostly in the form of concessional loans). Approximately \$532.4 million is managed through the bilateral aid program with the remainder delivered through regional and global programs and funding to whole-of-government partners, separate from the funding allocated through the bilateral budget. Approximately 90 per cent of the aid program was delivered through DFAT with 20 other federal government agencies contributing their expertise.

The 'Australia-Indonesia Partnership Country Strategy' will come to an end in 2014. The original end date of 2013 was extended in order to ensure Australia's future plans aligned with Indonesia's next Medium-Term Development Plan (RPJMN 2015-2019) which is due to be completed in the first half of 2015. In line with the country strategy, in 2013-14, Australia's development program worked in 14 sectors including education, economic governance, infrastructure, social protection and health with a focus on five priority provinces which have low development indicators and are amongst the poorest in Indonesia—Papua, West Papua, Nusa Tenggara Timur (NTT), Nusa Tenggara Barat (NTB) and Nanggroe Aceh Darussalam (Aceh).

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<sup>4</sup> <http://thereddesk.org/countries/indonesia>

## Expenditure

Table 1 Estimated bilateral program expenditure in FY 2013-14

Objective	A\$ million	% of bilateral program
Education and knowledge sector	112,869,375	21.63%
Social protection and National Program for Community Empowerment	88,878,020	17.03%
Transport and connectivity	84,382,831	16.17%
Scholarships	48,949,258	9.38%
Health	40,787,635	7.82%
Decentralisation	27,656,330	5.30%
Water and sanitation	23,003,233	4.41%
Whole-of-government*	22,706,235	4.35%
Economic governance	16,796,823	3.22%
Law and justice	15,651,117	3.00%
Rural livelihoods and agribusiness	11,637,208	2.23%
Disaster risk management	11,526,652	2.21%
Environment	7,330,988	1.40%
Elections	5,484,788	1.05%
Bureaucratic reform	4,214,323	0.81%
		100.00%
<b>Corporate and Program Management costs</b>	<b>10,600,000</b>	
<b>Total</b>	<b>532,474,823</b>	

Source: Aidworks: actual expenditure; and \*best estimate

## Progress towards objectives

### Education

	Current rating	Previous rating
Enrolment in junior secondary education in targeted districts increases	Green	Green
Management of schools and madrasah improves	Green	Amber
Quality of madrasah improves in line with national education standards	Green	Green
Policy-makers utilise research findings to inform education sector policy, planning and budgeting	Green	Green

Note:

- Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.
- Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.
- Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Reporting period:

All four objectives are rated green: enrolment in junior secondary school in Indonesia has increased rapidly in recent years and the Government of Indonesia (GOI) is now confident of meeting its national enrolment targets; the professional development system for education officials (ProDEP), which is the basis for achieving objective two, is ready to operate in 250 districts across all 34 provinces; good progress has been made in supporting madrasah to improve their quality against the national education standards; and policy makers are using knowledge generated through the Australian-funded Analytical Capacity Development Partnership (ACDP) and Knowledge Sector Initiative in policy and program development.

Indonesia allocates 20 per cent of its national budget to education; an investment that has delivered solid returns in terms of expanding access. But this has not translated into good learning outcomes for students. The school system continues to produce graduates that are ill-equipped to meet the human capital needs of a growing economy and private sector demand for skilled workers. Recent international testing shows that learning outcomes are well below regional averages in key subjects, despite almost universal coverage of primary schooling. Australia's Education Partnership with Indonesia addresses some of the structural issues contributing to improved education service delivery (quality and access) through four complementary components. New designs focussing on higher education and district-level education service delivery will see an increased focus from Australia on improving the quality of student learning.

Indonesia is committed to providing nine years of quality basic education (increasing to 12 years from 2015). However, the transition from primary to junior secondary school is associated with high student drop-out rates, often due to sharp increases in associated costs such as transport to and from school. This is particularly prevalent in remote, poor and underserved parts of the country where there is a lack of school infrastructure. To close the gap, Australia worked with the Indonesian Government to construct or upgrade 951 disability accessible classrooms in 2013-14. This means that 46,000 more children were able to access schools in their area. In 2013-14, 316 junior secondary schools were built or were under construction, bringing the total to 767 schools since the program's inception. This contributed to a steady rise in junior secondary school enrolment and participation nationally. Although increased unit costs per school resulted in fewer schools being built in 2013-14 than the previous year, improved site verification and selection processes meant that districts with low enrolment rates were better targeted. Schools built with Australia's assistance are fitted with girls, boys and disabled toilets, a straightforward but critical measure to reduce barriers to participation in education by all children.

Delivering quality education and encouraging children to stay in school relies on good school management and leadership; improving school leadership is a stated GOI priority. Our Education Partnership is making a significant contribution to the Indonesian Government's efforts by supporting a new, nationwide program to support and train school supervisors and principals. In 2013-14 we created a management information system and complaints handling mechanism to strengthen national oversight and support delivery. Many of the 24 training modules developed in the last 12 months have incorporated aspects of gender equality and disability, such as helping school and madrasah principals to plan for inclusive education access. The Ministry of Education and Culture has demonstrated strong leadership of the program. We are also working with the Ministry of Religious Affairs (MORA) and district governments. Continued engagement with MORA will be a priority in 2014-15 to build support for the program and ensure future inclusion of principals and supervisors from madrasah.

Madrasah are an integral feature of the Indonesian education system, with 40,000 schools educating around 6 million primary, junior secondary and senior secondary students. However, significant disparities exist between the quality of education provided through madrasah and public schools, with many madrasah still unaccredited against the National Education Standards. GOI is committed to accrediting all madrasah in Indonesia with at least 50 per cent achieving a "B" rating by 2014 (the rating scale ranges from A (the best), B, C to TT (failed)). Under phase one of DFAT's support (June 2012 to December 2013), 89 per cent of the 519 DFAT supported madrasah which underwent official accreditation achieved an "A" or "B" rating. Lessons from the program are being used to develop a more systematic approach to nationwide quality improvement and accreditation of madrasah. Increased budget allocation from MORA indicates that there is strong support for the model and DFAT is working with the Ministry to ensure the program's sustainability.

Evidence-based policy and timely policy advice are critical to shaping an education system that is responsive to the longer-term needs of Indonesia's economy and labour market. Together with the European Union, the ACDP is commissioning research to inform planning, policy making and institutional reform. In 2013-14, 12 new studies were commissioned on a range of issues such as teacher absenteeism and religious education in schools. More than 1,600 education officials attended workshops focussing on education sector reform, capacity development, policy dialogue and development. DFAT-funded advisors have also provided technical input to shape GOI's strategic priorities in the forthcoming RPJMN, which used material available from ACDP studies. ACDP research has also assisted national and provincial strategic planning processes and many of the recommendations made in an ACDP study on Early Childhood Development (ECD) were reflected in a Presidential Decree on Holistic Integrated- ECD.

Australia is helping to build the capacity of researchers and decision makers to create and use evidence to inform policy development through the Knowledge Sector Initiative. Despite a slower than expected start to implementation, a key achievement from the last year was our technical support to Bappenas to complete studies on a range of public sector issues to inform the development of the RPJMN 2015-19. Ten research partner organisations were also identified in 2013-14 and started receiving funding in March 2014. Australia now supports 16 Indonesian research organisations to produce knowledge and evidence that inform and influence GOI policy.

In 2013-14, 16 new partnerships between Australian and Indonesian schools were established under the Building Relations through Intercultural Dialogue and Engagement (BRIDGE) program which connects classrooms to promote intercultural understanding. Two professional learning programs were also held in Australia supporting 64 Australian and Indonesian teachers to build sustainable school partnerships.

### Management Responses

- DFAT will finalise a Sector Investment Plan by mid-2015, which will guide the program through the transition from current programming to the next generation of investments focused on improving the quality of education. This transition will be informed by emerging Indonesian and Australian government priorities, as detailed in the RPJMN and the AIP, respectively.
- DFAT, together with a nominated 'champion' from the project team, will continue to engage with MORA to address any institutional constraints and encourage madrasah to participate in the school principal and supervisor professional development program.

### Australia Awards

	Current rating	Previous rating
Developing people-to-people linkages between Indonesia and Australia	Green	Green

This objective is rated green because Australia Awards are promoting knowledge, education links and enduring ties between Australia and Indonesia, and through the returning alumni, a new generation of leaders is being built with strong links to Australia.

Australia Awards are prestigious international scholarships and fellowships funded by the Australian aid program. They promote knowledge, education links and enduring ties between Australia and our neighbours through extensive scholarships programs.

In 2013-14, 472 Australia Awards Scholarships were offered to Indonesians for long-term study in Australia. This included four Allison Sudradjat Prize Awardees, and 10 Australia Awards Leadership



Program Awardees. In February 2014, Foreign Minister Bishop awarded the inaugural Australia Awards Hadi Soesastro Prize. The prize, to be awarded annually to two Australia Awards Scholarships recipients from Indonesia undertaking doctorates in Australia, aims to support the development of young Indonesian leaders and strengthen their ties to Australia. One round of Australia Award Fellowships, which supports short-term study, research and professional attachment programs in Australia, was also held, with 303 participating Fellows from Indonesia, the highest number of any single eligible country. The Australia Awards continue to achieve gender parity with 52 per cent of the Awards going to women in 2013-14.

A range of pilot activities continued to improve overall performance of Australia Awards for Indonesia. These pilots include the English Language Training Assistance program in targeted provinces, split-site awards, and short course delivery. English Language Training Assistance was successfully held in Kupang, Lombok, and Jayapura, where 90 potential scholarship applicants were chosen to undertake a three month training program to bring their language standards up to Australia Awards entry requirements. From this group, 91 per cent of participants met the English language requirement and 50 per cent of them were successful in their first application for an Australian Awards Scholarship.

The pilot Short Course Awards program continued in 2013-2014, with 100 participants travelling to Australia for two to three weeks. Five short courses were delivered, focusing on the development of specific skills required of Echelon II and III Indonesian bureaucrats—consistent with the Indonesian Government’s bureaucratic reform process. A split-site Postgraduate pilot program has been implemented to enable awardees to complete part of their study in Indonesia and part of it in Australia. A total of 50 places have been allocated to Masters candidates in 2013 and 2014.

### Management Responses

- Ensure the new program maximises the impact of the investment for both the Indonesian and Australian governments. Important enhancements for the new program include a Gender, Disability and Social Inclusion Strategy; a Human Resource Development Support Strategy; a Post-Award Strategy; and an on-Award Enrichment Strategy; and recommendations for research and other initiatives under the Program Enhancement Fund, all of which are to be submitted by early 2015.
- Commence and complete, by mid-2015, a Feasibility Study on improving pathways to access Australia Award Scholarships, including recommendations on both current pathway opportunities and current challenges and barriers to potential applicants.

## Health

	Current rating	Previous rating
1. Improved utilisation of quality primary health care and appropriate referral in selected districts and provinces	Amber	Green
2. Confident use of health facilities and services for delivery of babies, ante-natal and post-natal care in Nusa Tenggara Timur	Green	Green
3. Increased HIV/AIDS prevention, treatment, care and support in selected regions	Green	Green
4. Strengthened emerging infectious diseases prevention, detection and control mechanisms in the Ministries of Health and Agriculture	Green	Amber

Australia has helped improve the utilisation of primary health care in program areas in NTT even though some other parts of Indonesia have suffered setbacks due to implementation problems with Indonesia's new national health insurance scheme. NTT has continued to see a decline in the number of maternal deaths at a time when maternal mortality across the rest of Indonesia has been increasing. People who inject drugs are no longer a major driver of the HIV epidemic in Indonesia's major cities and with the help of Australian support, Indonesia has more than doubled the coverage of eligible HIV positive people on antiretroviral treatment in the two Papuan provinces. Indonesia's epidemic surveillance system, including the Early Warning Alert and Response System and associated field epidemiology training, both piloted with Australian funds, have now been expanded across a majority of provinces using Indonesia's own resources.

Despite its middle income status Indonesia still has some of the poorest health indicators in the region and does not provide sufficient funding to the health sector. Currently it is mandated that five per cent of the national budget and ten per cent of district budgets are allocated to health. Australia is investing in Indonesia's health systems so that all Indonesians can live healthier productive lives. While our health program is comparatively small, our investment continues to be strategic, focusing on strengthening the health system and helping the government utilise their own resources more effectively. In 2013-14, the health partnership achievements have been significant. The proportion of births in health facilities in NTT districts supported by our program further increased to 72 per cent and the number of women delivering in hospitals supported by the Australia Indonesia Partnership for Maternal and Neo-natal Health tripled from 490 to 1,490 per month. There are also initial indications of a reduction in neonatal deaths in NTT compared to the previous year.

In a country with the fastest growing HIV epidemic in Asia, Australia's support for HIV reduction has made a difference in Indonesia. For example, we have supported Indonesia to reduce HIV prevalence amongst injecting drug users in many major cities at a time when HIV prevalence has been increasing in other high risk groups.

These achievements are in part due to the very effective relationship between the Australian aid program and the Minister and Vice-Minister of Health, key senior officials and key elected representatives and officials in the provinces and districts. The major programing challenges this year have been the rapid introduction of the new national health insurance scheme in Indonesia (which has the potential to bring major benefits in the longer term) and the continuing lack of clarity on roles, responsibilities and accountabilities (especially between central and local levels of government) in Indonesia's decentralised government. The Australia-Indonesia Partnership for Health System Strengthening initially faced difficulties in implementing grants through the Ministry of Health, which has been reflected in the low program ratings. Recognising the limitations of the program, the independent progress review was brought forward 18 months and recommendations are currently being enacted.

DFAT's support has strengthened the Indonesian health system, aligning and building the capacity of the local systems. In 2013-14 Australia supported regulatory reform in the health sector, including revisions to Indonesia's decentralisation law, the preparation of manuals for the referral of patients from primary to secondary care, the design of a system for arranging diagnostic group-based payments to hospitals under the new health insurance scheme and piloting of distance learning for nurses and midwives.

At Indonesia's request, Australia took the lead in commissioning the technical inputs for Indonesia's Health Sector Review, which is conducted every five years by Indonesia into its own health systems. This involved close collaboration with a number of ministries, including health, planning, home affairs and finance and the newly established healthcare and social security agency. This work helped to develop Indonesia's priorities in the health sector over the next five years and provides the technical analysis that will form the basis for the incoming President and Health Minister's strategic direction for the sector.

### Management response

- We want to advocate for a better health spend and to build on our successes in strengthening systems to help the government to reverse the deterioration in maternal health indicators in eastern Indonesia and reduce HIV infection rates in Papua and fast-growing urban centres on Java. Over the next year, we will continue to support Indonesia in its efforts to achieve universal health coverage and strengthen the health system.

### Water and Sanitation

	Current rating	Previous rating
1. Improved sustainable service delivery of clean water	Green	Amber
2. Improved sustainable service delivery of basic sanitation and wastewater management	Green	Amber

On average programs have achieved strong results and are meeting expectations, warranting a green rating. Program start-up for the sanitation grants was slower than expected and local governments were slow to join one program and allocate budget to build facilities. This has affected progress.

The water and sanitation grant programs provide performance (output) based financial incentives for local governments to invest in water supply and sanitation infrastructure. Performance-based grants working through government systems help promote national and local government ownership and demonstrate methods for GOI to support decentralisation of service provision. A key achievement for the program in 2013-14 has been that GOI is exploring ways to mainstream the performance-based Water and Sanitation Hibah mechanism into its own financial systems, with the aim of having a pilot program in 2015.

Working through GOI decision making systems has slowed down progress of our Australia Indonesia Infrastructure Grants for Sanitation (sAIIG) program. Some local governments were unable to include the sAIIG allocations in their yearly budgets, delaying implementation of the program until January 2014.

Nonetheless, in 2013-14, Australian aid provided 494,607 people with increased access to safe water and 69,258 people with increased access to basic sanitation through the grants and contribution to the Indonesian Government's Water and Sanitation for Low Income Communities (PAMSIMAS) program. In addition, 156,747 people increased their knowledge of hygiene practices through training provided by Australia. Australia is also supporting water utility financial reform through technical assistance to support business planning for water system expansion, increased access to piped water, and investment by local government and commercial banks.

The Indonesia infrastructure Initiative (IndII) has a comprehensive monitoring and evaluation plan for this grants and technical assistance program. In addition GOI has developed two publicly available Management Information Systems (MIS) to monitor grant program and PAMSIMAS progress. Information from the MIS is assessed against information collected by IndII for program management. An Independent Assessment Team for IndII helps address the 2013 Australian National Audit Office Audit on Australia’s Management of Infrastructure Aid to Indonesia recommendation to continue monitoring the effectiveness of reforms to IndII.

Australia has helped develop a manual for GOI to guide planning, implementation, monitoring and management of sanitation activities that result in improved gender equality outcomes in the community. The provision of piped water in two case study villages in East Java and Flores resulted in time savings for women, freeing up time for income activities (such as producing fruit and vegetables), as well as other domestic and social work. Water from the program’s connections was used by women in the dry season to grow vegetables, reducing household costs and contributing to increased nutrition.

Australia supports technical assistance with the Indonesia Infrastructure Support Trust Fund with the World Bank and the Sustainable Infrastructure Assistance Program with the ADB. In addition to this Australia is currently designing the Palembang City Sewerage Project - a wastewater treatment program – which will be implemented in partnership with the ADB (\$45 million over four years).

### Management response

- The IndII program is being extended by seven months to ensure all IndII water and sanitation infrastructure investments meet benchmarks agreed between the Governments of Australia and Indonesia. The IndII Governance board (jointly chaired by senior Government of Australia and Indonesia officers) will monitor progress against these benchmarks in September 2014 and February 2015. This also addresses recommendations in the 2013 ANAO audit.

### Transport and Connectivity

	Current rating	Previous rating
1. Strategic sections of the national and provincial road network upgraded or maintained to Directorate General of Highways standards	Green	Green
2. Improved policy, planning, preparation and delivery of Indonesian Government transport priorities	Green	Green

The first objective is rated green because while program progress has been slower than expected for this point in time due to reduced sections of provincial road under maintenance, and the need for a final extension to the Eastern Indonesia National Road Improvement Program (EINRIP), all works undertaken have met technical standards and safeguards. The second objective is rated green because program milestones have been achieved and it is likely that policy reforms, and better planned and prepared investments, will be a focus of the new Indonesian Government.

The 2013 Australian National Audit Office Audit of Australia’s Management of Infrastructure Aid to Indonesia found that both the EINRIP and Indonesia Infrastructure Initiative (IndII) programs were effective and highly valued by the Government of Indonesia. The report recommended the development of an infrastructure sector delivery strategy which was completed in late 2013.

Other key program achievements in 2013-14 include the launch of the Provincial Road Improvement and Maintenance (PRIM) program in NTB, developed and delivered through the IndII Facility. PRIM is a performance based grant program working through GOI systems, piloting an incentivised approach to fiscal transfers between Central and Provincial Governments for the maintenance of provincial roads.

Through this incentivised approach performance payments are made upon satisfactory completion of maintenance works to encourage local governments to invest more in roads than they otherwise might have. The program ensures strong local ownership and builds the capacity of local planning, budgeting and delivery systems in both GOI and the local construction industry. This is a pilot program which builds on the successes of the water and sanitation performance-based grants programs. Implementation under PRIM has seen 1,184km of the previously unmaintained provincial road network regularly maintained under new contracts with the Provincial Government.

Through EINRIP, 14 of the 20 road projects reached substantive completion and 59km of additional road were constructed. However, three projects are unlikely to be completed by the end date of December 2014. Annual assessments of impacts continue to show positive results for completed projects, including increased speeds of over 30 per cent, increased vehicle use of up to 55 per cent, and positive social and economic impacts for surrounding communities. The monitoring and evaluation program for EINRIP is producing performance information to inform decisions by both GOI and the aid program. Objective performance information on the impacts of assistance is helping to demonstrate the financial benefits to GOI of investing in the design of heavy duty national roads as well as the importance of quality supervision in securing construction standards to ensure that roads are built to last. Performance information includes social surveys with specific questions on the impact of the improved roads for the lives of women. They have found that improved roads in Sumbawa provide better access for itinerant vendors bringing consumer goods to villages and enabling women to shop easily. Women are also more mobile as the good roads facilitate their access to local markets and services.

Policy dialogue with GOI remains good, with access to decision-makers facilitated by a history of Australia providing consistently high quality technical assistance in the infrastructure sector. IndII continues to tackle the challenges that remain in translating the technical assistance into concrete changes in policy. For example, while there is strong interest at the sub-national level in increased financing for infrastructure, budget allocations from the NTB Provincial Government have been short of forecasts.

DFAT works with the Department of Infrastructure and Regional Development on transport safety and security in Indonesia, including the Indonesia Transport Safety Assistance Package. Australia also supports technical assistance programs through the Indonesia Infrastructure Support Trust Fund with the World Bank and the Sustainable Infrastructure Assistance Program with the Asian Development Bank. These partnerships have been structured such that Australia plays a role on decision-making bodies to ensure close collaboration on infrastructure policy, preparation and investment between partners. All three partnerships are functioning well.

### Management response

- The design of the new infrastructure assistance program will be completed by January 2015 and will build on lessons from implementation, and develop a pipeline of infrastructure investments and technical assistance. This has been guided by the infrastructure sector delivery strategy. Future assistance will reflect the Government's commitment to scale-up the aid for trade investments.
- The Australian aid program will work closely with the NTB Government to advocate for increased budget allocations and enhanced procurement arrangements for provincial road maintenance conducted under the PRIM program. A formal review in February 2015 will assess the effectiveness of this work and make recommendations on whether the PRIM program is expanded to additional provinces.

- A decision on whether to extend the EINRIP loan program to enable the final three road projects to be completed will be made by the Governments of Australia and Indonesia by November 2014.

## Economic Governance

	Current rating	Previous rating
1. Improved Indonesian Government capacity to ensure macroeconomic and financial market stability	Green	Green
2. Improved Indonesian Government capacity to raise tax revenues efficiently and with integrity	Green	Green
3. Improved public financial management to support quality of public spending	Green	Green
4. Improved Indonesian Government capacity to use trade and investment policy to promote the international competitiveness of the Indonesian economy	Amber	Amber

The program is progressing well and achieving green ratings against all but one of its objectives. Good progress is being made to build institutional capacity for evidence-based macroeconomic management and effective management and supervision of the financial system. Efforts to strengthen the tax and public financial management system are also progressing well. Objective four is rated as amber because despite our support on services trade and international engagement (APEC and WTO) progressing well, our support on licensing reform and better stakeholder engagement in regulatory development have made less progress than hoped.

The Economic Governance program aligns with our economic diplomacy strategy and supports Indonesia to get its policy and regulatory settings right and provide the foundations for higher economic growth, private sector investment and increased levels of trade. The program is influencing Indonesia's economic reform policies and priorities using policy engagement and high quality technical assistance and international expertise through the Australia Indonesia Partnership on Economic Governance (AIPEG) and the Government Partnerships Fund (GPF). Our activities help develop Indonesian systems including for tax collection, budgeting, macroeconomic management, financial sector supervision and regulation, and for providing a supportive trade and investment climate. GPF also contributes to the building of people-to-people linkages.

Our activities are designed and managed in collaboration with Indonesian Government counterparts and we have built strong relationships with key economic ministries such as the Indonesian Ministry of Finance, Coordinating Ministry for Economic affairs, Financial Services Authority, Ministry of Trade, and Ministry of Planning. The AIPEG and GPF programs are overseen by a steering committee that includes equal representation from the Australian and Indonesian Government as well as private sector representatives.

During 2013-14, our support to the Ministry of Finance helped to develop a subsidy model for the reform of energy subsidies. Our assistance also supported financial sector regulators' efforts to improve crisis preparedness through simulation exercises and refinements to their crisis management protocols. Indonesia is now implementing a levy framework, informed by Australian technical input, to provide sustainable non-state financing for its Financial Services Authority. Similarly, GOI is now also progressing the establishment of an external dispute resolution institution for the financial sector. Indonesia's tax office is pursuing audit reforms to move towards a risk-based auditing system and the development of institutional capabilities to better handle transfer pricing issues. In public financial management, a standardised output costing methodology has been developed and is being applied across

25 Indonesian ministries to support the efficiency and performance of public spending. In trade and investment, our support has helped Indonesia to complete commitment packages on trade in services under ASEAN. We assisted Indonesia to successfully host the ninth WTO Ministerial Meeting in Bali 2013 and put forward an infrastructure proposal for the APEC 2013 summit.

Both programs support the development of Indonesia’s performance management systems within its planning and budgeting framework. We promoted gender equality by providing technical input on gender issues for Indonesia’s next RPJMN as well as targeted support to the Ministry of Finance to support gender responsive planning & budgeting and the Ministry of Women Empowerment and Child Protection on its strategic plan.

Consistent with Australia’s extractives sector support agenda, we are also implementing activities that will enable Indonesia to use their natural resources to grow their economy. This work is done through Australia’s support to the International Mining for Development Centre whose 2013-14 activities in Indonesia included a project on rapid Assessment Frameworks for Mining and Regional Development as well as study tours on geology, and coal and minerals policy.

### Management response

- Design two expanded economic governance programs for implementation from January 2016 to support Indonesia on economic policy issues and to engage with non-government Indonesian actors, including the business community and civil society. A monitoring and evaluation system will be developed to capture and demonstrate our achievements and to reflect the changing pace of the bilateral relationship under the new Indonesian administration.
- Align our influence with key counterparts and success in key areas to explore new opportunities and stakeholders when the new Indonesian administration commences. This includes actively managing increased engagement and support to Indonesia to ensure they are well targeted to priority reforms such as private-sector led growth.
- Invest in an enhanced performance management system with the completion of four additional reviews of GPF partnerships during 2014-2015 which will produce information and report on results and impact.

### Law and Justice

	Current year	Previous year
1. Courts and anti-corruption prosecutors are delivering better quality legal information and services	Green	Amber
2. A greater number of poor and marginalised Indonesians are able to access legal aid services and legal identity documents	Green	Amber

Objective one is rated green because Indonesian courts are producing quantitative data demonstrating progress in improving efficiency and access to justice. Anti-corruption prosecutors within the Corruption Eradication Commission (KPK) continued to secure high-level convictions and substantial sentences. The KPK also made progress in establishing corruption prevention programs, although still more could be done. Objective two is rated green because, as a result of our support, for the first time in Indonesia’s history poor people are accessing free legal advice and representation paid for by the national Government.

The Australia Indonesia Partnership for Justice (AIPJ) program focuses on building effective law and justice systems to improve people’s access to justice, especially for the poor and women. In 2013-14,

DFAT leveraged GOI resources by assisting Indonesia's Ministry of Law and Human Rights to establish and roll out a new legal aid system. This included accrediting 310 NGOs across the country to deliver legal services to poor people on behalf of the Government. In its first three months, approximately 1,000 poor people accessed free legal representation in court, delivered by 63 of the 310 accredited providers. As of January 2014, GOI had disbursed \$500,000 of its own funds to deliver these services, and plans to disburse ten times this amount in 2015.

Australia's work with the Indonesian courts is improving the quality of and access to legal information and justice services. As a result of our support, Indonesia has increased the annual number of mobile court hearings in remote areas and fee waivers for poor litigants to 19,383 and 10,252 respectively in 2013 (up from 3,738 and 325 respectively from 2007). These activities have particularly benefited poor women, with 87 per cent of successful claims for fee waivers in divorce cases on poverty grounds obtained by women.

Australia's policy dialogue with Indonesian law and justice agencies has been able to influence meaningful change. Internal case management reforms within Indonesia's judiciary, many of which were inspired by Australian practices, have resulted in Indonesian courts reducing the time required to receive a final decision; during the reporting period, only 15 per cent of cases took more than two years to resolve in the Supreme Court, compared with almost 50 per cent just four years ago.

High-quality partnerships between the Australian Federal and Family Courts and the Indonesian Supreme Court, and the Australian Attorney-General's Department and the Indonesian Attorney General's Office have also contributed to positive progress on judicial reforms. There have however been areas where we have struggled to achieve the same levels of progress. This has occurred in areas where civil society is less active or lack constructive relationships with government, for example on prosecutorial reform. A 2014 Independent Progress Review also found that the program was not consistently well understood by all stakeholders and lacked an overarching narrative.

Australian support brokered partnerships between disabled people's organisations and state institutions in the law and justice sector, such as the Judicial Commission; and between disabled people's organisations and legal aid providers. Most of Australia's investments in the law and justice sector focus on issues that relate directly to gender equality, such as work to deliver legal aid to poor women and facilitate women's access to legal identity.

### Management response

- Commence and complete, by mid-2015, a design for a subsequent phase of support to Indonesia's law and justice sector. This design will include a clear overarching narrative about why Australia's investment in law and justice is important for Indonesia's development and how it supports Australia's national interest.



## Elections

	Current rating	Previous rating
1. Improved performance of electoral management bodies in managing and delivering quality elections (local and national)	Green	Amber
2. Increased public engagement in Indonesia's elections and electoral systems	Green	Amber

Both objectives are rated green because Indonesian electoral management bodies delivered quality parliamentary and presidential elections in 2014 and Australia's support for voter education and civic awareness of electoral processes helped marginalised women, migrant workers and people with disability to participate in the democratic process in six target provinces.

Indonesia's parliamentary and presidential elections in April and July 2014 respectively marked a new milestone in Indonesia's democratic transition. Despite the many and complex challenges, Indonesia delivered one of the world's biggest single day elections peacefully and effectively. Throughout 2013-14, Australia remained the largest bilateral donor supporting elections in Indonesia.

Australia's most important contribution to the quality of elections in Indonesia was helping to improve the national voter list by working through high-performing and effective Civil Society Organisations (CSOs). The list now contains over 190 million voters and enabled eligible voters to register and participate in elections. Our support also reduced opportunities for multiple voting and informed the Indonesian General Election Committee of how many ballot papers to print for each polling station. Following the April 2014 parliamentary election, less than ten per cent of print media reports in the 48-hours after the elections drew attention to problems with the voter list, compared to more than ninety per cent of reports in the same period following parliamentary elections in 2009.

In 2013-14, Australia also continued to assist Indonesia's electoral cycle by supporting local NGOs and universities to strengthen the capacity of the General Elections Commission. With funding from Australia, The Asia Foundation partnered with a dozen local CSOs to promote better informed voting decisions by training and informing approximately 15,000 direct beneficiaries at voter information and voter education events. These activities promoted increased interaction between communities and their legislative candidates, and frequently involved officials from the election management bodies.

Australia and The Asia Foundation also facilitated improved community demand for high quality elections. We helped train 3,316 election observers in the six target provinces and delivered voter education for 14,945 people representing poor women and other marginalised groups to engage better with elected officials. In May 2014, Australia also launched the ASEAN General Election Network for Disability Access to help to improve access to political and electoral opportunities for people with disabilities in Indonesia and throughout South-East Asia. The Australian Electoral Commission's (AEC) support to Indonesia remained constrained by the ban on international donors directly assisting Indonesian electoral management bodies. While the AEC was able to effectively deliver small scale activities, its core capacity building focus was negatively impacted.

### Management response

- Consistent with Indonesia's policies, DFAT is not planning to implement a stand-alone elections program following the conclusion of Australia Indonesia Electoral Support Program in June 2015, although some support will continue to be provided through grants to organisations working on democratic governance issues.

## Social Protection and Community Driven Development

	Current year	Previous year
Strengthened ability of the Indonesian Government to make informed and evidence-based policy and program decisions to reach the poor	Green	Green

Progress against the objective is rated green. Policy makers have used informed and evidence-based decision making for policy reform, so that programs reaching the poor are better targeted and more effective. Communities are better informed and empowered to make their own development decision and demand better services.

Australia provides support to social protection and community driven development through three main programs: Indonesia's National Program for Community Empowerment (PNPM), the Poverty Reduction Support Facility (PRSF), and the Empowering Indonesian Women for Poverty Reduction (MAMPU) program.

PNPM develops economies and empowers communities through infrastructure and other investments in 73,000 villages throughout the archipelago. Australia's support has improved the effectiveness and impact of GOI's own US\$1.7 billion annual commitment to PNPM, for example, an Australian-funded pilot program has helped 5.4 million women and children access better health and education services and developed a successful model for reducing childhood malnutrition. In 2014 this program expanded from 369 to 499 sub-districts, with GOI matching donor funds dollar-for-dollar. GOI capacity to reach out to marginalised groups has been strengthened through Australian support to the *Peduli* Pilot Program. Introduced in 2013, the project has engaged with 72 Indonesian CSOs that work with marginalised groups through activities that facilitate increased access to livelihoods, services and social justice.

In December 2013, the Indonesian Parliament passed a national law on village development that effectively mainstreams PNPM into normal government operations. Australia provided technical assistance to develop regulations for the Village Law which should bring a significant increase in funding directly to villages, potentially totalling some USD\$10-12 billion per year, and allow villagers to assume greater responsibility and control over their own development. The village law has the potential to increase investment in infrastructure, livelihoods and services at the village level, but systems for fiduciary oversight and professional management will need to be developed to mitigate risks of corruption and poor delivery. GOI has sought Australia's support to navigate these transitions, and a key focus for the program this year has been to procure a new managing contractor able to provide more tailored, technical support for this agenda.

The PRSF supports the Vice President's National Team for Accelerating Poverty Reduction's (TNP2K) core work in policy brokerage, using research and evidence to inform policy. We supported TNP2K to develop a model that provides cost estimation for the provision of a health benefit package for Indonesia's National Health Insurance program. The model helped GOI to determine the number of poor and near poor people who would be covered by a Government-paid premium contribution. As a result, the Ministry of Finance agreed to allocate almost \$2 billion to cover 86.4 million poor people under the health insurance scheme from 2014 (which is triple the budget allocation for health insurance from the previous year). With PRSF support, TNP2K also implemented a social protection compensation package that accompanied a fuel subsidy reduction. US\$2.2 billion was reallocated from fuel subsidies to finance compensation for the poor, and included permanently expanding several programs, providing lasting benefits. The package reached around 65 million individuals (25 per cent of the population). Without this assistance, the poverty rate was likely to have been much higher, at 14 per cent, meaning 6.2 million Indonesians were prevented from falling into poverty.

Australia's flagship women's empowerment program, MAMPU, is contributing to the GOI's poverty reduction goals by supporting 85 civil society and gender-interested organisations to tackle issues and improve policy in areas of most need to poor women. MAMPU provided grants to nine partners to implement pilot activities that will enable more women to access government social protection programs, better understand reproductive health and available services; experience safer overseas migration; access community based services for victims of violence and better understand their rights at work. Program progress was slower than expected in 2013-14 due to difficulties with the managing contractor, resulting in a significant restructuring of the team. Progress with partners has been positive; however some partners have struggled to implement their pilots due to a range of factors including insufficient human resources, poor capacity of their local partners, and the need to reorient pilot approaches. Two key changes in the operating environment have proved valuable for MAMPU. The passing of the Village Law galvanised MAMPU partners to take collective action and form an advocacy group which provided critical input to ensure that the law recognises the needs of women and fosters women's place in village development. The Presidential elections also had a positive impact, with MAMPU providing support to 'Indonesia *Beragam*', a movement developed by partners which outlines a ten-point-plan on how a newly elected Indonesian administration could reduce poverty, corruption, improve justice and eliminate violence. Some of the points in Indonesia *Beragam* were taken up by President-elect, Joko Widodo, in his official vision for Indonesia.

### Management response

- By December 2014 DFAT will have developed a flexible facility model of support to be tendered for the second phase of PRSF. By June 2015, an updated monitoring and evaluation framework will have been developed and adopted, ready for use as required under the next phase of the program.
- By January 2015, a managing contractor will be appointed to manage our support for PNPM. This model of support will aim to facilitate a shift towards greater GOI ownership, so by June 2015 the contractor will have begun a process to determine how we will support GOI to integrate PNPM into GOI systems.

### Decentralisation

	Current year	Previous Year
1. Improved performance of local governments in delivering services to the poor	Amber	Amber
2. Strengthened capacity of local citizens and civil society organisation to engage and demand for better service delivery	Green	Green

Objective one is rated amber because, despite the Australia-Indonesia Partnership for Decentralisation (AIPD) investments producing results in line with the program design, the impacts on service delivery are fragmented and hard to attribute. Objective two is rated green as an evaluation of the Australian Community Development and Civil Society Strengthening Scheme (ACCESS Phase II) found that citizens, CSOs, village and district government are discussing local development issues and have access to data and information to support them to act collaboratively. The Local Governance Innovations for Communities in Aceh 2 (LOGICA 2) also strengthened the capacity of communities to prioritise issues and present them to Government Service Units.

AIPD has developed and implemented tools and approaches that are proving effective in changing the way partner governments and communities manage local resources – with some already showing improved service delivery. In 2013-14, we worked closely with different ministries and directorates that

have previously been working in silos resulting in a number of key reform plans and the alignment of key issues in decentralisation, such as revision of the law on regional autonomy and fiscal decentralisation. The policy dialogue with the Ministry of Finance resulted in high-level systemic impact as performance parameters were included in future fiscal transfers from national to village level as mandated by the Village Law.

We have strengthened AIPD's role as the 'decentralisation platform' for other DFAT aid programs including economic governance, health and bureaucratic reform to ensure cross-learning and increasing the return on our other investments. To ensure we get them most from this investment we undertook an institutional review and sharpened the strategic direction for the remaining program period to focus more on specific high-priority service delivery issues including maternal and neonatal health. In July 2013, AIPD appointed a new full time gender specialist responsible for implementing the Gender Action Plan. Gender reviews are now conducted prior to activity implementation and technical training, and advice is provided to partners on gender inclusive approaches.

As of May 2014, through LOGICA 2 in Aceh, we helped 73 per cent of schools and 83 per cent of hospitals achieve the basic Minimum Service Standards (MSS) required by the Government of Indonesia. The MSS model has now been developed sufficiently to be considered capable of wide, potentially national, replication. With our support more women in Aceh now have appropriate documentation to complete their marriage certification enabling women to get access to schools for their children and to get family inheritance in the future.

An independent cross-program evaluation of five decentralisation initiatives provided useful information on what had worked and why and considered the scalability of approaches for wider replication. This information will inform the design of a new consolidated decentralisation initiative.

### Management response

- By end of 2014, AIPD management will finalise the strategic realignment of the program, track the results achieved by the program, and document the good practices as well as lessons learned for design of the new program.

### Bureaucratic Reform

	Current year	Previous year
A more performance and merit based bureaucracy impacting on improved service delivery	Green	Amber

This objective is rated green because overall progress to date has been as expected given the relatively modest amount of funding and complex inter-dependant issues encountered. Progress in some areas has been slower than expected due to changing priorities of the partner government. To address this, our implementing partner Kemitraan has reassessed, reprioritised and adjusted the intended outcomes to ensure activities remain focused on what can be effectively achieved. The program has also responded to the priorities under the new Civil Service Law.

The 'Bureaucratic Reform in Indonesia' initiative works with GOI, civil society and other stakeholders to model and build momentum for key governance reforms. Australia's assistance is delivered by local Indonesian experts with the support of Australian government agencies. The key achievement in 2013-14 was the passing of the Civil Service Law no 5/2014 after three years of deliberation. Australian funding facilitated the drafting and enacting of the law including supporting strategic dialogues, targeted technical assistance and multi-stakeholder consultation. The law is seen as a breakthrough towards a

more performance oriented and merit-based civil service in Indonesia. Australian Government assistance is also being provided to embed bureaucratic reforms at the organisational levels. Programs such as the Capability Review pilot help to institutionalise macro bureaucratic reforms, such as the Civil Service Law, at the organisational level by building public sector agencies' capability to meet the demands of fast-paced reform. By the end of 2014, three pilot Capability Reviews of Indonesian government agencies will have been completed. We also supported eight civil society coalitions to increase oversight of reform efforts by the public to drive greater demand for good governance and reform.

### Management response

- By end of 2014, the program will support the start-up of the Civil Service Commission (established with the passing of the Civil Service Law), including establishment of the secretariat, development of the strategic planning and business process, and an induction program for the Commissioners.

### Rural Livelihoods and Agribusiness

	Current rating	Previous rating
Increased access of smallholder farmers to economic opportunities	Green	Amber

The Australia-Indonesia Partnership for Rural Development (AIP-Rural) is on track to achieve its target of 30 per cent increased agricultural incomes for 300,000 smallholder farmers in five provinces in eastern Indonesia by 2018.

The Promoting Rural Income through Support for Markets in Agriculture (PRISMA) program, the largest component of AIP-Rural, commenced in November 2013 and is showing encouraging initial results. This is reflected in the improved rating for work in this sector from 2012-13. Through our opening portfolio of 15 market development activities in commodities such as maize and vegetables, we are working with local businesses to help farmers increase productivity. Under the program's pilot maize seed distribution activity in NTT, partnerships with local seed producers and retailers helped 3,500 farmers achieve increased yields of between 150-200 per cent and additional net income of around \$50 per farmer through access to improved maize seeds and better farm practices.

Our Indonesian counterpart agency, Bappenas, is supportive of the program's innovative approach and is incorporating PRISMA into its poverty reduction efforts in eastern Indonesia. This will boost understanding and ownership of private sector-led approaches at the local government level. A gender strategy has been developed to ensure the program's market sector analysis includes gender impacts and identifies opportunities to promote women's economic empowerment.

Another component of Australia's support to the sector, the NTT Agroforestry project, is scheduled to end in December 2014. The program is on track to achieve or exceed its end-of-program outcomes. This activity has already helped 20,636 households in 90 villages increase food security and incomes. By the end of 2014 it is estimated that families in 90 villages (65,000 individuals) will have benefited from increased food security and incomes through improved farming techniques, post-harvest practices and better access to markets.

Whole of government partners provide substantial contributions in this sector. The Australian Centre for International Agricultural Research implements a number of agricultural research activities, the largest of which is the Indobeef project (\$21 million). The Department of Agriculture and DFAT jointly manage the Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector - a \$60 million

(\$50 million ODA) program to strengthen cooperation between the Indonesian and Australian red meat and cattle sectors. In April 2014 the first Partnership meeting was held in Jakarta where it endorsed two pilot skills exchange activities for funding.

### Management response

- Once all program components are operational, a common results framework will be developed for AIP-Rural to consolidate reporting and streamline program management across different activities. The results framework will include measures to assess performance against women’s economic empowerment and the program’s impact on rural poverty.
- AIPD Rural will work with Bappenas to ensure that the market development approach to rural development is included in the Indonesian RPJMN and the concept has been presented to the incoming Indonesian government.
- The Indonesia–Australia Partnership on Food Security in the Red Meat and Cattle Sector will establish management and governance mechanisms to support the planning and implementation of several projects as approved by its board.

### Disaster Risk Management

	Current rating	Previous rating
Australia effectively and appropriately supports the Indonesian Government and communities to better prepare for, manage and reduce the risks of disasters	Green	Green

This objective is rated green because progress is on target. The rating is based on achievements under the Australia-Indonesia Facility for Disaster Reduction (AIFDR), and the timeliness and quality of Australian assistance. By implementing Disaster Risk Reduction across the country Indonesia will save lives, reduce the economic impact of disasters and safeguard development gains.

In 2013-14, Australia responded to three Indonesian disasters (Central Aceh Earthquake, Manado Flooding and Mt Keeled Volcanic Eruptions) and sent an assessment team to monitor the Indonesian Government’s response to the eruption of Mt Sinabung in West Sumatra. Australia’s support to the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre) allowed it to effectively respond to Typhoon Haiyan in the Philippines in November 2013, and our support to the United Nations Office for the Coordination of Humanitarian Affairs enabled them to assist the Indonesian Government to review and refine its approach to engage with the international community during responses to large natural disasters. Australia also deployed Indonesia Program staff to assist with our response to Typhoon Haiyan in the Philippines.

We improved local capacity to respond to disasters by conducting disaster management training in West Sumatra. With Australian support two emergency operations centres in Kupang and Makassar are close to completion. These facilities will serve as regional disaster coordination hubs. We are helping provincial and district authorities to train staff to run these centres and assisting the national disaster management agency to replicate training in other regions across the country. By the end of 2013, with Australian support to CSOs, NGOs and faith-based organisations, 15,000 people received Disaster Risk Management (DRM) training (45 per cent of them women), 200 vulnerable communities in 31 districts were better prepared and new DRM regulations had been introduced in 10 districts.

In conjunction with Geoscience Australia, we have also invested in improving hazard modelling and developing evidence-based disaster management tools such as real time earthquake ‘shakemaps’ and the ‘Indonesia Scenario Assessment for Emergencies’ tool (InaSAFE - which has garnered a worldwide reputation as contributing to better understanding of disaster risk and vulnerability).

In 2013-14, Australia promoted the participation of women in community-based activities and has advanced gender considerations in disaster management more broadly. Technical assistance provided by Australia has resulted in two ministerial decrees – on women in disasters and disability – which will ensure these issues are incorporated into disaster preparedness, response and recovery efforts in the future.

### Management response

- By October 2014 finalise the independent review of AIFDR Phase one (2009-2013)
- By December 2014 announce AIFDR-2, the next phase of support to Indonesia’s disaster risk management sector.

### Environment

	Current rating	Previous rating
REDD+ demonstrated to be practical, effective and equitable	Amber	Red

The objective is rated amber because the Indonesia-Australia Forest Carbon Partnership (IAFCP) did not meet the overly ambitious objectives set out in its original design. However implementation in 2013-14 largely met revised targets. Reduced emissions from deforestation and forest degradation (REDD+) approaches were tested and important information was documented in a suite of scientific and technical publications to help Indonesia reduce its greenhouse gas emissions.

All DFAT-funded activities under the IAFCP, including the Kalimantan Forest Carbon Partnership (KFCP) and Indonesian National Carbon Accounting Scheme (INCAS) concluded on 30 June 2014, following a one-year extension. The one-year extension focussed on meeting commitments to communities in delivering livelihoods support, producing over 40 technical and lessons learned documents and transitioning work to local partners where feasible. The Australian Department of the Environment also undertook ODA-funded work in 2013-14 which complemented the IAFCP. This included providing advice to GOI on Indonesia’s national greenhouse gas inventory system as well as on how to establish an effective legal framework to support REDD+ in Indonesia.

A key achievement in 2013-14 was increasing the prosperity of communities in the KFCP area through livelihoods programs supporting aquaculture, rubber and other cash crop production. Through KFCP, Australia strengthened targeted REDD+ institutions at village and district level, including developing a Forest Management Unit in Kapuas, and completed fire prevention and response work with the Ministry of Forestry to reduce fires as a cause of greenhouse gas emissions. Activities in 2013-14 were focused on working through local institutions and linking into existing development planning processes. Lack of local capacity and expertise remains mixed, which is impacting on the ability of some local entities to lead REDD+ activities. Australia’s work through the KFCP is well positioned to inform national policy making in the future in areas of community engagement, safeguards, and measurement, reporting and verification.

Through INCAS, Australia helped Indonesia develop an approach to measure greenhouse gas emissions from peatlands and has produced maps to document annual forest cover change for the period 2000 to

2009. The Indonesian Government is transitioning key elements of INCAS to its national measurement, reporting and verification system. This demonstrates the strength of INCAS in informing Indonesia's efforts in REDD+ and promoting Indonesian ownership of a credible carbon accounting system.

### Management response

- Following the conclusion of the IAFCP, DFAT will not be providing further direct support to this sector.

### Mutual Obligations

Indonesia has made substantial social and economic progress under President Yudhoyono. Growth has averaged over five per cent and poverty has come down to just above ten per cent. Policy settings have been solid – for example, the government has been willing to invest substantial resources in education, with a legal commitment of 20 per cent of the budget. But the country is faced with a new set of challenges. The test for Indonesia is whether it can generate the productivity improvements that will allow it to make further economic and social progress. The challenges are substantial. Inequality is growing. Some key input markets, including for labour and capital, are not efficient. Infrastructure stock is well below what is needed. These and other factors lie behind the lack of competitiveness of Indonesian labour compared to the rest of the region.

Deep reforms are necessary to enhance productivity. Changes are still needed in areas such as revenue mobilisation, spending efficiency and market regulation. But these changes are politically complex – each will produce winners and losers. The lack of progress over the past few years – including in 2013-14 – reflects political realities.

Australia's capacity to influence the political decisions that lie behind policy change are limited. Our funds, while substantial, still represent a small fraction of the total GOI budget, so our financial leverage is minimal. We can, however, make a difference. This depends on our ability to be responsive, flexible and authoritative and our capacity to select areas that are priorities for GOI and its key reformers. We can support reform by providing analysis (that backs up the case for change), by preparing high quality plans for GOI's own investments, and by piloting innovative solutions.

We work with a range of reformers across national and local government and civil society, that often we do not publicise, but who are nonetheless important. Strong examples include our work with the previous Vice President's National Team for Accelerating Poverty Reduction (TNP2K), our support to the health ministry to frame priorities for the next decade, and work with the Ministry of Law and Human Rights. These relationships have remained strong over the period of this report. At the provincial level we are working with a range of progressive governments. Our work in NTT on reducing maternal mortality has been reliant on the Governor's own commitment to raise the profile of the issue.

We can demonstrate how, in response to our engagement in roads and water supply, we have encouraged district governments to commit additional finance. (Under these grant projects, governments receive funds after they have committed and spent their own funds.) In health, we can show how districts have invested to replicate our achievements in NTT and NTB. In education, our quality control approaches have been taken up at the national level by the ministry.

More broadly, each of our program investments involves a set of operational obligations which can range from the provision of working space to matching funding. The strong performance of the portfolio demonstrates that by and large, these commitments have been met.



DFAT's counterpart development agency is Bappenas, the National Development Planning Agency. Over the past year DFAT has worked with Bappenas on all of our sectors to ensure that the Bappenas-produced five-year plan – the RPJMN – identifies the core necessary improvements across government. While this by no means guarantees that the new president will adopt the recommendations, it is a necessary condition for change. In addition to our regular working-level engagement, the annual bilateral Senior Officials Meeting (SOM) led by DFAT and Bappenas provides a high-level forum to discuss emerging issues and barriers to success. We will continue to ensure that the SOM remains a forum to examine mutual obligations, conduct targeted discussions about under-performance and discuss other challenges.

It is becoming increasingly clear that 2014-15 will present national-level policy challenges to the new President. Progressing new legislation will be complex. A tighter budget and more constrained macroeconomic environment mean there will be less fiscal space for new spending. Under these conditions the Australian aid program will need to be realistic. At the same time, it seems likely that there will be strong overlap between the priorities of the new government and the direction of the program. Where there are high levels of ownership from the Government of Indonesia, we can look forward to a partnership which is constructive and committed.

## Program Quality and Management

The Indonesia program underwent an internal health check in early 2014 which found the program to be well managed. It noted strong structures and practices were in place to enable effective procurement planning and management; individual investments were effectively managed; and strong results were being achieved in support of the most disadvantaged populations of Indonesia. However, it also found some areas of weakness where improvement is required, such as the low compliance rate of contractor performance assessments,

A large number of the program's 77 initiatives are scheduled to end in June 2015 and as a result significant design work is underway. In November 2013, the Indonesia Programming Advisory Group (IPAG) was established to provide senior management within the Indonesia Program an opportunity to engage in the initial stages of planning for investment concepts, investment designs and delivery strategies. Between December 2013 and June 2014, the IPAG reviewed 12 designs and 2 delivery strategies. The IPAG is a useful and effective mechanism to provide strategic advice and feedback to design teams.

At the initiative level, a Design Evaluation and Support Services contract was established in 2013. The services include support to enable staff to meet quality standards in evaluation and design, to manage suppliers, to build the capacity of staff working in quality support functions within DFAT and to provide strategic advice to managers. Successful implementation will see more evidence-based designs with clear logic, improved quality of evaluation reports and evaluations influencing management decisions.

Measures are in place to consolidate the portfolio into fewer, larger investments, shifting away from the previously planned scale-up. With the incoming Indonesian administration in place from October 2014, greater certainty around shared policy priorities for the bilateral relationship will provide further opportunities for consolidation by identifying focus areas. Eight approaches to market are due to be conducted in 2014-15 with a combined value of over \$900 million across ten initiatives<sup>5</sup>. In some

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<sup>5</sup> Australia Indonesia Partnership for Justice (Phase 2), Australia Indonesia Facility for Disaster Reduction (Phase 2), Maternal and Neonatal Health, Indonesia Education Innovation Facility, Australia Indonesia Partnership for Decentralisation 2, Australia Indonesia HIV program,

cases, multiple initiatives are being consolidated into one tender. In addition, measures to address poor performing programs are being taken. For example, the mid-term review of the Health Systems Strengthening program was brought forward to provide an earlier opportunity to respond to performance issues. Where improvements don't eventuate, initiatives will be terminated.

There was a high rate of turnover (about one third) of locally engaged and international specialist staff in 2013-14 through multiple rounds of voluntary redundancies, re-basing of positions, and restructuring of the program during integration. While this doesn't appear to have impacted program quality during the reporting period of this APPR, it has reduced the program's administrative capacity in HR, IT and finance functions, and the ability to maintain cross-program support functions on quality and safeguards, and may have been behind the low compliance rate for Contractor Performance Assessments.

We are responding to the staff losses with a major recruitment campaign, in particular for the support functions of performance, quality and operations, to mitigate the risk of vacancies impacting future quality and risk management.

Across the program there are strong and consistent efforts to address gender equality in initiatives. Individual programs have recruited gender advisors to influence program targets and direction, and we created a Gender Unit at Post to provide monitoring and support across the program. The Government of Indonesia has also been highly supportive of Australia's gender initiatives, although support has sometimes been difficult to obtain at the sub-national level. The program should do more to integrate gender into monitoring and evaluation, and ensure there are specific gender related objectives and results that contribute to transformational change for women in selected programs.

Cross-sectoral programming, coordination and collaboration has been a focus of new design recognising that silos exist in the Indonesia program that are not conducive to efficiency and effectiveness. Early work on common development objectives will inform the Performance Assessment Framework and Performance Benchmarks (see Annex D for initial benchmarks). This will provide a performance architecture which is currently absent at the whole-of-program country level, and is anticipated to promote greater synergy between initiatives.

Eight initiative-level evaluations were conducted during the reporting period, with various levels of quality ranging from 'not satisfactory' to 'good'. A greater emphasis on supporting teams at the very beginning of the evaluation process has been initiated during 2013-14. In addition, we are now taking a 'fit for purpose' approach to evaluations, where we allocate resources and a methodology to each evaluation dependent on its unique circumstances.

### Analysis of Quality at Implementation Reports

Quality at Implementation (QAI) moderation reviewed 48 QAI reports (Annex B) and found that these initiatives remain highly relevant to both development needs and aligned to Australian government priorities. One program, the Australia-Indonesia Security Cooperation (AISC) is rated as poor quality, and seven others were rated as less than adequate. The Provincial Governance Strengthening Program and the Australia Indonesia Partnership for Health Systems Strengthening (AIPHSS) were rated less than adequate. The Provincial Governance Strengthening initiative finished as scheduled in June 2014 and while AIPHSS has faced difficulties, following implementation of review recommendations, it now provides us with access to key officials and a strong platform to influence national policy making processes.

Most programs were rated as adequate or good under the criteria of efficiency, monitoring and evaluation, sustainability, gender and risk. Issues impacting on program efficiency were the most common themes to emerge from the QAIs. Delays in implementation and partner performance issues were common due to the large number of programs that work through, or support government systems. Incompatibility between partner monitoring and evaluation systems and DFAT's reporting requirements commonly impacted the effectiveness rating. For example, some reporting was largely at the output level, which made judging program outcomes difficult.

### Performance of key delivery partners

Managing contractors implement over 60 per cent of the Indonesia program (by value). DFAT relies on the strength of their systems, policies and organisational capability to achieve results and to manage risks. Stringent due diligence assessments form part of the procurement process when competitively selecting managing contractors to implement activities. Audits and assessments are conducted regularly across implementing partners (including managing contractors) to monitor progress and ensure compliance with Australian government requirements. As noted in the section on Program Quality and Management, further improvement is needed in the compliance rate of Contractor Performance Assessments and this function is being prioritised in recruitment. Changes to the staffing profile and current vacancy levels are driving changes to the way the program engages with and uses managing contractors.

During the 2013-14 reporting period DFAT conducted a Child Protection Assessment on the Indonesia program. The assessment found that all managing contractors consulted had a child protection policy that focused on keeping children safe at the corporate/organisation level. Very few extended their policies to incorporation of child protection measures at the project level during implementation. Recommendations from the assessment include providing managing contractors with clearer guidelines to help them incorporate child safe practices into project operations.

In March 2014 we undertook a progress review of World Bank Trust Funds delivering Australian aid in Indonesia. We found that in general the Bank has helped DFAT to foster critical relationships with Indonesian government agencies. In the case of tertiary education, DFAT draws on Bank expertise to inform engagement with the responsible GOI agency. However, in other sectors such as infrastructure and poverty reduction it was reported that the Bank's role is becoming less relevant as DFAT has established strong relationships with the relevant agencies and GOI are developing their own capacity to manage some activities. A common identified weakness was the need for the Bank to improve its monitoring and evaluation to comply with DFAT's reporting requirements. DFAT is taking steps to address these deficiencies to ensure to the Bank can prove value for money and demonstrate results.

## Risks

Table 3 Management of key risks to achieving objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?
Inadequate evidence to inform program funding decisions, caused by the absence of robust program logic, M&E frameworks and evaluations, undermines DFAT's capacity to manage programs for results.	Design and evaluation support services, augment staff capacity to support higher quality evaluations and designs; mandatory control points have been established to improve evaluation quality; technical support is provided to design teams to strengthen program logic.	Augmented technical support will contribute to development of the Performance Assessment Framework, which will inform the program logic of designs.
Loss of key staff/ high staff turnover.	Corporate knowledge retained in staff handovers and record keeping; priority vacancies identified for fast-track recruitment in order to retain core capacity; updated policy on the recruitment of specialists.	An interim statement will be drafted to provide strategic direction while an Aid Investment Plan is finalised in 2015; a new organisational structure will be implemented that integrates aid with DFAT responsibilities; an HR Plan to be developed that reflects the new organisation structure; a new Performance, Strategy and Coordination Unit will be established; the Aid Management Unit will be strengthened; and, a Partnerships and Communications Plan will be drafted.
Implementing partner systems fail to effectively manage risks to DFAT and the Indonesia program.	A Resettlement Plan has been developed by the ADB for the Palembang City Sewerage Program and two resettlement consultants are assisting the local government implement the Plan; a Child Protection Assessment has been conducted across the Indonesia program, with recommendations for improving systems to manage child protection risks on the program.	Ongoing monitoring and management of the safeguards process, including: communication and meetings with the Palembang Government; communication and meetings with the safeguards specialists and Canberra safeguards manager; communication with ADB specialists to ensure compliance with policy; Communication and implementation of child protection assessment recommendations.
Bilateral relationship issues could affect our ability to manage the aid program, including by slowing down approval processes.	Regular communications with Bappenas and other key GOI ministries; management of expectations of implementing partners.	Risk to be discussed weekly at senior meetings to decide on mitigation measures.

## Management responses

Annex A includes a table with progress in addressing the management responses identified in the 2012-13 APPR. For the 2013-14 APPR, we will look to consolidate this reporting into a more succinct and strategic format.

Australia has an opportunity in the final months of 2014 and early 2015 to work with a new Indonesian administration to ensure maximum alignment between Australia's new aid policy and the priorities of the incoming Indonesian President. The development of a new five-year Aid Investment Plan with Indonesia during 2014-15 provides an excellent opportunity to articulate why we have an aid program to Indonesia, what we will do, how we will do it and how we will judge success. The plan will articulate how an aid program serves both Australia's and Indonesia's interests. It will explain how the program promotes Australia's national interest and regional stability and how it targets the more than 105 million Indonesians living on less than US\$2 a day.

Australia's aid policy and the priorities of the new Indonesian administration – outlined in its forthcoming RPJMN - will inform what sectors we will work in. To enhance the impact and effectiveness of our aid we will consolidate our portfolio and focus on fewer, larger investments.

While Indonesia is a middle income economy there remain key structural bottlenecks to growth, and growing inequality. For many Indonesians, the benefits of economic growth are yet to be realised. Through the aid program we will leverage our expertise in strengthening institutions and building capacity to support Indonesia to deliver the benefits of economic growth to its people.

To address the remaining poverty in Indonesia will require innovative and joined-up policy approaches. We should do more to help tackle the impediments to economic growth including infrastructure and regulatory weaknesses; sharpen our economic diplomacy and aid-for-trade agenda; strengthen the competitiveness of the private sector; and strengthen governance systems and help build human capital (through targeted education quality and health interventions), particularly in the poorest eastern regions. We will also continue to develop systems that allow Indonesia to better respond to, and anticipate, natural disasters.

We will continue to invest in areas crucial to human development such as education, health and social inclusion. But we will adapt the way we work in these sectors as Indonesia's needs change. For example, in education, we'll move away from building schools and invest more in improving the quality of teachers and learning outcomes. In health, we will continue to focus on maternal and child health, with an emphasis on reducing child stunting, which directly impacts learning outcomes and employment opportunities.

Critical to delivering on this agenda will be a focus on increasing the capacity of women to participate in the economy. A review of gender results in 2014 identified that the program could do more to assist women's economic empowerment. We will use our influence to leverage sustained and practical commitment from the new Indonesian administration on gender equality outcomes, including encouraging legislation and policies that help women gain access to formal jobs and safe migration. We will continue to scale up work with women in parliament. We are also working to ensure that there are gender advisers in our managing contractors to improve the strategic approach of programs towards gender equality, and to contribute to more consistent monitoring and evaluation.

We will continue to trial innovative ways of delivering development assistance such as through performance-based funding, which has worked successfully in the water connection program. We will engage with the Department's new Innovation Hub, and with new development partners in the private sector, and continue to drive efficiencies with our traditional partners like managing contractors and multilateral agencies. We will re-assess the best way to organise ourselves to deliver a high quality aid program. This will include a stronger focus on performance through the creation of a strategic performance unit and by centralising some program support and aid management functions at Post to improve efficiency and quality.

The development program in Indonesia is already highly accountable, but we will be doing more to ensure we are getting best value for the aid dollar by introducing meaningful benchmarks to assess performance, linked to the forthcoming Aid Investment Plan. When we develop a Performance Assessment Framework we will be able to use it to clearly identify our results and show us when activities are off-track. It will feed into the Department's Performance Framework and demonstrate how we will meet the Government's targets on policy issues like aid-for-trade and women's empowerment and operational issues like consolidation and value-for-money.

We will continue to build on our relationship with GOI to ensure we are both actively working towards the same goals. We will hold our annual Senior Officials Meeting in the first half of 2015 to discuss emerging issues and challenges.

## Annex A: Progress in addressing 2012-13 management responses

Management consequences identified in 2012-13 APPR	Rating	Progress made in 2013-14
<i>Portfolio Management</i>		
<ul style="list-style-type: none"> <li>➤ Develop delivery strategies for the education, health, infrastructure, economic governance, decentralisation, rural livelihoods, social protection and disaster management sectors.</li> </ul>	Partly achieved	Delivery strategies for some sectors have been developed. While changes to the architecture for country program's policy documents are being finalised, these will remain internal reference documents. They will inform the development of the Aid Investment Plan (AIP) for Indonesia, which will be made publicly available in mid-2015.
<ul style="list-style-type: none"> <li>➤ Continue designs for the next phase of initiatives in frontline services delivery, tertiary education, infrastructure, disaster risk management, maternal and neonatal child health, and climate change.</li> </ul>	Achieved	Design work progressed in each of these sectors except environment and climate change. Climate change activities ended as planned in June 2014. Due to competing priorities on the aid budget, there will not be a dedicated environment and climate change program in Indonesia.
<ul style="list-style-type: none"> <li>➤ Prepare to increase the total funding for National Program for Community Empowerment over the next two years.</li> </ul>	Partly achieved	Overall funding for the program has increased however due to cuts to the aid budget and competing priorities, the timeframe for implementation has been extended to 2017-18.
<ul style="list-style-type: none"> <li>➤ Analyse future options and areas of engagement for investment in economic governance, green economic development and law and justice.</li> </ul>	Achieved	Design work began on two new economic governance programs to succeed the Government Partnerships Fund and the Australia-Indonesia Partnership for Economic Governance in 2015. Design work also began on a new law and justice program to succeed the Australia-Indonesia Partnership for Justice in 2015. A stand-alone program on green economic development won't be developed; rather all aid-relevant investments will be required to ensure they consider sustainable economic growth as a key priority.
<ul style="list-style-type: none"> <li>➤ Finalise contracting arrangements for initiatives in the scholarship and rural livelihood and agribusiness sectors.</li> </ul>	Partly achieved	A new managing contractor was recruited to manage the scholarships program. The largest component of the Australia-Indonesia Partnership for Rural Development program was contracted in November 2013 and the remaining components will be contracted in 2014-15.
<ul style="list-style-type: none"> <li>➤ Further strengthen staff evaluation capacity through implementation of Evaluation Capacity Building program modifications.</li> </ul>	Achieved	A contractor has been engaged until 2016 to directly help program teams manage design and evaluation processes.

<p>➤ Conduct performance assessments for initiatives including the Government Partnership Fund, Enhanced Economic and Fiscal Policy Analysis, Australia–Indonesia Partnership for Justice, Australia–Indonesia Partnership for Decentralisation, the National Programme for Community Empowerment, and Education Partnership, and reassess the monitoring and evaluation framework for the Australia–Indonesia Electoral Support Program.</p>	<p>Achieved</p>	<p>Performance assessments for the Government Partnership Fund, the Enhanced Economic and Fiscal Policy Analysis, the Education Partnership and the Australia–Indonesia Partnership for Justice programs have been completed. Assessments of the smaller components of decentralisation support were undertaken and assessments of AIPD will be made in the context of new design work for future support in the decentralisation sector in 2014-15. The National Programme for Community Empowerment has been redesigned to reflect recommendations in a performance assessment completed in 2012. A new monitoring and evaluation framework for the Australia–Indonesia Electoral Support program has been developed.</p>
<p>➤ Capture lessons learned and embed the gains made under the Support for Education Sector Development in Aceh program and the broader Education Partnership program, the Australia–Indonesia Partnership Facility for Disaster Reduction, Kalimantan Forests and Climate Partnership, and Indonesia Infrastructure Initiative. This will inform future activities within the respective sectors and across the portfolio.</p>	<p>Achieved</p>	<p>Reviews of all programs have been undertaken and are informing future work in the respective sectors. Lessons learned from activities under the Indonesia-Australia Forests Carbon Partnership (IAFCP) have been published on the relevant GOI and Australian Government websites.</p>
<p>➤ Strengthen cross-sectoral programming, coordination and collaboration.</p>	<p>Achieved</p>	<p>Significant progress was made in a number of sectors including in infrastructure, economic governance, gender and climate change. Work on a performance framework, key performance indicators and benchmarks which cut across several service delivery sectors is currently underway. An Indonesia Program Advisory Committee, consisting of key sectoral advisors and senior staff, was established to consider key concepts at an early stage and ensure cross-sectoral linkages are identified and explored.</p>
<p>➤ Strengthen knowledge management to improve the agency's efficiency and effectiveness.</p>	<p>Partly achieved</p>	<p>Although progress was made in some programs, such as in the Empowering Indonesian Women for Poverty Reduction program and the Education Partnership, more coordinated systems could improve efficiency and effectiveness. Upcoming work to ensure collaboration and coordination between programs will assist in this area especially in performance reporting.</p>
<p><i>Education</i></p>		
<p>➤ Finalise Education Sector Delivery Strategy</p>	<p>Achieved</p>	<p>Completed.</p>

<p>➤ Conduct analysis to better understand district infrastructure needs, planning capacity and constraints to participation in the school construction program. Use this information to inform a decision on the appropriate targeting strategy for the program (districts with gross enrolment rate (GER) below the national average of 95 per cent or districts with gross enrolment rate below 90 per cent).</p>	<p>Achieved</p>	<p>Completed.</p>
<p>➤ Transition to the use of partner government systems to deliver training to Indonesia's school principals. This will be a major priority in the next reporting period as the use of partner government systems will provide a significant opportunity to help build a national continuous professional development system that is sustainable by the government. Technical assistance (advisers) will need to be refocused onto systems improvement, rather than training development and delivery.</p>	<p>Achieved</p>	<p>DFAT is working through partner government systems in Indonesia to channel grant funding for principal training to the district level. Efforts are being made to encourage district governments to include teacher and principal professional development in their budget allocation processes. DFAT is also working with Ministry of Education and Culture to ensure Professional Development for Education Personnel is included in its new Medium Term Strategic Plan.</p>
<p>➤ The rolling program of evaluations and audits for the education partnership will gain momentum in 2013, generating valuable performance data. It is crucial that the lessons learned are used to continually improve program implementation, so a process for analysing recommendations, formulating responses, and allocating responsibility for implementation, will need to be operationalised</p>	<p>Achieved</p>	<p>Completed. A process for ensuring that the information generated by the Education Partnership's Performance Management System has been implemented, promoting continuous improvement of the Partnership.</p>
<p>➤ As the Support to Education Development in Aceh program comes to an end in June 2013, there will be a strong focus on embedding the gains made under that program and continuing to work closely with the education sector leadership in Aceh to ensure the education partnership, particularly training to aspiring and incumbent school principals, is well-integrated and supportive of provincial priorities.</p>	<p>Achieved</p>	<p>Gains made under the Support to Education Development in Aceh (SEDIA) program continued to be embedded in provincial plans and ongoing engagement seeks to leverage the program's achievements. For example, the Analytical and Capacity Development Partnership, at the request of the Aceh Government, has been supporting gains made under the SEDIA program in relation evidence-based policy making.</p>
<p><i>Health</i></p>		
<p>➤ Finalise the health sector delivery strategy.</p>	<p>Achieved</p>	<p>Interim strategy completed. Longer term Sector Investment Plan will be developed alongside the new Aid Investment Plan and the Indonesian Government's new Medium Term Development Plan.</p>



<p>➤ Continue planning to boost the current maternal and neonatal health work with the design of a new program to cover multiple provinces from 2014. This will include new components to address nutrition and family planning. This is a high priority, as Indonesia has unacceptably high levels of maternal mortality and childhood stunting.</p>	<p>Achieved</p>	<p>A new design is under development which will encompass components such as nutrition and family planning in a larger geographic area.</p>
<p>➤ Stalled progress on malaria control in eastern Indonesia is of concern and consideration is being given to introducing malaria control work within the expanded maternal and neonatal health program.</p>	<p>Partly achieved</p>	<p>Malaria is not specifically addressed in the maternal and neo-natal health program. However, the program does take a health systems strengthening approach which will subsequently impact on improved health care outcomes across all diseases.</p>
<p>➤ The roll-out of universal national health insurance from 2014 to 2019 is hugely challenging and will require intensive health system strengthening work if it is to succeed, especially in equipping the primary health care system to cope with the inevitable increase in demand. DFAT will provide highly targeted technical assistance to support this process at the central level and also support reform pilots in selected provinces.</p>	<p>Achieved</p>	<p>The DFAT health portfolio is very well positioned to continue supporting the Indonesian Government as it seeks to achieve Universal Health Coverage by 2019. The recent DFAT-funded Health Sector Review is central to the incoming Indonesian Government's analysis of the sector.</p>
<p>➤ The HIV epidemic in the Papuan provinces is extremely concerning. Australia will work in close partnership with the Global Fund to Fight AIDS Tuberculosis and Malaria to support Indonesian counterparts at national and local levels to deliver an effective response.</p>	<p>Achieved</p>	<p>Australia has worked in partnership with the Global Fund by providing technical assistance to ensure Indonesian counterparts at the national and sub-national levels deliver an effective response.</p>
<p><i>Infrastructure and connectivity</i></p>		
<p>➤ Implementation progress on the Provincial Road Improvement and Maintenance pilot program in 2013–14 will be critical for DFAT to assess whether the program can be rolled out at scale to other provinces. The pilot remains of high interest to the Indonesian Government, which sees it as a potential model for improving the quality of spending by sub-national government. A key test of this interest will be government's willingness to devote national budget to this program and whether this will provide the necessary catalyst to establish the government's already legislated, but as yet unfunded, Road Preservation Fund.</p>	<p>Partly achieved</p>	<p>Implementation of the program is progressing well. The program has encountered modest delays due to insufficient Provincial Government budget allocations and the late release of funds for maintenance. DFAT is working with the Provincial Government Project Unit to address this issue.</p>
<p>➤ Ongoing monitoring and engagement with the Indonesian Government will be undertaken to ensure that the implementation of all Eastern Indonesia National Road Improvement Program projects proceed.</p>	<p>Achieved</p>	<p>Completed.</p>

<p>➤ As recommended by the Australian National Audit Office, in 2013 a delivery strategy will be developed for infrastructure (encompassing both transport connectivity and water and sanitation) to guide DFAT's investment in the development of Indonesian infrastructure over the next five years and improve the ability to measure program outcomes. This work will be completed by 20 December 2013. Key issues to be considered in the strategy include determining the future focus of the Australian infrastructure program and how to best leverage Indonesian Government resources to ensure our infrastructure program strikes the right balance between interventions that target broad economic growth, and equity and access to basic services. The strategy will also consider the most efficient and cost effective delivery mechanisms including the ongoing relevance of a large pilot project/capital works program. In addition, with DFAT delivering infrastructure support through multiple partners, there is an increasing need to ensure a coordinated and coherent approach to activity pipeline development and implementation between all partners. Further clarity on how to best capitalise on the comparative advantages of each organisation will be a key consideration to be detailed in the department's infrastructure delivery strategy.</p>	<p>Achieved</p>	<p>Completed.</p>
<p><i>Bureaucratic Reform</i></p>		
<p>➤ Merging bureaucratic reform work with DFAT support in decentralisation to allow for better information flow to national policy makers.</p>	<p>Achieved</p>	<p>Work was conducted to investigate options to integrate bureaucratic reform work into a broader program of governance and service delivery activities.</p>
<p>➤ Ensuring cross-sectoral collaboration to ensure information flows from human development sectors are also fed into policies to improve civil service standards.</p>	<p>Achieved</p>	<p>Collaboration between the various programs and agencies engaged on civil service reform (Australia-Indonesia Partnership for Economic Governance, Australia-Indonesia Partnership for Decentralisation, Australian Public Service Commission and civil society organisations) has occurred to support Indonesia's implementation of the civil service laws.</p>
<p><i>Climate Change</i></p>		
<p>➤ Cooperate with the Ministry of Finance and the National Development Planning Agency to increase green economic development in 2013-14.</p>	<p>Not Achieved</p>	<p>Discussions commenced with relevant GOI agencies however Australian funding was discontinued due to competing priorities and budget issues.</p>

<p>➤ Discuss with the Indonesian Government joint priorities in the sector beyond 2013–14. Synthesise and disseminate results from work to date as a priority.</p>	<p>Achieved</p>	<p>Discussions were held with GOI on incorporating elements of the Indonesia-Australia Forest Carbon Partnership program into existing Indonesian government programs. Results and lessons learned documents from IAFCP were published.</p>
<p><i>Social Protection and Community Driven Development</i></p>		
<p>➤ Finalise design and contracting arrangements to increase support to social protection by mid-2013. In response to recommendations from the recent review, DFAT will work with key partners to update governance and management structures and quality assurance processes. As Indonesia approaches a general election in 2014, Australia's support will have to become increasingly flexible as we seek opportunities to improve social protection programs. To be well positioned to do this we will continue to support the work of the Vice President's National Team for Accelerating Poverty Reduction and increase engagement with relevant implementing agencies.</p>	<p>Achieved</p>	<p>Completed. Revised governance and management structures and quality assurance processes have improved management efficiency and activity quality.</p>
<p>➤ The increase in funding to the National Programme for Community Empowerment, and establishment of the program's road map, means that the aid program will be both supporting a larger number of programs and pilots as well as developing a sharper focus on building Indonesian Government and institution implementation capacity.. This will require more concerted and complex engagement with government than has previously been the case.</p>	<p>Achieved</p>	<p>At the request of GOI in late 2013, DFAT will engage a Managing Contractor to directly support the National Program for Community Empowerment. This support will enable more complex engagement with GOI and the improved focus on institutional capacity building signalled in the last APPR. A request for tender for the new Managing Contractor will be released later in 2014.</p>
<p>➤ In 2013 we will conduct a National Programme for Community Empowerment independent progress review, which will focus on ensuring our support, is being effectively managed and used, and the role and capacity of the Australian aid program team. We will use the review findings to make the necessary changes as we scale up our support over the next two years.</p>	<p>Partly achieved</p>	<p>The decision to shift to a Managing Contractor will change DFAT's management model, so the planned independent progress review was no longer a priority in 2013. Findings from a 2012 Independent Progress Review informed the decision to engage a Managing Contractor to support the National Program for Community Empowerment as well as the scope of services for our program of support going forward.</p>
<p><i>Decentralisation</i></p>		
<p>➤ Develop delivery strategy for the decentralisation sector.</p>	<p>Not achieved</p>	<p>Not undertaken due to discussions on realigning and refocussing our future decentralisation support.</p>

<ul style="list-style-type: none"> <li>➤ Determine the geographic spread and number of local governments that should be supported directly by DFAT to influence national and sub-national policies (for example, 20 per cent of all district governments in 30 per cent of provinces).</li> </ul>	<p>Not achieved</p>	<p>This issue may be considered during development of the forthcoming AIP.</p>
<ul style="list-style-type: none"> <li>➤ Develop stronger mechanisms and partnerships to feed into national level policy formulation, including merging work between bureaucratic reform and decentralisation sectors.</li> </ul>	<p>Partly achieved</p>	<p>Work was conducted to investigate options to integrate and streamline governance and community development assistance under future programs.</p>
<ul style="list-style-type: none"> <li>➤ Strengthen coordination and inter-linkages with sectoral programming by ensuring overlaps and joint results frameworks.</li> </ul>	<p>Achieved</p>	<p>The AIPD led a collaborative district-by-district bottom up work planning process with active involvement from other programs. Work also began on a performance framework covering service delivery and governance sectors.</p>
<ul style="list-style-type: none"> <li>➤ Conduct independent progress review of the Australia-Indonesia Partnership for Decentralisation in early 2014. This will assess progress of the program to date, review what does and doesn't work, and what needs to be done to improve implementation in the remaining period.</li> </ul>	<p>Not Achieved</p>	<p>A review of AIPD program was not undertaken but assessments of its effectiveness will be made in the context of new design work for future support in the decentralisation sector this year.</p>
<p><i>Disaster Risk Reduction</i></p>		
<ul style="list-style-type: none"> <li>➤ DFAT and the National Coordinating Agency for Disaster will design the next phase of our disaster risk management partnership in-line with the concept note that was approved in late 2012. The design will also be a basis for developing a delivery strategy for the disaster management sector.</li> </ul>	<p>Achieved</p>	<p>A design for the next phase of the disaster risk management partnership was undertaken.</p>
<ul style="list-style-type: none"> <li>➤ DFAT and the National Coordinating Agency for Disaster will agree a strategy to identify the successes of the first phase of the Australia-Indonesia Partnership Facility for Disaster Reduction and key lessons that can guide implementation of the next phase.</li> </ul>	<p>Achieved</p>	<p>Terms of Reference were agreed for the Independent Completion Report of the Australia-Indonesia Partnership Facility for Disaster Reduction. This work will be undertaken in 2014-15.</p>
<p><i>Economic Governance</i></p>		
<ul style="list-style-type: none"> <li>➤ Finalise the Economic Governance Delivery Strategy to align with the country strategy development timeframe.</li> </ul>	<p>Not achieved</p>	<p>Not performed. An assessment of our capacity to effect change in the economic governance sector will be undertaken to inform the development of the AIP, which will be released in mid-2015.</p>

<p>➤ There is strong interest in both governments to expand the economic governance program into new areas to meet emerging priorities. In 2013, the Department of Finance and Deregulation increased the number of partnerships under the program with a new Department of Foreign Affairs and Trade–Ministry of Trade partnership and an Austrade -Indonesian Investment Coordination Agency partnership. The Australia–Indonesia Partnerships for Economic Governance is also considering expanding into new areas of engagement. This will include considering other investments in trade and investment policy and support to improve management of Indonesia’s mining sector for better growth and development outcomes.</p>	<p>Achieved</p>	<p>Design work for successor programs to the Australia–Indonesia Partnership for Economic Governance and the Government Partnerships Fund began in 2013-14. Opportunities for expansion into new areas are being considered.</p>
<p>➤ Mid-term reviews of the Department of Finance and Deregulation and Support for Enhanced Economic and Fiscal Policy Analysis are also planned in 2013 to examine program effectiveness.</p>	<p>Partly achieved</p>	<p>In 2013-14, an independent Mid-Term Review of the Government Partnership Fund program was completed. Reviews of two partnerships also occurred in 2013-14 and two more will be undertaken in 2014-15.</p>
<p><i>Elections</i></p>		
<p>➤ Reassess the monitoring and evaluation framework for the Australia–Indonesia Electoral Support Program based on the long delay in the implementation of many electoral support activities.</p>	<p>Achieved</p>	<p>An improved monitoring and evaluation framework was developed in January 2014. A new monitoring and evaluation adviser has been engaged to improve performance and quality standards.</p>
<p>➤ Consult with other donors and support the National Development Planning Agency to develop simpler approval mechanisms for international electoral support to Indonesia.</p>	<p>Achieved</p>	<p>DFAT and USAID co-chair an Inter-Embassy Working Group on elections which meets regularly to share information on election-related issues. DFAT will continue to consult closely with Bappenas to determine potential areas of future assistance consistent with Indonesia’s policies.</p>
<p>➤ Manage political risks associated with Australia’s electoral support by requiring all international non-government partners to deliver support through independent local organisations which are registered under relevant Indonesian laws, and by continuing to ensure that international implementing partners are not accessing raw population data.</p>	<p>Achieved</p>	<p>All support provided by the Australia-Indonesia Electoral Support Program is delivered through local institutions, consistent with Indonesia’s policies regarding foreign assistance for elections. No international implementing partner is able to access raw population data through this program.</p>
<p><i>Law and Justice</i></p>		
<p>➤ Begin analysing future options for investment in this sector in early 2014 to inform the design of a possible successor program to commence in late 2015.</p>	<p>Achieved</p>	<p>Completed. Approval has been given to commence the design of a second phase of the law and justice program.</p>

<p>➤ Monitor progress of the Australia–Indonesia Partnership for Justice’s annual work plan--which was approved by Australia and the National Development Planning Agency in 2013--including through an independent progress review in 2014. Work outlined in this plan will refocus the program on realising the rights of Indonesians, particularly poor women, vulnerable children and people with disability.</p>	<p>Achieved</p>	<p>Completed. An Independent Progress Review including a review of the focus of the work plan was undertaken in the first half of 2014.</p>
<p>➤ Enhance communication with stakeholders and the accountability of the Australia–Indonesia Partnership for Justice implementation service provider. DFAT and the National Development Planning Agency have established an annual partnership conference as part of the partnership’s governance arrangements and have replaced the program director directly contracted by the aid program with a team leader contracted from the implementation service provider. DFAT will consult stakeholders on the effectiveness of these new arrangements throughout the second half of 2013, but early feedback has been positive.</p>	<p>Achieved</p>	<p>Completed.</p>
<p><i>Rural livelihoods and agribusiness</i></p>		
<p>➤ Develop a management overview for the Indonesia Program for Decentralisation (Rural) once the managing contractor is finalised, together with the subsidiary arrangement with the Indonesian Government.</p>	<p>Achieved</p>	<p>Completed. A secretariat has been established to provide strategic management and leadership of the AIP-Rural program. A Subsidiary Arrangement has been signed with GOI and a Managing Contractor is in place for the program’s principal activity, PRISMA.</p>
<p>➤ Finalise the delivery strategy for the rural livelihood and agribusiness sector.</p>	<p>Not Achieved</p>	<p>Not performed. An assessment of our capacity to effect change in the rural and agricultural sectors will be undertaken to inform the development of the Aid Investment Plan to Indonesia, which will be released in mid-2015.</p>
<p><i>Scholarships</i></p>		
<p>➤ Identify a new managing contractor in August 2013 to be responsible for in-Indonesia management of Australia Awards including promotion, targeting, application, selection, mobilisation and post-award support.</p>	<p>Achieved</p>	<p>Completed.</p>

<p>➤ Ensure the new design retains positive features of the current program, while refocusing and strengthening strategies to achieve strengthened end of program outcomes. It will also continue implementation of the pilots until they are completed and can be thoroughly evaluated.</p>	<p>Achieved</p>	<p>The new scholarships program design retained the strengths of the previous program while incorporating important program enhancements including: extending the range of capacity-building resources for program beneficiaries; an integrated approach to meeting the human resource capacity needs of stakeholders; stronger regional engagement and targeting of program resources to sub-national institutions in support of GOI decentralisation objectives.</p>
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Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

## Annex B: Quality at Implementation ratings

Investment name	Approved budget	Duration	QaI year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
<b>Education and knowledge sector</b>									
Australia's Education Partnership	\$524,000,000	2010-2016	2013	5	4	4	5	4	3
	\$500,000,000	2010-2016	2012	5	4	4	5	4	3
SMERU Research Institute	\$9,460,175	1998-2014	2013	6	6	4	4	4	4
	\$9,449,558	1998-2013	2012	6	6	4	4	4	4
Papua Education Sector Development	\$7,698,179	2007-2013	2013	5	5	5	5	4	4
			2012	5	5	5	5	4	4
Building Relation through Intercultural Dialog II	\$3,611,000	2011-2015	2013	5	5	5	5	4	4
			2012	4	5	4	5	4	4
AIP 4: The Knowledge Sector Initiative	\$100,000,000	2012-2017	2013	5	3	3	3	4	3
			2012	5	5	4	3	4	5
<b>Health</b>									
Australia-Indonesia Partnership for Maternal and Neonatal Health Program	\$76,377,834	2006-2014	2013	5	5	5	3	5	5
	\$66,996,435	2006-2013	2012	6	5	5	4	5	5
Australia-Indonesia Partnership for HIV	\$129,500,000	2007-2016	2013	5	4	4	4	4	5
			2012	5	5	5	4	4	4
AIP for Health Systems Strengthening	\$50,000,000	2012-2017	2013	5	3	3	4	5	5
			2012	6	3	3	5	4	4
AIP for Emerging Infectious Diseases Program	\$22,000,000	2010-2014	2013	5	4	5	4	5	4
			2012	5	5	4	3	4	4
AIP Emerging Infectious Diseases for Human Health	\$4,595,000	2011-2014	2013	5	5	5	4	4	4
			2012	5	5	5	5	4	4



***Transport and connectivity***

Australia-Indonesia Partnership for Reconstruction and Development : Eastern Indonesia National Road Improvement Program (Implementation, Planning and Support Facility)	\$36,160,309	2005-2016	2013	6	4	4	5	4	4
			2012	6	4	4	5	4	4
Australia-Indonesia Partnership for Reconstruction and Development loans: Eastern Indonesia National Road Improvement Program	\$285,000,000	2007-2016	2013	6	4	4	5	4	4
	\$251,822,071	2007-2013	2012	6	4	4	5	4	4
Indonesia Infrastructure Initiative	\$178,628,329	2007-2015	2013	6	4	4	4	4	5
	\$177,628,329	2007-2015	2012	6	4	4	4	4	4
MDB Infrastructure Assistance Program	\$40,500,000	2013-2017	2013	6	4	4	4	4	4

***Water and Sanitation***

Water and Sanitation Policy and Action Planning Project Facility	\$10,000,078	2008-2014	2013	4	4	4	3	4	4
			2012	5	4	4	3	4	4
Water and Sanitation Hibah Phase 2	\$120,392,722	2009-2015	2013	6	4	3	4	4	4
	\$120,358,559	2009-2015	2012	6	4	4	5	5	4
Water Supply and Sanitation for Low Income Communities Project (PAMSIMAS)	\$47,503,068	2008-2015	2013	5	5	5	5	5	4
			2012	5	5	5	5	4	4
PAMSIMAS 2	\$49,950,000	2013-2018	2013	5	5	5	5	5	4
Support for Sewerage Investment Plan	\$10,121,451	2009-2014	2013	5	5	4	4	4	5
	\$40,121,451	2009-2015	2012	5	5	4	5	4	5
SAIIG-Infrastructure Grants Municipal Sanitation	\$40,000,250	2012-2015	2013	6	3	3	4	4	4
<b><i>Social protection and community driven development</i></b>									
National Program for Community Empowerment	\$314,000,000	2009-2018	2013	6	5	5	3	3	6
	\$215,000,000	2009-2015	2012	6	5	5	5	5	4
Poverty Reduction and Social Protection Support	\$162,000,000	2010-2015	2013	5	5	4	4	4	4

	\$73,000,000	2010-2014	2012	6	4	4	4	4	5
Empowering Indonesian Women for Poverty Reduction	\$60,000,000	2012-2016	2013	5	4	3	5	4	6
			2012	5	5	5	4	5	5
Institutional Design and Capacity Building Initiative	\$5,685,000	2012-2016	2013	6	5	4	4	5	5
			2012	6	5	5	4	5	5
<b><i>Bureaucratic reform</i></b>									
Bureaucratic reform in Indonesia	\$11,275,000	2011-2015	2013	5	3	4	4	5	4
	\$5,275,000	2011-2013	2012	5	5	5	5	4	4
<b><i>Climate Change</i></b>									
Indonesia-Australia Forest Carbon Partnership	\$65,330,984	2007-2014	2013	4	4	4	4	4	4
	\$75,309,132	2007-2014	2012	4	4	3	4	3	5
<b><i>Decentralisation</i></b>									
Provincial Governance Strengthening Program	\$5,500,000	2011-2014	2013	5	3	3	3	3	3
	\$5,000,000	2011-2014	2012	5	3	3	3	3	3
Australia-Indonesia Partnership for Decentralisation	\$70,000,000	2010-2015	2013	5	5	4	5	5	5
			2012	5	3	3	4	4	5
Public Expenditure Analysis Capacity Harmonization	\$3,999,111	2009-2013	2013	5	4	4	3	4	5
			2012	5	5	4	3	4	5
Australia Community development and Civil Society Strengthening Scheme phase 2	\$37,270,000	2006-2014	2013	5	5	5	5	5	5
	\$29,611,430	2006-2013	2012	5	5	5	5	5	5
Local Governance Innovations for Communities in Aceh (LOGICA 2)	\$29,600,000	2009-2014	2013	5	4	4	4	4	5
			2012	5	5	4	5	5	5
<b><i>Disaster Risk Management</i></b>									
Australia-Indonesia Facility for Disaster Reduction	\$88,599,999	2008-2015	2013	6	5	4	4	5	4
	\$74,599,999	2008-2014	2012	6	5	4	4	5	4
Enhanced Australian Response	\$2,128,590	2007-2014	2012	6	5	4	4	5	4
<b><i>Economic Governance</i></b>									

AIP for Economic Governance (AIPEG)	\$66,628,480	2008-2015	2013	5	5	4	4	5	4
			2012	5	5	4	4	5	4
Government Partnerships Fund Phase (GPF) II	\$50,000,000	2011-2016	2013	5	4	4	3	4	4
	\$50,000,000	2011-2015	2012	5	4	4	3	4	4
Support for Enhanced Macroeconomic and Fiscal Policy Analysis	\$5,100,000	2011-2014	2013	5	5	4	4	4	4
	\$5,000,000	2011-2014	2012	5	5	4	4	5	4
<b>Elections</b>									
Australia-Indonesia Electoral Support Program	\$22,755,387	2011-2015	2013	4	4	4	5	4	5
	\$20,000,000	2011-2015	2012	5	3	4	4	5	5
<b>Law and Justice</b>									
Australia Indonesia Partnership for Justice	\$50,000,000	2009-2015	2013	6	5	5	4	5	5
			2012	5	4	3	3	5	5
Australia-Indonesia Security Cooperation (AIS)	\$4,000,000	2013-2015	2013	5	2	2	3	3	4
<b>Rural livelihoods and agribusiness</b>									
AIP Rural Economic Development Program	\$103,619,099	2010-2019	2013	6	4	4	5	4	4
	\$112,000,000	2010-2017	2012	5	4	3	4	4	4
NTT Agroforestry Community Development Program	\$3,038,288	2011-2015	2013	5	5	5	5	4	5
	\$3,115,000	2011-2015	2012	5	5	5	4	4	5
<b>Australia Awards</b>									
ADS in-Indonesia Management Phase III B	\$22,091,388	2011-2014	2013	5	5	5	5	5	5
	\$27,000,000	2011-2014	2012	6	5	5	5	5	5
Scholarships Jakarta ADS-Intake 2011	\$120,426,184	2010-2018	2013	6	5	5	5	5	5
			2012	5	5	5	5	5	5

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = 6 = Very high quality

5 = 5 = Good quality

4 = 4 = Adequate quality, needs some work

3 = 3 = Less than adequate quality; needs significant work

2 = 2 = Poor quality; needs major work to improve

1 = 1 = Very poor quality; needs major overhaul

## Annex C: Evaluation and Review Pipeline Planning

List of evaluations completed in the reporting period

Name of Investment	Aidworks number	Name of evaluation	Date finalised	Date Evaluation report Uploaded into Aidworks	Date Management response uploaded into Aidworks	Published on website
Government Partnerships Fund	INJ689	Mid-term review	October 2013			
	INJ689	Individual Partnership Review	October 2013			
Australia Indonesia Partnership for Health Systems Strengthening	INK378	AIP HSS Fit for purpose review	April 2014			
Australia Indonesia Partnership for Justice	INJ137	AIPJ Midterm review	April 2014			
IndII	INH582	IndII Impact Assessment Team review	February 2014	21 July 2014	21 July 2014	
SEMEFPA	INK331	Mid-term Review	April 2014			
Australia and Indonesia Partnership for Emerging Infectious Diseases Human Health	INJ895	Independent Progress Review	October 2013			
ACCESS, LOGICA, PEACH, PGSP, CPDA	ING429, INI355, INI472, INK205, INJ096	Cross-Program Review	Jan 2014			

List of evaluations to be completed in the next 12 months

Name of Investment	Aidworks number	Type of evaluation	Purpose of evaluation	Expected completion date
Bureaucratic reform	INJ823	Independent Completion review	To verify program outcomes	Early 2015

AIP4-the Knowledge Sector Initiative	INK640	Mid-term review	To check progress is as expected and provide suggestions for improvement	Early 2015
MAMPU	INK714	Mid-term review	To check progress is as expected and provide suggestions for improvement.	Early 2015
Poverty Reduction and Social Protection Facility	INJ244	Impact evaluation/full evaluation	To check progress, assess impact, and inform future designs	2015
AIESP-Election Support	INJ632	Independent Completion Report	To verify program outcomes	Early 2015
Education Partnership	INJ648	Impact Evaluation	To verify the impact of the Program	2015
Australian Indonesia Partnership for Maternal and Neonatal Health	ING821	Impact Evaluation	Comprehensive evaluation aiming at a full contribution analysis to inform second phase of program	Late 2014
REACH/CHAI (under AIP HIV/AIDS)	INH251	Progress Review	To assess program outcomes and the potential for inclusion in the next phase of the larger 'One Papua' health program.	Late 2014
Australia Indonesia Facility for Disaster Reduction	INI422	Completion review	To document lessons learnt and inform implementation of new design	Late 2014
Provincial Road Improvement and Maintenance	INL337	Evaluation	To assess pilot effectiveness and make recommendations for expansion	Early 2015

## Annex D: Performance Benchmarks 2014 -15

In advance of the new Indonesian President taking office later in 2014, and the subsequent finalisation of the Indonesian Government's medium-term development plan (RPJMN) and Australia's Aid Investment Plan and Performance Assessment Framework, this is an initial set of benchmarks appropriate for 2014-15 only and may need to be adjusted to align with forthcoming policy and programming decisions.

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
1. Improved access to economic and critical infrastructure	a. 1,300 kms of roads rehabilitated or maintained b. 900,000 people living in urban areas with improved access to piped water and sanitation c. 340,000 people in rural and peri-urban areas with improved access to community water and sanitation services (2014 annual target)	<p>These benchmarks reflect Government of Indonesia's infrastructure targets for 2015-19 including: construction of 6,000 kilometres of new roads; increased percentage of maintainable provincial roads from 63 percent to 80 per cent; and 100 per cent access to clean water and sanitation.</p> <p>Numerous economic studies have identified the urgent need to improve Indonesia's road network to reduce transportation times and costs as means of supporting continued economic growth. Similarly, multiple donor studies have found that investments in water and sanitation promote increased population and land productivity, with particular benefits for women and children.</p> <p>Australia's 2014-15 benchmarks are based on the results achieved in previous years or are design targets.</p>

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
2. Better managed schools accessible to all, and better supported teachers	<p>a. 39,000 new school places created</p> <p>b. 32,500 education personnel successfully complete a training course.</p>	<p>In order have better managed schools and better supported teachers, we are supporting the Government of Indonesia to develop a continuous professional development system for school principals and education personnel, and build schools accessible to all.</p> <p>Professional development for principals and education personnel includes on-the-job learning, mentoring, and training for improved planning, management of teachers and staff, curriculum management and academic supervision. Well managed schools deliver a better quality education.</p> <p>The creation of new school places closer to home reduces costs thereby improving attendance. Attendance is a key factor in supporting children to learn.</p> <p>Both of these benchmarks support better managed schools to deliver quality schooling for children and are major areas of spend.</p>

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
3. Increased numbers of births delivered in a facility.	<p>a. 95,000 additional births attended by a skilled birth attendant.</p> <p>b. 47,000 additional women completing the full continuum of care for maternal and newborn health (consisting of four pre-natal care visits, facility-based birth, and three post-natal visits).</p>	<p>Internationally and in Indonesia, most maternal and newborn deaths happen at the time of delivery. International evidence shows that timely access to quality delivery and emergency obstetric care for complications could prevent around two-thirds of maternal deaths.</p> <p>The continued use of traditional birth attendants and delivering at home are contributory factors to maternal mortality in Indonesia. The Government of Indonesia's policy shift to facility based deliveries aligns with this evidence, and emphasises the importance for women to undergo full continuum of care which includes four pre-natal and three post-natal visits to improve birth outcomes.</p> <p>For this reason, we will not only measure births attended by a skilled birth attendant, but also women completing the full continuum of care.</p> <p>DFAT's investments in maternal and neonatal health and the National Program for Community Empowerment contribute to these benchmarks.</p>
4. Increased participation of women's civil society groups in policy making.	<p>a. At least 210 additional local women's groups across Indonesia established to participate in policy influencing activities in areas such as increasing women's access to jobs and strengthening women's leadership to reduce violence against women.</p>	<p>Many of Indonesia's remaining development challenges adversely affect women.</p> <p>Women working together at the local level to develop local solutions to development problems will increase policy influence in areas most affecting women. These include access to formal employment, improving conditions for female migrant workers, eliminating violence against women and increasing women's access to government social protection programs.</p> <p>Improvements in these areas will empower women economically and this is the focus of our investment.</p>



Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
<p>5. More effective economic management to promote economic growth and stability.</p>	<p>a. Pilot of tax audit reforms completed and being rolled out in Jakarta province.</p> <p>b. The next RPJMN (Government of Indonesia medium-term development plan) is completed with an enhanced performance-based planning and budgeting framework.</p> <p>c. An investment climate survey will be completed for Indonesia's Investment Coordination Board to inform future reform efforts.</p>	<p>Tax audit reforms aim to improve the business climate (by reducing opportunities for corruption and unnecessary difficulties for taxpayers) and raise public revenue (by improving the efficiency and targeting of audit resources) in order to fund enhanced development expenditures and ensure fiscal sustainability – i.e. it links to private sector growth, human development, and good governance.</p> <p>An enhanced RPJMN planning and budgeting framework will help the government to better use public funds to drive growth and human development by helping realise cost efficiencies, better link planning and budgeting, and improve performance management. We are assisting through provision of technical assistance to GOI.</p> <p>The investment climate survey will help inform the next Indonesian administration's economic reform program by identifying key issues affecting the investment climate and the reforms needed to spur growth through greater trade and investment. It will build on previous such surveys to capture the impact of earlier reform efforts while future surveys will help track future performance.</p> <p>Benchmarks chosen as they are distinct and important milestones for these areas of work and have clear lines of sight to observable changes/benefits.</p>

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
6. Improved incomes and livelihoods for farmers.	a. 35,000 smallholder male and female farmers in rural areas of eastern Indonesia will have accessed new agricultural inputs and technologies	<p>Lifting agricultural productivity is a powerful means to increase incomes, stimulate economic growth in rural areas, and improve the availability of food.</p> <p>Use of improved agricultural technologies has proved to be a key driver of agricultural productivity growth, so enabling poor and smallholder farmers to gain better access to technologies and other agricultural inputs such as improved seeds, irrigation and fertiliser is a key element of Australia's strategy for rural development.</p> <p>This program sustainably links private sector partners with small farmers to increase their access to agricultural inputs and new markets.</p> <p>The benchmark measures the extent program activities are reaching potential beneficiaries. This is an important step towards achieving improved farming practices, higher productivity and sustainable income increases in our target group.</p>