



# AID PROGRAM PERFORMANCE REPORT 2015-16

Indonesia

September 2016

## KEY MESSAGES

Our key focus in 2015-16 was the continuing transition of Australia's development assistance program from a traditional aid program to an economic partnership. Indonesia has a clear forward agenda and its own budget dwarfs the money available through international Official Development Assistance (ODA). Australia's role as an economic partner is to provide advice and expertise, working with Indonesia to strengthen the evidence base for policy reforms, and test new approaches. Our ability to support Indonesia in trialling innovative approaches to inform policy choices is a core part of this strategy, including learning from instances where pilots or experiments haven't worked.

Under our Aid Investment Plan (AIP) published in September 2015, we agreed with Indonesia that Australia would focus on (1) effective economic institutions and infrastructure, (2) human development for a productive and healthy society, and (3) an inclusive society through effective governance. DFAT leads and coordinates our development partnership, with more than 20 other Australian Government agencies working with their Indonesian counterparts.

Significant achievements were realised in 2015-16 including:

### (1) Effective economic institutions and infrastructure

Australia's economic governance programs responded to Indonesia's reform priorities with high-quality technical expertise and supported government efforts to improve the investment climate. Our infrastructure investments worked with Indonesia to enhance infrastructure policy, planning and delivery and Indonesian government and private sector spending.

At the sub-national level, our rural programs worked with farmers and the private sector to address market failures and improve agricultural productivity. We also worked with Indonesia to implement its decentralisation reforms, which channel funds down to the village level.

### (2) Human development for a productive and healthy society

Our new education program, Inovasi – Innovation for Indonesia's School Children was mobilised and began to help Indonesian partners identify and test ways of raising education quality. Inovasi builds on the achievements of the Education Partnership which will complete the last of 1,155 new junior high schools in areas of low enrolment by January 2017, and has laid the foundation for Indonesia to improve the quality of its school principals and teachers through continuous professional development.

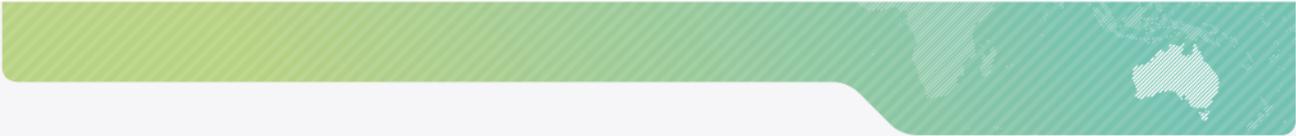
Our major health programs completed their activities during 2015-16 leaving a legacy of improvements to health systems, maternal and child health, and prevention and treatment of HIV/AIDS.

We responded promptly to Indonesia's requests for humanitarian assistance to people impacted by forest fires, haze and flooding.

### (3) An inclusive society through effective governance

Our programs in women's empowerment and social inclusion for marginalised groups demonstrated how convening coalitions and supporting initiatives led by local civil society organisations can have significant policy impact. We also worked with Indonesian justice partners to combat corruption and increase access to justice for marginalised groups.

Our Knowledge Sector Initiative strengthened links between Indonesian ministries, research institutions and think tanks to improve the evidence on which the government bases policy decisions, and the capacity of Indonesian institutions to provide that evidence.



## CONTEXT

Indonesia is Southeast Asia's largest economy, and is forecast to be possibly the fourth-largest in the world by 2040; already it makes up more than a third of total ASEAN GDP.

Indonesia has experienced relatively strong economic growth in recent years, but in 2015 the economy grew by its lowest rate since 2009—4.8 per cent—the result of softening global demand and low commodity prices. Growth is expected to be a little above 5 per cent in 2016. According to the World Bank, Indonesia's poverty rate declined by 1 per cent annually from 2007 to 2011, but has fallen by an average of 0.3 percentage points per year since 2012. Out of a population of 252 million, 28.6 million Indonesians live below the national poverty line of approximately 300,000 Indonesian rupiah (AUD30) per person per month.

Inequality is climbing, with the country's Gini coefficient rising from 30 in 2000 to 41 in 2013. Indonesia's poor are vulnerable to shocks that can push them below the poverty line and make it difficult to participate in the economy. Despite gains in recent years in the number of women participating in politics at national and sub-national levels, traditional views continue to disadvantage women and limit their full participation in society and the economy. People with disabilities remain amongst the most marginalised and excluded groups in Indonesia. Eastern Indonesia lags behind other regions on economic and social development indicators.

President Joko Widodo has consolidated power and recently reshuffled his cabinet. He has achieved progress in his priority areas of strengthening Indonesia's economy through international investment, developing the country's infrastructure and improving service delivery. Economic reform packages and the fuel subsidy reduction have helped redirect funds into infrastructure, health and social assistance. Indonesia's Medium-Term Development Plan (RPJMN) has a particular focus on eastern Indonesia.

These efforts are timely. Indonesia's demographics are poised to boost its economic growth over the next decade. The country's working age population is large relative to the total population and expected to rise further during this period. Directing adequate resources at reform now will set Indonesia on a path to sustainable development and poverty reduction for future generations. This window of opportunity will begin to close in the next ten years as Indonesia's birth rate declines and the proportion of elderly people in the population rises dramatically.

The President's reform agenda is challenged by Indonesia's tight fiscal environment, modest growth, corruption and low tax revenue. Indonesia is vulnerable to the impacts of climate change and natural disasters. Terrorism and violent extremism pose risks for all countries, including Indonesia, requiring continued attention and regional cooperation.

A strong and prosperous Indonesia is essential to the security of the wider Indo-Pacific region. Recognising that Indonesia is at an important point in its development, Australia provides policy and technical advice to support Indonesia's reform agenda and its efforts to use its substantial resources in the most effective way possible. Australia has an opportunity over the next ten years to work with Indonesia through our economic partnership to see Indonesia take advantage of its 'demographic dividend'.

## EXPENDITURE

Table 1 Total ODA Expenditure in FY 2015-16

Objective	A\$ million	% of total ODA (approx.)
<i>Bilateral</i>		
Objective 1: Effective Economic Governance and Infrastructure	93.7	25%
Objective 2: Human Development for a Productive and Healthy Society	154.5	41%
Objective 3: An Inclusive Society Through Effective Governance	65.7	17%
<b>Sub-Total Bilateral</b>	<b>313.9</b>	<b>83%</b>
Regional and Global	60.0	16%
Other Government Departments	5.3	1%
<b>Total ODA Expenditure</b>	<b>379.2</b>	<b>100%</b>

## PROGRESS TOWARDS OBJECTIVES

Last year's APPR reported against the three high-level objectives of our Aid Investment Plan, all of which were rated green. Since last year, we have completed the Performance Assessment Framework (PAF), and in this APPR we will report against the nine PAF outcomes beneath our three high-level objectives. Eight out of nine outcomes are on track and performing as expected. Many investments contribute to more than one outcome so different results from the same program are reported against different outcomes. With such a large and broad-ranging program, we have used examples that are the most innovative or demonstrate the greatest impact at scale.

Working with Indonesia, our investments help identify opportunities and pilot new ways of doing things. When successful, these pilots are adopted and scaled up by Indonesian partners, leveraging impact well beyond the initial investment. If they fail or are less successful, we seek to understand why and share lessons. Most of our investments have been designed as five to ten year partnerships, reflecting the complexity of the economic partnership and the importance of longer-term engagement in critical reforms and capacity building. High levels of Indonesian government engagement have resulted in strengthened relationships focussed on results, and our forward agenda is in line with Indonesian priorities.

Several programs drawing to a close leave behind strong legacies, in particular in the health and education sectors. Sustainability prospects are strong, with responsibilities and budgets transferred to the Indonesian Government, and the political will to take forward further change.

Despite some encouraging early signs and a number of successes, results from our increased engagement in policy reform are not always evident in the short term, and present new challenges in measuring performance relative to our previous direct funding for infrastructure and service delivery. This is reflected in our new performance benchmarks, which move towards a more qualitative approach to capturing information on policy changes and their impacts. The benchmarks are drawn directly from our PAF. The PAF (Attachment E) is in its first year of implementation and we will be in a better position next year to measure results against specific targets.

# OBJECTIVE 1: EFFECTIVE ECONOMIC GOVERNANCE AND INFRASTRUCTURE

## Rating of the Program's Progress towards Australia's Aid Objectives and Outcomes

	Previous Rating	Current Rating
Objective 1: Effective Economic Governance and Infrastructure	Green	
Outcome 1: Improvements in infrastructure and the economic environment		Green
Outcome 2: Private sector development, reform of markets and improved financial systems		Green
Outcome 3: Enhanced quality of government spending		Green

### Note:

**Green.** Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

**Amber.** Progress is somewhat less than expected at this stage of implementation 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 at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

*Promoting effective economic governance and infrastructure is at the heart of our economic partnership with Indonesia. Our flagship economic governance program, the Australia-Indonesia Partnership for Economic Governance (AIPEG, AUD111 million; 2009-2017), responded to Indonesia's reform priorities with technical expertise and supported government efforts to improve the investment climate. Under the Government Partnerships Fund (GPF, AUD67 million; 2011-2017), 13 Australian agencies worked with Indonesian counterparts to improve economic and public sector governance. Our infrastructure investments, including the Indonesia Infrastructure Initiative (IndII, AUD210 million; 2008-2017), worked with Indonesia to enhance infrastructure policy, planning, and delivery, and leveraged Indonesian Government, multilateral development bank and private sector spending on infrastructure. The Australia-Indonesia Partnership for Rural Development (AIP-Rural, AUD112 million; 2013-2018) facilitated partnerships with the private sector and smallholder farmers to address market failures and improve agricultural productivity. The Governance for Growth (KOMPAK, AUD80 million; 2015-2018) facility helped Indonesia begin to implement decentralisation reforms, under which around AUD4.7 billion from Indonesia's 2016 national budget will be directed to village governments for local development.*

*Outcome 1 is rated green based on achievements in promoting infrastructure sector reforms and leveraging investment. Outcome 2 is also rated green reflecting the key role of Australian-funded advice in developing the economic reform packages released by President Jokowi, as well as AIP-Rural's progress in increasing the incomes of poor farmers. Outcome 3 is rated green due to some promising early results at the national level in improving revenue and budget management, although we recognise this will be a longer-term process.*

### Outcome 1: Improvements in infrastructure and the economic environment

#### Infrastructure

Economic growth in Indonesia depends in part on increasing government spending and encouraging private investment in high quality infrastructure. The Government of Indonesia accords a high priority to infrastructure and the scale of its planned investments over the next few years is significant. Australian assistance has increasingly focussed on project preparation and leveraging financing from a range of sources as well as improving the quality of infrastructure through demonstrating good practice.



Through the **Indonesia Infrastructure Initiative (IndII)**, Australia continued to support Indonesia to address infrastructure constraints.

IndII assisted the Indonesian Government to introduce major changes to its public private partnership policy in 2015. The reforms will allow the use of availability payment schemes to improve the financial viability of priority projects not otherwise funded through conventional procurement arrangements, helping to attract greater levels of private financing.

In urban transport, IndII helped to demonstrate that Jakarta bus routes can be punctual, profitable, comfortable and safe, including for women. Local government will now expand on this successful pilot. IndII oversaw the construction of a new control centre to better manage the bus system. IndII also supported the rollout of a fleet of 50 new buses that are disability-accessible.

The **Provincial Roads Improvement and Maintenance (PRIM)** program, which has delivered over 2,400 km of roads, addressed barriers to people with disabilities by providing colour-dropped curb locations for wheelchairs, and low vision access on sidewalks.

Partnering with the multilateral development banks allows Australia to leverage our comparatively modest investments through the banks' lending portfolio. The World Bank and the Asian Development Bank provide analytical capability and the opportunity to work in close partnership with Indonesia on major economic, infrastructure and human development reforms.

Indonesia's sustained economic growth has resulted in a rapid increase in demand for electricity. Tariffs have not been sufficient to cover costs and mobilise the financing needed for new investments. Through the World Bank's **Indonesia Infrastructure Support Trust Fund**, Australia helped Indonesia target electricity subsidies to poor and vulnerable groups, and provide incentives for the state-owned energy company, PLN, to improve services. These reforms will reduce subsidies and enable PLN to meet the challenge of growing electricity demand.

### ***Law and justice***

The high cost of going to court for civil matters complicates doing business in Indonesia. In 2015, the World Bank's annual Ease of Doing Business survey found that the cost ratio for legal disputes in Indonesia was over 110 per cent of disputed amounts, with the largest cost being lawyers' fees.

The **Australia Indonesia Partnership for Justice** helped Indonesia design a small claims dispute settlement mechanism. Simplifying the process for civil claims under IDR 200 million (AUD20,000) has proved to be faster, more effective and more affordable than the previous system involving multiple judges and administrative processes. During the first year, the majority of cases were settled within 58 days (an improvement from the previous average of 450 days per case). As at May 2016, a total of 244 small claims cases had been filed (an increase of 193 cases from the previous year). Although still relatively new, the increase in cases suggests that awareness is growing among the business community and legal profession. The small claims mechanism shows particular potential to benefit women entrepreneurs and women's business networks.

### **Eastern Indonesia National Roads Improvement Program**

The completion of the Eastern Indonesia National Roads Improvement Program (EINRIP) coincided with the shift in direction of our aid program. The final three road packages were completed in 2015-16, bringing Australia's overall support through this globally recognised program to AUD326 million. The program delivered around 395 kilometres of roads and 1,300 metres of steel-fabricated bridges across nine provinces in eastern Indonesia and achieved national reforms in the areas of road design, construction supervision and project management. Indonesia is drawing on lessons learned through EINRIP and the PRIM project in developing its own new national roads program, scheduled to start in 2017.

## Outcome 2: Private sector development, reform of markets and improved financial systems

### *Economic governance*

Australia provides support through two economic governance programs: the **Government Partnerships Fund (GPF)**, through which Australian agencies provide technical expertise and capacity building to Indonesian counterparts, and the **Australia Indonesia Partnership for Economic Governance (AIPEG)**, which works to improve Indonesia's economic management and competitiveness.

Indonesia highly values **AIPEG** and **GPF** for their flexibility in responding to economic priorities, notably through recent reforms to address the economic slowdown, preserve stability, grow trade volumes and improve the investment climate.

AIPEG's analysis and advocacy informed several measures contained in the 13 economic policy packages announced by the Indonesian Government in 2015-16. Further, AIPEG supported Indonesia's increasing appetite for services liberalisation, including through advice on the regulatory implications of the Trans Pacific Partnership (TPP) following President Jokowi's announcement in 2015 of Indonesia's intention to join the TPP.

In addition, AIPEG helped Indonesia improve trade by revising the negative investment list and open more business sectors to investment, and advised on the Financial Crisis Prevention and Resolution Law, designed to enhance stability, growth and job creation.

In 2016, the **Indonesia Services Dialogue** – a partnership between AIPEG, industry, think tanks and businesses – found that removing complicated labelling requirements for imported goods and adopting a streamlined approach to auditing shipments would improve trade conditions. The Indonesian Government agreed with these recommendations and adopted them.

An AIPEG report on *Gender Inequality in the Labour Market in Indonesia*, released in 2015, identified a number of options for further work to tackle the barriers women face when entering the labour market (the female labour force participation rate in Indonesia is just over 50 per cent).

Prompted by the report's findings, our flagship women's empowerment program (MAMPU) and a governance program (KOMPAK), are conducting a joint review on access to quality childcare in Indonesia to determine whether it is a barrier to women's employment.

GPF's longstanding partnership between the **Australian Transaction Reports and Analysis Centre** and Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK) saw Indonesia removed in 2015 from the Financial Action Task Force 'black list' comprising countries considered to have weak measures to combat money laundering and terrorism financing. Improved PPATK capacity has led to greater and timelier exchanges of financial information. This has in turn addressed key challenges such as money laundering, corruption and tax evasion which all undermine Indonesia's strong growth potential.

### *Rural development*

The **Australia-Indonesia Partnership for Rural Development (AIP-Rural)** is a suite of interventions that promote systemic change in agriculture markets to benefit poor communities. We facilitate partnerships with private sector actors and farmers to leverage business expertise and funds to address market failures.

#### **Gender in rural agribusiness**

During 2015-16, AIP-Rural strengthened its use of gender analysis in designing interventions. AIP-Rural increased the incomes of women and men farmers at roughly equal rates (8,967 male, 7,982 female) and five out of seven interventions assessed met the target of 50 per cent or more participation of women. PRISMA is increasing its focus on female-dominated sectors or parts of the value chain. During 2015, PRISMA helped several women's groups move up the coffee production value chain in Flores. Also in Flores, more efficient practices in pig rearing decreased women's labour per day and increased incomes.



Photo: DFAT



AIP-Rural has 32 private sector partnerships with private sector investment of nearly AUD750,000 in 2015. A total of 25,594 farmers (including 10,431 females) adopted new practices introduced by AIP-Rural that have improved farm productivity and led to increased incomes.

**Promoting Rural Incomes through Support to Markets in Agriculture (PRISMA)**, focussed on agribusiness, is the largest component of AIP-Rural. As a result of a PRISMA intervention, pig feed company sales in East Nusa Tenggara increased by 160 per cent, new producers entered the market, and the number of selling agents and breeder companies increased. In 2015, PRISMA helped more than 9,000 farmer households (over 18,000 individual farmers) increase their incomes by an average of 35 per cent. PRISMA is on track to achieve its ambitious target of benefiting 300,000 poor farmers by 2018.

The 'making markets work for the poor' approach has a 30 per cent failure rate built into the program. Potential failure is part of doing business and informs decisions on when to scale up or cut interventions. Performance is assessed on the potential for high outreach, the potential for systemic change, and value for money. PRISMA decided to cease funding a fish cage farming project in East Java because it was assessed as having poor outreach and sustainability. The financial access model was also deemed unsustainable without ongoing PRISMA funding. After 18 months of implementation, PRISMA cut this project and identified lessons learned to inform future investments.

**The Applied Research and Innovation Systems in Agriculture (ARISA)** component of AIP-Rural managed by CSIRO facilitated new relationships between research institutions and the private sector to commercialise agricultural innovations. ARISA partnered with IPM Technologies Australia to conduct an integrated pest management pilot in the shallot sector in East Java, which reduced insecticide use while increasing production by 45 per cent.

Through our key social protection program (MAHKOTA), Australia supported the **National Team for the Acceleration of Poverty Reduction (TNP2K)** in the Vice President's office to produce two studies and a working paper proposing changes to the People's Business Credit Program (Kredit Usaha Rakyat – KUR). KUR offers state-subsidised credit to small and medium enterprises which could not otherwise access affordable credit. TNP2K recommended reducing the KUR interest rate and integrating all micro-credit programs into KUR. The Widodo Government's third economic policy package, released in October 2015, subsequently lowered KUR's interest rate from 22 per cent to 12 per cent (further lowered to 9 per cent in 2016) and consolidated several microcredit programs into KUR. This will enable more small enterprises to access affordable finance.

### Food Security

A factor affecting Indonesia's food security is its trade policy settings, which increase the price of food for domestic consumers. While tariffs have reduced in 2015-16, non-tariff barriers are increasing. The **Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector** implemented an Australia Awards short course specifically designed for senior Indonesian bureaucrats to study evidence-based policy making in the livestock sector, with application to trade policy and food security. DFAT, the Department of Agriculture and Water Resources and the Australian Centre for Institutional Agricultural Research (ACIAR) also work closely to address food security in Indonesia.

### Outcome 3: Enhanced quality of government spending

Sustained efforts at the national level across central agencies are producing results. More recently introduced programs at the sub-national level will take longer to demonstrate success, although we are pleased with progress to date on such a complex issue. Where our advice has already influenced policy decisions, it will take time for the Indonesian Government to enhance revenue and the quality of expenditure to achieve stronger growth and better service delivery outcomes. This demonstrates the partnership approach. Australia will stay the course where reforms are likely to take a long time to come to fruition, and pull back from efforts which Indonesia may consider but ultimately reject.

AIPEG presented medium-term macro-fiscal analysis to ministers and advisers across the three core economic ministries (the Coordinating Ministry for Economic Affairs, the Ministry of Finance and the Development Planning Ministry) showing a fast-growing gap between spending and revenue. As a result,



work has been commissioned on a **roadmap for revenue reform, expenditure efficiency and further development of financial markets**. AIPEG also advised on the adoption of more realistic assumptions for the 2017 budget as part of building momentum for reform.

At the central level, AIPEG supported greater budget transparency for increased accountability and spending efficiency. Budget documents now detail infrastructure spending, medium-term expenditure requirements and categories that are in line with international standards. Improved budget transparency was also adopted as a 2016 performance indicator by the Ministry of Finance.

Results from our **water and sanitation program**, presented under Outcome 4, included Indonesia adopting a new budget measure to incentivise local governments to connect more poor households to improved water and sanitation through a performance-based government funding mechanism. In 2015-16, IndII worked with the government to improve the mechanism to optimise efficiency and ensure its can be replicated throughout the country. With the size of subnational transfers rising (see below), improving the targeting and performance of such grants will be crucial for poverty alleviation in years to come.

Through the GPF program, the **Australian National Audit Office** helped the Indonesian Audit Board to transition from cash to accrual accounting. Managing government finances on an accrual basis rather than a cash basis is widely considered a better practice in public sector administration and has been adopted by a growing number of countries. International experience shows audit offices play a key role in institutionalising accrual accounting, and strengthened auditing on an accrual basis improves the transparency of public sector finances.

Another achievement under GPF in 2016 was the creation by the Indonesian Ministry of Finance of a tax oversight authority. This was the result of a longstanding partnership between the **Australian Treasury** and the Government of Indonesia. This body will help oversee and guide the creation of a new semi-autonomous revenue authority, which will change the way Indonesia formulates revenue policies and collects taxes. Increasing tax revenue is important as Indonesia has one of the lowest revenue-to-GDP ratios among emerging economies (at only 13.1 per cent in 2015), which constrains space for much needed public spending on infrastructure, education and health.

More than half of Indonesia's national budget flows to sub-national governments, including for basic service delivery. In addition to the existing general allocation fund, specific allocation fund and local incentive funds transferred to provinces and districts, in 2015 the government began implementing a new wave of decentralisation reforms under the **Village Law**, disbursing around AUD2.1 billion to over 74,000 village governments across Indonesia to support local development. In 2016, this figure will rise to around AUD4.7 billion, and in 2017 an estimated AUD7.5 billion.

Our governance facility (**KOMPAK**) and the **PNPM Support Facility** (PSF, managed by the World Bank) support reforms that enhance the quality of spending of these fiscal transfers, including village funds. Studies from KOMPAK and PSF helped the government identify that the spending of village funds in 2015 was not well targeted to local needs. These programs are working with the government to improve the national policy framework, including developing guidelines for communities to agree development priorities for village funds. KOMPAK is also working at the province and district level to strengthen the reporting of fiscal transfers.

# OBJECTIVE 2: HUMAN DEVELOPMENT FOR A PRODUCTIVE AND HEALTHY SOCIETY

## Rating of the Program's Progress towards Australia's Aid Objectives

	Previous Rating	Current Rating
Objective 2: Human Development for a Productive and Healthy Society	Green	
Outcome 4: Improved access to services and economic opportunities for all		Green
Outcome 5: Improved quality of practices and personnel in services		Green
Outcome 6: Improved service systems		Green

### Note:

**Green.** Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

**Amber.** Progress is somewhat less than expected at this stage of implementation 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 at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

2015-16 was a year of transition for Australia's programs supporting human development and service delivery. The Australia-Indonesia Education Partnership (AUD369 million; 2011-2016) reached its completion stage, with the final 1,155 junior high schools scheduled to be completed by January 2017. Our new education program (Inovasi – Innovation for Indonesia's School Children, AUD49 million; 2016-2019), was mobilised in early 2016 and has begun helping Indonesian partners identify and test local, replicable solutions to education problems. Australia Awards (AUD197 million; 2014-2018) built capacity and promoted people-to-people links through postgraduate scholarships and short-term awards to study in Australia. After some 20 years of significant Australian assistance for Indonesia's health sector, our major health programs completed their activities during 2015-16, leaving a legacy of improvements to health planning, maternal and child health, and prevention and treatment of HIV/AIDS. Our new social protection program, Towards a Strong and Prosperous Indonesian Society (MAHKOTA, AUD40 million; 2015-2019), started activities in 2016, building on our longstanding partnership with TNP2K, the Vice-President's poverty reduction team. We also provided humanitarian assistance to people affected by forest fires, haze, and flooding, and continued to support disaster preparedness.

Outcome 4 is rated green given strong performance in promoting access to education, health, and water and sanitation services, including for people with disabilities and women. Outcome 5 is rated green due to our achievements in promoting knowledge and learning, including through the provision of high quality advice in education and health, and support for better targeting and use of poverty reduction data. Outcome 6 is rated green reflecting high levels of Indonesian government commitment to take forward reforms to service delivery systems.

### Outcome 4: Improved access to services and economic opportunities for all

#### Water and sanitation

Australia's investments in **urban and rural water and sanitation programs** resulted in an additional 490,000 people from poor households (including 2,800 people with disabilities) gaining improved access to safe water and basic sanitation in 2,250 communities across Indonesia.

Our investments included support to the Government of Indonesia's **PAMSIMAS** program and delivery of DFAT's **Water and Sanitation Hibah program** which connected an additional 10,000 houses to piped water (for a cumulative total of 280,000) and 2,500 houses to sanitation (for a total of 6,000) in 2015-16. As a result, the Indonesian Government allocated 500 billion rupiah (AUD50 million) of its own funds towards an output-based grants program that replicates Australia's pilot program.



## *Health and education*

Australian Government support to improve **HIV services** in the two Papuan provinces resulted in 60,242 people being tested for HIV and 2,606 enrolling in HIV care during 2015-16. Australian support was critical in consolidating a regional referral system; establishing HIV-TB-STI services in 17 hospitals and 110 community health centres in the Papuan provinces; and creating capacity within 65 community health centres to initiate antiretroviral treatments.

Over the course of 2012-13 to 2015-16, the **Education Partnership** worked with national and district authorities to provide an additional 174,000 school places (of which nearly 90,000 are expected to be occupied by girls) for junior secondary students through the construction of 4,784 classrooms in 1,155 schools in predominantly poor, remote, and underserved areas. Program monitoring showed that the proximity of the new schools to households reduced barriers to schooling by lowering transport costs.

## *Social inclusion of vulnerable groups*

Since April 2014, our support to the **Peduli program** has helped to improve access to basic services for some of Indonesia's most marginalised people, including those with disabilities, indigenous minorities, and vulnerable youth and children. In the first six months of 2016, Peduli saw a 30 per cent increase in the total number of marginalised people it directly benefited, to 35,431. It more than doubled the number of people with access to education services and hospital services (around 50 per cent of whom are female and/or transgender). The number of people it helped to access credit and employment assistance increased by over 30 per cent to 378 and 800 people, respectively.

Together with its partner, Migrant CARE, MAMPU created an initiative called **DESBUMI** to develop better policies and services for migrant workers in Indonesia. Between four to six million Indonesians regularly travel overseas to find employment; around 60 per cent are women who are particularly vulnerable to exploitation. DESBUMI works at the village level to provide better services to former and aspiring migrants and their families, as well as with the government to change policies governing migration. In 2015, with MAMPU support, Migrant CARE assisted eight villages across Central Java, West Nusa Tenggara, East Nusa Tenggara and East Java to become DESBUMI-compliant, proving the value of this model. As a result, the government has committed to implementing this initiative in 100 villages per year from 2016 onwards using Indonesian resources.

## **Outcome 5: Improved quality of practices and personnel in services**

### *Education*

In the **Education Partnership**, we reoriented our engagement away from building schools and towards improving the quality of learning and strengthening service delivery systems, including through support to school leaders. This aligns with Indonesia's own priorities as it seeks affordable and sustainable ways to raise learning outcomes for its citizens. An annual program report showed that while initially in 2015 the program struggled to adjust to the new priorities of both the Australian and Indonesian Governments, by 2016 it was performing well and was able to meet the needs of both partners.

Australia provided ongoing **professional development** to 7,200 school principals from 250 Indonesian districts (a total of 24,300 have been trained over the last two years). Australia's investments in principals' professional development have substantially influenced national teacher, principal and supervisor training policies and practices. This support has laid the ground work for a national teacher professional development program, and for online learning to be targeted at educational professionals.

To help tackle teacher absenteeism in remote areas, and improve the quality of education, we supported the **Teacher Performance and Accountability pilot** in three remote districts, including in Papua. Based on its results, we agreed in early 2016 to provide funding to scale up the pilot in another five districts working closely with the Ministry of Education. The pilot supports reforms to national policy on the teacher professional allowance, which in 2016 will amount to around AUD8 billion.

In terms of school building, improved site selection techniques and construction quality assurance procedures demonstrated by Australia are now the norm within the Ministry of Education and Culture, as are the practices of community-managed construction and transparent Indonesian complaint handling.

### **Australia Awards**

In line with our new economic partnership, our **Australia Awards** program increased short-term awards, with a focus on the private sector. The prestigious PhDs and Masters courses remain, balancing public and private sector subjects.

In 2015-16, we funded **200 long-term** awards and **500 short-term** awards across 24 courses, facilitating a total of around 700 Indonesian awardees to study in Australia. Thirty per cent of awardees were from the private sector, and five of the short courses specifically focussed on economic development, trade development or small to medium enterprise expansion.

Australia Awards in Indonesia continued to prioritise gender parity in 2015-16 with **53 per cent of the long-term awards going to women**. Challenges remain in achieving gender parity in short-term awards, with current figures at 36 per cent for women. However, the program did deliver a number of short courses specifically aimed at empowering women. These included 'Organisational leadership and Management Practice' in collaboration with the Australian-funded women's empowerment program (MAMPU), and 'Women in Global Business,' which focussed on the textile industry.

We introduced new 'on award' enrichment activities designed to help awardees to get the most out of their scholarships and build enduring connections while studying in Australia. The **Skills and Awareness in Marine Understanding – Discoveries, Resources and Achievements Program** was one such initiative, providing students from the Indonesian Ministry of Marine Affairs and Fisheries and other relevant organisations with an overview of Australian approaches to marine affairs, fisheries and aquaculture, covering issues such as zoning, quotas, compliance, and sustainability.

2016 was a foundational year for the new **Alumni Engagement Strategy** (2016-2020) which moves beyond previous efforts to solely engage Australia Awards alumni to also include Indonesians who self-funded their study, and recipients of Indonesian Government scholarships (around 80,000 alumni). Around 80 alumni-related events were held in 2015-16, with over 3,000 alumni participating.

A LinkedIn Australia-Indonesia Forum was established in March 2016 to serve as an interactive networking and communication platform for alumni as well as a database and tracking tool.

### **Social protection**

The early efforts of **MAHKOTA**, our primary social protection investment, look promising. It continued to support the Vice President's team for the Acceleration of Poverty Reduction (TNP2K). This year, TNP2K spearheaded efforts in social protection reform areas such as food security and subsidies. Through TNP2K, we assisted the Government of Indonesia to improve its targeting of social protection programs, including by updating a unified database comprising almost 26 million households. The government used the database to better target the **Family Hope conditional-cash transfer program** which benefited around 3,512,000 very poor households, and the **Smart Indonesia cash transfer program** which benefitted almost 19 million poor school students in 2015.

#### **Alumnus success**

The Australia Awards increased the number of awardees with a disability. In late 2015, we delivered a short-term award to help build the leadership and advocacy capacity of Disabled Peoples' Organisations across Indonesia. One course participant, Mohammad Ismail, subsequently won first place at an event in April 2016, part of In.CoDe (Innovation and Collaboration in Development), which was a series of events run by The Asia Foundation and funded by Australia under the Democratic Governance Fund. Mr Ismail will now develop an Indonesian sign language mobile app. He directly attributed the win to the communication skills he gained during his short course award experience in Australia.

*Photo: DFAT*





Through MAHKOTA, Australia supported a small pilot in five districts to test an integrated referral system to identify poor and vulnerable people and link them to appropriate support systems. This has resulted in the Indonesian Ministry of Social Affairs scaling up operations to an additional 50 districts and agreeing to fund AUD52,600 per district over the next three years.

Social protection reform is also a pillar of the MAMPU program. In 2015, the MAMPU partner organisation for female-headed households, PEKKA, successfully lobbied the national statistical agency to improve its data collection methods to better identify female-headed households in two key survey instruments.

## **Outcome 6: Improved service systems**

### *Health*

Australia's **major bilateral health programs** closed on 30 June 2016, although we will continue to provide support through other bilateral, regional and global programs on **health security and promoting nutrition**.

The focus in this final year has been on sustainability in systems improvement. At the formal closing ceremony in May 2016 for the **Australia Indonesia Partnership for Health Systems Strengthening**, the Minister of Health invited government representatives from all 34 Indonesian provinces to learn from the successes of the program.

One notable success was Australia's support, at the specific request of the Ministry of Health, to develop regulations, tools, training and pilots to implement a **national health centre accreditation system**. We were the only donor involved. Health centres which had previously been reformed through the community-led work of the **Australia Indonesia Partnership for Maternal and Child Health (AIPMNH)** program easily passed the Ministry of Health accreditation process as the program had raised their standards. Health centres are mostly used by women, especially mothers.

AIPMNH operated in East Nusa Tenggara, which historically had some of the highest rates of maternal and child mortality. The program was instrumental in reducing maternal deaths in the province by over 40 per cent since 2009. At the final workshop in October 2015, the government committed to continue the program's activities using domestic resources.

Despite the decline in HIV prevalence among injecting drug users, Indonesia has one of the fastest growing HIV epidemics in the world. The **Australia Indonesia Partnership for HIV/AIDS** helped reduce HIV transmission among injecting drug users in Indonesia. In 2012 unsafe needle exchange accounted for one third of all new HIV infections in Indonesia, causing about 11,000 infections a year; in 2016 it accounts for an estimated 1,100 or a mere 1.5 per cent of total new infections.

In October 2015 the second phase of the **Emerging Infectious Diseases** program was launched with a 'one health' (animal and human health) approach. The investment developed an integrated national health information system to support national disease reporting systems for animals, which is being replicated across the country.

### *Women's empowerment*

MAMPU partner organisation 'Aisyiyah supported poor women to gain access to reproductive health services provided by health facilities. 'Aisyiyah provided pap smear services in seven districts using its network of village-based cadre and motivators to increase demand and through training health facility staff. It has provided these services to over 4,500 poor women since 2014.

In 2015-16, MAMPU provided trauma counselling, legal assistance and referral services for over 4,300 woman survivors of violence across 18 provinces in Indonesia. With MAMPU support, partner organisations are improving services for victims of violence, who need help to bring their case to court and often face fragmented service delivery where law enforcement agencies, the court system, and health service providers repeatedly request the same information. The result is dysfunctional case handling characterised by long delays and poor judicial outcomes, and additional trauma for the victims. The **Integrated Criminal Justice System** specifically targets these challenges. First developed and trialed by a MAMPU partner in Central Java, the system rests on a set of case handling processes that links the police with health services and the

court system. The trial achieved promising results, including the successful resolution of a case regarding 36 women from eastern Indonesia who were trafficked to Malaysia. In November 2015, the Governor of Central Java signed an official agreement to implement the system across the province. It is currently being replicated in Riau and Ambon.

### Humanitarian assistance



NSW Rural Fire Service and Indonesia's disaster management agency work together to map out a water bombing route to combat Sumatran forest fires in October 2015. Photo: DFAT

### Humanitarian

In the humanitarian sector, we shifted our focus to better preparedness and responses to **disasters**. We responded quickly to Indonesia's request for assistance to combat severe forest fires in South Sumatra in 2015. Australia deployed two fire-fighting aircraft and personnel and worked with the Indonesian Red Cross to provide health assistance to people affected by the haze.

Since 2008, we have partnered with **Geoscience Australia** and the Indonesian Government to increase the use of science in Indonesia to support decision making in disaster risk management. While substantial progress has been made in the use of science and the development of disaster management tools, a review of this program found sustainability was a key weakness, with Indonesian agencies still heavily dependent on Australian scientists and technology. The program also failed to plan how to properly integrate the tools into

Indonesian Government systems. We have sought to address this in a new iteration of the program (**DMInnovation**) with a stronger focus on sustainability and capacity building to improve the likelihood that the tools will be taken up and managed by the Indonesian Government

### Education

Australia's investment in **Islamic education** in 2015-16 brought about the accreditation of a further 416 madrasah (for a total of 5,000 madrasah upgraded under the program) and trained some 2,000 school officials in management. Madrasah are Islamic education institutions and make up about 20 per cent of the education system in Indonesia. Our support resulted in the targeted use of grants to schools and the establishment of madrasah development centres in each province, which granted legal authority and resources to promote and quality-assure madrasah within Indonesia. We also worked with madrasah in five provinces to pilot models for disability-inclusive education, and three of these provinces have allocated their own budget to take this initiative forward following the completion of Australian assistance.

### Elections

In 2015, the Australian-funded **General Election Network for Disability Access** worked with the Indonesian electoral commission to adopt an election management body assessment tool on disability access to help election administrators prepare and implement accessible elections. Indonesian law allows people with disability to participate in elections, but does not specify how to ensure mechanisms are in place for voters with disabilities to access polling stations, register to vote, or run as candidates. The disability-inclusive tool was successfully piloted during the December 2015 regional head elections, and will be used in the 2017 regional head elections. This represents a formal policy shift towards more inclusive practices.

# OBJECTIVE 3: AN INCLUSIVE SOCIETY THROUGH EFFECTIVE GOVERNANCE

## Rating of the Program's Progress towards Australia's Aid Objectives

	Previous Rating	Current Rating
Objective 3: An Inclusive Society through Effective Governance	Green	Green
Outcome 7: Increased participation, especially by women, in household, community and government decisions		Green
Outcome 8: Improved responsiveness of public institutions to community, especially to women		Amber
Outcome 9: More inclusive and evidence-informed policy and programs		Green

**Note:**

- Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.
- Amber. Progress is somewhat less than expected at this stage of implementation 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 at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

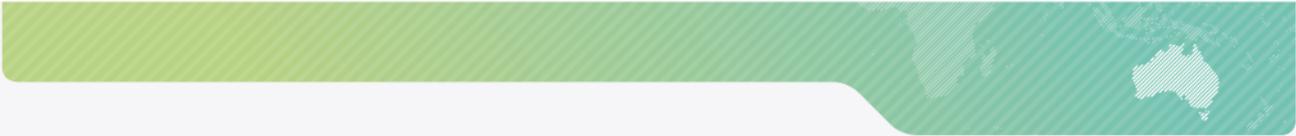
Our efforts to promote an inclusive society through effective governance included support under our flagship gender program Empowering Indonesian Women for Poverty Reduction (MAMPU, AUD104 million; 2013-2020), assistance under the Peduli program (AUD40 million; 2014-2018) to strengthen social inclusion for Indonesia's most marginalised groups, and KOMPAK's work to help ensure funds directed to the local level respond to community priorities. The Australia-Indonesia Partnership for Justice (AIPJ, AUD57 million; 2011-2016) continued to work with Indonesian justice institutions and civil society partners to increase access to justice for marginalised groups (particularly women who are poor, people with a disability and vulnerable children). Our Knowledge Sector Initiative (KSI, AUD61 million; 2013-2017) strengthened links between researchers and policymakers, building Indonesia's capacity for evidence-based policy making. We supported cutting-edge research and innovation on poverty and inequality through our partnerships with the World Bank, the Abdul Latif Jameel Poverty Action Lab Southeast Asia, and Jakarta Pulse Lab.

Outcome 7 is rated green based on our success in convening coalitions through MAMPU, Peduli, and AIPJ on important community empowerment issues, including those affecting women. Outcome 8 is rated amber as, despite the efforts of our governance programs to strengthen the inclusive nature of Indonesia's decentralisation reforms, results are yet to manifest. Outcome 9 is rated green as a result of Australia's contribution to helping the Government of Indonesia develop policies for reducing poverty and inequality.

### Outcome 7: Increased participation, especially by women, in household, community and government decisions

Under this objective a range of interlinked programs which address poverty, inequality and marginalisation contribute to building a more inclusive Indonesian society. A number of these programs worked to empower communities and build bridges between citizens and government, improving government responsiveness and accountability. Progress was strongest where we were able to leverage the efforts of prior programs and their networks.

**MAMPU** continued to be the largest donor program directly addressing gender issues in Indonesia. An evaluation ('performance story') in mid-2015 showed that MAMPU's network of 160 civil society partners are increasingly working with government, parliament and the media to improve policies for better protection of, and service provision to, poor women and children, including those with disabilities.



The National Commission for Women (Komnas Perempuan), a MAMPU partner, contributed to the successful advocacy efforts for the national Parliament to prioritise the **Draft Law on Reduction of Sexual Violence** in its 2016 discussion agenda.

MAMPU's reach to poor women at the grassroots level expanded in 2015-16. The number of villages where MAMPU partners work is now 1,600, across 26 provinces. More than 2,000 local groups have been established with membership of more than 50,000 women. Monitoring undertaken by the program suggests that in those groups, women are increasingly speaking out about the priorities that affect their lives, giving them greater influence in their local communities.

According to the evaluation, in some places this has translated directly into improvements in local services. In response to priorities put forward by members of local women's groups, some communities have seen improvements in local transport infrastructure, improved reproductive health services, and assistance for small scale livelihood activities from their local governments.

The MAMPU **Innovation Fund**, which provides grants to women leaders and creative organisations to improve the lives of poor women, conducted its first competitive round in 2015. Successful proposals included a mobile phone game to address unsafe sex practices among adolescents, and a network of women micro-social entrepreneurs in eight districts, covering more than 100 villages.

In 2015-16, our **Peduli program** continued to strengthen social inclusion for Indonesia's most marginalised groups. In one district, advocacy and piloting of disability-inclusive service delivery approaches resulted in the local parliament passing a regulation to protect those with disabilities and mainstream inclusive development.

On disability issues, one of Peduli's partners signed memoranda of understanding with two districts in Yogyakarta on the implementation of inclusive villages. This involved a civil administration process with the Ministry of Information and Communications recognising these villages as best practice inclusive villages.

The **Australia Indonesia Partnership for Justice** and **Peduli**, together with Kapal Perempuan Indonesia – a MAMPU partner – supported a network of disabled peoples' organisations to advocate for a new disability law. The concept of disability as a rights issue is relatively new and remains poorly understood. In March 2016, Indonesia's parliament passed the **disability law**, which resulted in a shift away from conceptualising disability as a medical or 'charity' issue to a rights issue.

In November 2015, through the **Democratic Governance Fund**, Australia supported the first simultaneous sub-national elections in Indonesia. We provided technical assistance to Indonesia's electoral commission to transfer the national-based voter registration system into a district-based system. The sub-national elections ran efficiently and effectively, with a total of 269 elections held. Around 1,497 men and 122 women ran as both regional-head candidates and deputies (of the 122 women who ran, 46, or 38 per cent, were elected). Half of all eligible voters were male and half female.

#### Legal aid

Since the passage of the Legal Aid Law (supported by Australia), the Indonesian Government has reimbursed accredited legal aid organisations for handling eligible cases. The total number of accredited organisations is now 405, up from 301 last year.

#### Outcome 8: Improved responsiveness of public institutions to community, especially to women

Much of our work under this outcome over the past year has focussed on building relationships with Indonesian Government and civil society counterparts in an environment characterised by frequent changes in personnel and confusion of roles. Implementation of the Village Law presented a range of challenges including the development of systems, regulations and reporting mechanisms. Progress was slower than initially expected but the foundations have been laid for stronger results in the years ahead.



KOMPAK collaborated with the **Knowledge Sector Initiative (KSI)** and the **PNPM Support Facility (PSF)** to provide targeted advice to key ministries to expedite the process of developing regulations critical to disbursing funds under the Village Law. The programs collaborated to support the three key ministries involved in implementing the Village Law: the Ministry of Villages, Ministry of Home Affairs and the Coordinating Ministry of Human Development and Culture, which resulted in the development of a roadmap for Village Law implementation.

KOMPAK worked with **MAMPU** in communities to promote how to make the village-level planning and budgeting cycle more inclusive, prioritising the involvement of women. KOMPAK developed the material which was then distributed through MAMPU's vast national network of 160 partner organisations. Working with MAMPU partner organisation PEKKA, KOMPAK also supported the establishment of the Paradigta Academy, a leadership program in seven provinces that aims to strengthen the participation of women in Village Law governance mechanisms and funding allocations. KOMPAK also helped the Ministry of Home Affairs prepare a regulation emphasising the need for female representation and responsiveness to community needs in village councils.

KOMPAK set up a coordination and governance mechanism with strategic and technical committees involving the five key central ministries with mandates relevant to poverty reduction, basic service delivery and decentralised governance. Utilising this network, KOMPAK facilitated a number of events to raise awareness of Village Law regulations at the subnational level.

KOMPAK partnered with Pulse Lab to design and pilot a mobile simulation game, called *Sekolah Desa* ('village school'), to test participants' understanding of the Village Law. Data from the game is being analysed and will inform revisions to Indonesian Government training modules in 2016.

### **Outcome 9: More inclusive and evidence-informed policy and programs**

Inequality continues to present huge challenges for Indonesia's development. An Australian-funded World Bank report on inequality, *Indonesia's Rising Divide: why inequality is rising, why it matters and what can be done*, has shaped public and political debate on inequality since its launch in December 2015. There was immediate uptake of report findings, reflected in the public comments from the President, Vice-President and cabinet members that cited the report and special briefings requested from the report's authors.

**KSI** is helping the Government of Indonesia improve its whole approach to linking research and evidence to policymaking. This involves addressing fundamental constraints to the growth of Indonesia's domestic research sector. One of these is the dearth of financing for independent research. In 2015-16, KSI worked with the Ministry of Finance, Bappenas and the Indonesian Academy of Science to establish the Indonesian Science Fund (ISF). Now, for the first time, Indonesia has an independent vehicle to channel private and public funding to multi-year research projects. The Indonesian Government will provide around AUD10 million for the first year for funding through the ISF.

KOMPAK undertook a formative study on institutionalising civil registry and vital statistics into basic service delivery systems. Data collection was completed in three provinces and the final results have been discussed with the government of Indonesia to identify effective mechanisms to tackle acute constraints to accessing legal identity across the country, in particular for the poor and marginalised.

### **Building on the foundations of previous programs**

ACCESS was the name of our community development and civil society strengthening scheme that ended in 2014. During a 2016 meeting with a senior official of Bantaeng district (one of 20 where ACCESS was implemented), the official stated that he was elected in 2009 on the basis of local priorities identified through ACCESS data and drew upon ACCESS-strengthened NGOs to deliver his targeted reform agenda. A new pilot in Bantaeng (funded under MAHKOTA) builds upon ACCESS by using local facilitators to verify poverty data and gather requests for services that are then directed to relevant district and national agencies. As a result of the pilot, the local government now co-locates several district agencies in a 'one-stop shop' to address the community's social assistance needs.



A lack of legal identity documents can often prevent people from accessing poverty programs, particularly women from remote rural areas, and female heads of households.

Our support to PSF funded three timely studies on Village Law implementation in 2015, including a nationwide survey on district bottlenecks to service delivery. These were conducted in collaboration with government to provide evidence on where improvements are needed in 2016.

Australian grants enabled the **Abdul Latif Jameel Poverty Action Lab (JPAL) Southeast Asia Office** and the **Jakarta Pulse Lab** to continue cutting edge work to strengthen policymaking in Indonesia. Linked to the Massachusetts Institute of Technology, JPAL conducts robust evaluations to strengthen the use of evidence in policy formulation and works with policymakers to turn this research into action. Our support to a JPAL study on Indonesia's new health insurance scheme to achieve universal coverage, and JPAL's engagement with high-level officials, saw the Indonesian Government take a critical decision in early 2016 not to raise premiums in one class of insurance membership which would have adversely impacted the poorest households.

Big data analytics is gaining momentum with **Pulse Lab Jakarta** (hosted by UNDP) incubating many innovative approaches to policy development across government, including the Hazer Gazer dashboard and climate platform, both recently installed in the Presidential situation room. These platforms provide real time visualisations of multiple data sources on the social impact of the yearly haze from the peat fires and the impact of climate change on food security across Indonesia.

## PERFORMANCE BENCHMARKS

The Aid Investment Plan, published in 2015, contained nine interim benchmarks that were nominated prior to full implementation of budget reductions. This made setting accurate targets a challenge. Achievement of the interim benchmarks (Annex B) is mixed, but the relevance of the original targets has decreased as the program shifted policy direction.

Accordingly, the benchmarks were revised in 2015-16 during the development of the Performance Assessment Framework. The new set of benchmarks is listed below, including baselines for 2015-16. There is less focus on outputs, such as kilometres of roads improved or maintained. The new indicators measure progress towards leveraging spending from the public and private sectors for improved development outcomes. They focus on working with Indonesia to realise improvements in the policy environment for development, both at national and subnational levels; creating partnerships with the private sector; and measuring the number of people who benefit from systemic improvements that Australia and Indonesia achieve together. There are still several programs under design and this means the targets for 2017-18 will need to be updated in next year's APPR.

## Performance Benchmarks 2016-17 to 2017-18

Indicator	2015-16 baseline	2016-17 target	2017-18 target
Amount of funding (public and private) leveraged for Indonesian Investments from Australian infrastructure projects, investment and advice	\$51.4 million	500 million	600 million
Increased engagement with private sector organisations for pro-poor development	52 active engagements	112 active engagements	147 active engagements
Number of smallholder farmers, in particular women, with increased incomes through private sector investment	18,567 (7,982 female, 8,967 male, no data for 1,618).	26,361	113,240
Improvements to market efficiency, regulation and financial systems	4 significant improvements	2 significant improvements	2 significant improvements
Number of instances where DFAT support resulted in improved policy	Support 15 significant policy improvements	Support 15 significant policy improvements	Support 15 significant policy improvements
Number of districts that made improvements in service delivery practices and policies (and number of total improvements)	277 districts	196 districts	163 districts
Number of people, especially women and marginalised groups, who participate in activities to improve policy	61,593 participants	51,000	55,000
Number of women and men with improved access to safe water and basic sanitation	490,042 <i>plus 640,000 through the Indonesian Government<sup>1</sup></i>	305,000	200,000
Percentage of investments assessed as effectively addressing gender equality in implementation	73%	80%	80%

<sup>1</sup> The number of water and sanitation connections that Australia is responsible for will decrease as the Government of Indonesia increases its contribution in the coming years.

## MUTUAL OBLIGATIONS

The main mechanism to coordinate development priorities with Indonesia is the Medium-Term Development Plan (RPJMN 2015-19), which was passed into Indonesian law in January 2015 and which underpinned the development of DFAT's Aid Investment Plan. The macro targets that Indonesia has set itself for 2015-19 are:

RPJMN 2015–2019 Macro Development Targets		
Indicator	2014 (baseline)	2019
<b>Social development targets</b>		
Human development index	73.83	76.3
Community development index	0.55	Increase
Gini index	0.41	0.36
Increased % of community who participate in health insurance programme through health sector	51.8% (Oct 2014)	Min 95%
<b>Macroeconomic targets</b>		
Economic growth	5.1%	8.0%
- GDP per capita (Rp. thousand) base year 2010	43.403	72.217
Inflation	8.4%	3.5%
Poverty rate	10.96%	7.0–8.0%
Open unemployment rate	5.94%	4.0–5.0%

Indonesia is also preparing a National Action Plan for implementing the Sustainable Development Goals (SDGs), which is expected to be completed in early 2017. In future years, Indonesia's annual reporting against the SDG targets and indicators will be an important source of information on the country's development progress.

Our Aid Investment Plan aligns with our growing economic partnership with an increasingly prosperous Indonesia. It is a more appropriate model of cooperation between Australia and a middle-income country and regional power than a traditional aid donor-recipient relationship, and the Indonesian Government has welcomed this approach.

Each year, senior officials from DFAT and Indonesia's National Development Planning Agency, Bappenas, meet to discuss joint development interests and progress towards shared objectives. Bappenas was also consulted prior to the publication of this report.

Australia's ODA is a small fraction of Indonesia's budget. Therefore, Indonesia's role in providing the political momentum, budget and implementation oversight for reforms supported with Australian assistance is crucial. In 2015-16, we saw clear evidence of Indonesia's commitment to fulfil its obligations and ensure sustainability and impact of Australian assistance.



For example, the Ministry of Health and provincial governments demonstrated strong commitment to ensuring the sustainability of outcomes from Australia's major health programs, as activities under these programs drew to a close (see Outcome 6). The Ministry of Education and Culture has similarly adopted strengthened quality assurance systems developed with Australian assistance to the Ministry's ongoing program of school construction. Our Water and Sanitation Hibah (grants) program piloted output-based grants and proved the effectiveness of this model for infrastructure development, and Indonesia responded by allocating 500 billion rupiah (AUD50 million) of its own funds to expand the pilot funded by Australia.

## PROGRAM QUALITY AND PARTNER PERFORMANCE

In 2015-16, we finalised the Performance Assessment Framework (PAF) for the program (Annex E). The PAF aims to generate meaningful, compelling information to measure, manage and report on the performance of Australia's development cooperation program in Indonesia. It will guide the priorities of the program by informing sector plans and program designs; public diplomacy efforts; and fostering collaboration across the program. The PAF articulates Australia's development cooperation goals in Indonesia through four strategic objectives, ten outcomes and 24 indicators. In this APPR, we are now reporting the first results generated against the performance benchmarks and the outcomes of the PAF. The approach taken is innovative in that we are collecting data from different sectors and programs to report against individual indicators under multi-sectoral outcomes, and focussing on measuring our contribution to policy change. All data, including those related to policy change, underwent a rigorous verification process over the course of the year.

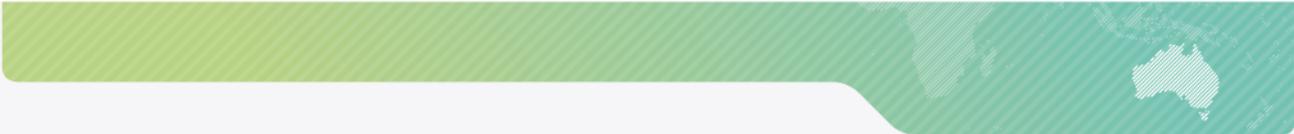
The PAF is one part of a broader performance assessment system that includes site visit reports/back-to-office-reports, aggregate development results, investment quality reports, this document, cable reporting, and systematic monitoring and evaluation of each investment.

We make use of evaluations and this is evidenced through annual investment quality reporting and aid program performance reports (this document) which feed into our design processes. We have invested heavily in developing program managers' capacity to manage strategic evaluations. We are entering the third year of an investment in technical support services that has led to measurable improvements in the quality of our evaluations, greater senior management level engagement in evaluations, and proactive use of evaluations in program management. The evaluation of MAMPU Phase One, for instance, provided us with information on key weaknesses in the program's approach, in particular around strategic engagement with the Government of Indonesia, which we are now addressing as we move into Phase Two through strengthening the program's governance mechanisms.

While there is evidence of the use of evaluations in planning and program management, timely publication of evaluations continues to be a challenge. The forward evaluation pipeline is presented at Annex C, in addition to evaluations completed in 2015-16. Planned evaluations focus on programs for which extensions are being considered as well as assessing outcomes of several large investments now coming to an end.

Although scores on women's empowerment and gender equality improved from 69 per cent in 2015-16 to 73 per cent in 2015-16, this remains below the Departmental target (requiring 80 per cent of all investments to score satisfactorily on this criterion by 2017). There has been a sustained effort to strengthen our effectiveness in gender equality, including through analysis of our performance and identification of persistent obstacles to improvement. We developed a gender action plan which contains concrete steps. Some of these steps have already been taken including improving our network of gender focal points and using the network to improve reporting on gender-based results in the aid quality check process. We have integrated gender into the PAF, met with implementing partners to agree strategies for improvement, and accessed advice from gender equality advisers including training at Jakarta Post. More work is required and this is outlined in our management response on page 24.

There has been an increase in the involvement and engagement of disabled peoples' organisations and people with disabilities in program implementation. We have strengthened our disability focal point network, established a working group and undertaken training at Post. Our ratings demonstrated that while



satisfactory involvement of people with disabilities in planning, implementation and monitoring and evaluation remained at 38 per cent, satisfactory participation and inclusion increased from 38 to 44 per cent.

## ANALYSIS OF AID QUALITY CHECKS (AQCS)

A total of 37 Aid Quality Checks (AQCs) and Final Aid Quality Checks (FAQCs) were completed in early 2016 as part of the annual aid program performance cycle. Full ratings are provided in Annex D. Scores improved or remained stable for all criteria except risks and safeguards – in response we have implemented a more thorough and systematic risk management system. As in previous years, more could be done to improve monitoring and evaluation systems. A notable increase in scores for both relevance and sustainability highlight the strong alignment of continuing programs with the AIP and the fact that Australia is increasingly focussed on building the capacity of partners within the Indonesian system.

All AQCs and FAQCs requiring moderation were chaired by members of the Senior Executive Service or directors (Executive Level 2 officers). Gender advisors reviewed 25 of the AQCs and FAQCs to ensure robustness of scores and narratives. We also used an independent moderator from outside the program for 24 AQCs and FAQCs and have been commended for the consistency of our ratings and use of evidence to substantiate claims. One investment was identified as requiring improvement in 2015-16. This was a joint endeavour with DFAT's innovationXchange and USAID's Development Credit Authority and follow-up activities are currently under discussion. Previous investments identified as underperforming (the Knowledge Sector Initiative or KSI, the Australia-UNICEF Rural and Remote Education Initiative for the Papuan Provinces, and Building Relations through Intercultural Dialogue and Growing Engagement Phase II) have all improved in effectiveness following concerted efforts and remediation plans. KSI, which is now a high-performing program, reflects some of the difficulties in the start-up phase of complex governance investments as well as the value of external reviews. A mid-term review conducted in 2015 identified serious weaknesses and resulted in the program overhauling its management team, widening engagement with senior stakeholders, and trialling new approaches. In January 2016, a follow up review found that the program was back on track to achieve its ambitious objectives.

## PERFORMANCE OF KEY DELIVERY PARTNERS

Our assessments found that key delivery partners performed effectively during 2015-16. The majority of our ODA in Indonesia continues to be delivered through commercial suppliers, and a significant amount is delivered through international and multilateral organisations. Thirty-one Partner Performance Assessments were completed for agreements valued at over AUD3 million in 2015-16. This includes 19 agreements with commercial suppliers and 12 with multilateral banks and international organisations.

Ratings increased overall, with most now rated satisfactory, but there is still room for improvement. Priorities for 2016-17 are to realise greater value for money in investments with commercial suppliers and multilateral banks, and to continue to ensure gender, disability, environmental safeguards and child protection are embedded in program implementation.

Performance of **commercial suppliers** remains strong, with management of all seven major agreements rated satisfactory. Commercial suppliers generally provided access to international expertise, managed program risks well, achieved milestones, and responded flexibly and rapidly to meet Australian Government priorities. Partners that did not achieve consistently high performance in 2014-15 made improvements this year.

**Multilateral development banks**, including the Asian Development Bank and World Bank implement seven large investments on behalf of the Australian Government. Overall they managed Australia's investments satisfactorily. Both responded to areas identified as requiring improvement last year. The focus for this year is to continue to build recognition of Australian-supported reforms and to strengthen collaboration on policy dialogue.



Australia works with **international and multilateral organisations** such as The Asia Foundation, the World Health Organization and UNICEF on specific areas, such as strengthening local civil society, understanding regional health security and addressing challenges to remote education. Australia's partnerships with the Global Fund for HIV, Tuberculosis and Malaria, and Gavi, the Vaccine Alliance supported the sustainability of health gains in the region. In 2015 Australia entered into a partnership with the World Bank to facilitate the transition of programs supported by the Global Fund and Gavi in Indonesia to full domestic financing. The Global Fund is the largest external health donor to Indonesia. Its investments have enabled scale-up of prevention, diagnosis and treatment of all three diseases. Gavi will introduce three new vaccines over the next 12 months: Measles/Rubella, Japanese Encephalitis and HPV.

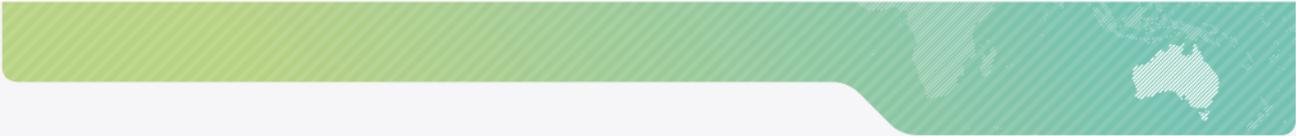
Local **civil society, faith-based and grassroots organisations** are important stakeholders in Indonesia. Through partnerships with government and civil society, we support a strong advocacy and service delivery role for civil society. Implementing partners such as The Asia Foundation as well as managing contractors work with a large number of local groups. In total Australia directly supported 54 national Indonesian NGO partners in 2015-16, and indirectly supported a further 233.

Our development program in Indonesia involved more than 20 **Australian Government agencies** in 2015-16, partnering with their Indonesian counterparts to share lessons and build capacity, including the Departments of Finance, Treasury, Agriculture, Health and Education, and CSIRO, Geoscience Australia, the Australian Federal Police, the Australian Taxation Office, and NSW Rural Fire Service.

# 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?	For emerging/ongoing risks provide a Risk Rating (low, medium, high, very high)
The bilateral relationship deteriorates (due to factors outside the program's control), impacting our ability to deliver on the economic partnership.	The bilateral relationship was strong over the past year. We have improved our communication.	We will continue to build strong relationships with key Indonesian Government counterparts to deliver an effective, efficient and resilient aid program.	Medium
Non-compliance with DFAT policies so that program outcomes are put at risk.	Ongoing monitoring of due diligence (fraud, child protection), gender, disability and other policies.	We will improve oversight of compliance through more structured monitoring visits and reporting. We will track risk registers, in particular for non-compliance risks.	Medium
Staff capacity and expertise decreases, jeopardising the effective delivery of the program.	We invested significantly in training on all aspects of program development and management. We also invested in staff communication, coordination, and teamwork, including more effective desk-post teamwork.	This is an ongoing risk which will continue to receive senior management attention – see management responses for more detail.	High
A natural disaster or a terrorist attack impacts on our ability to deliver on our investments.	Our investments acknowledge Indonesia's vulnerability to natural disasters and the global threat of terrorism.	This is an ongoing risk and individual plans will continue to be updated as appropriate.	Medium



## MANAGEMENT RESPONSES

Management responses identified in the 2014-15 APPR focussed on putting the Aid Investment Plan into practice. Three were achieved and three remain a work in progress (see Annex A). This year we will focus on ensuring that our investments provide relevant and quality policy advice and technical assistance. Equally important will be increasing our efforts to measure and communicate the results of our policy advice and technical assistance to Australian and Indonesian stakeholders.

We will:

1. Continue to reorient our investments to provide the quality of assistance which earns us the position as Indonesia's partner of choice.

Design priorities in infrastructure and economic governance identified last year progressed well in 2015-16 but will continue in 2016-17. Strong teams using Canberra and Post-based staff are in place but a significant design load needs to be resourced throughout 2016-17.

We will provide sustained management attention to make sure designs:

- Align with Australian and Indonesian strategic interests;
- Are completed efficiently with sufficient resources; and
- Identify implementation arrangements appropriate for the number of staff we have to manage them.

2. Further improve the program's gender equality outcomes.

While our gender equality scores improved since last year from 69 per cent to 73 per cent, and we put in place a gender action plan in 2015-16, our aid quality check scores show that many of our programs in which gender equality is not a primary objective are not yet meeting expectations.

We will:

- Continue to prioritise our reinvigorated gender focal point network and schedule cross-program regular roundtables with staff and implementing partners to share lessons across the program, particularly from high performing gender programs such as MAMPU and on priority areas such as women's economic empowerment;
- Develop and implement plans to improve gender equality outcomes in investments which were less than satisfactory in aid quality check gender scores, especially in the economic governance, infrastructure, humanitarian and education sectors;
- Appoint a gender champion from senior management at post to help drive coordination on development across the three branches; and
- Undertake at least one cross-program assessment of options to further strengthen our contribution to advancing implementation of the DFAT Gender Equality and Women's Empowerment Strategy.

3. Invest in our staff's ability to deliver quality technical advice.

Efforts in 2015-16 to recruit, train and mentor our staff are paying off but this year we will focus on ensuring our Australian and locally engaged staff are better equipped to deliver, and support implementing partners to deliver, relevant, responsive and quality policy advice and technical assistance.

We will:

- Provide training and mentoring to staff to enable them to more strategically manage programs providing policy advice and technical assistance while maintaining Australian Government engagement with Indonesian partners. This will require investing in staff's expertise in relevant technical areas as well as building their relationship management skills; and
- Continue to ensure that Desk and central aid management areas in Canberra provide adequate ongoing support in key areas including procurement and contracting.



4. Improve our ability to measure our results in policy advice and technical assistance.

Finalising our Performance Assessment Framework was a significant achievement in 2015-16. A number of indicators require us to measure significant policy change.

In 2016-17 we will:

- Develop a system to collect rigorous and complete data on our policy impact including a cross-program team to assess the significance of the change for Indonesia's and Australia's national interests and the level of Australia's contribution to this change; and
- Given many of Australia's programs in other countries are shifting to economic partnerships, we will share lessons learned in developing this system with relevant areas of DFAT.

5. Increase the effectiveness of our communications

While we increased our social media presence last year, our efforts in 2016-17 will focus on improving our ability to explain to Australian and Indonesian stakeholders why we have an economic partnership and what we are achieving through our policy advice and technical assistance. Increasingly, we will not be able to rely on statistics showing numbers of schools or roads constructed.

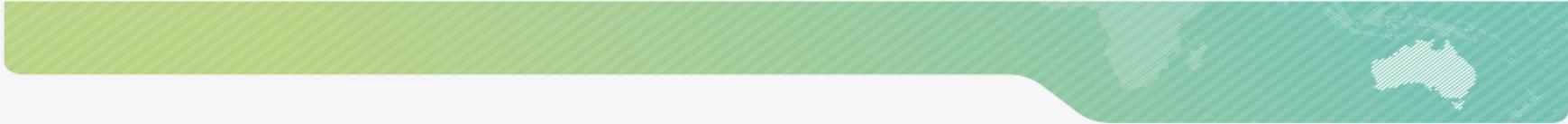
We will nuance our approach to our communications by:

- Packaging the data collected under Management Response 4, above, to use in a range of communications products;
- Sharpening our economic partnership narrative and proactively seeking opportunities to reach Australian and Indonesian stakeholders; and
- Reconsidering the branding of our program so it is more appropriate to an economic partnership.

## ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT RESPONSES

Describe progress made against management responses in 2014-15 report

Management responses identified in 2014-15 APPR	Rating	Progress made in 2015-16
Reorient our investments in line with the AIP	Partly Achieved	In 2015-16 we shifted our portfolio of investments to align with the AIP. The 40 per cent budget reduction focussed our attention on priority areas and consolidation. The largest shift has been a move away from building infrastructure (roads, schools) to supporting technical advice to improve the quality of Indonesian-funded infrastructure. In line with the AIP, we have closed our major health initiatives and reduced our disaster preparedness and law and justice programs. We are focussed on more targeted engagement with key stakeholders, including measuring our impact on changes to Indonesian policy. Management changes have also occurred. Canberra's Indonesia Desk now leads on design support and design pipeline monitoring. A Design Mission (involving ACD) took place in May 2016. It will take time to fully embed our new approach.
Finalise a performance framework and focus on quality	Achieved	Our PAF has been finalised and reflects the shift in our program to policy advice and influence. Quality was a focus during the annual Investment quality reporting round, with moderations led by an external moderator from Canberra and an emphasis on evidence. Other activities supporting program quality at Post include: field quality checks; conducting a review to understand the implementation difficulties common to the first 18-months of investments, and producing guidelines in May 2016; agreeing a new contract with a managing contractor to provide ongoing design and evaluation support.
Improve the program's gender equality and disability-inclusive outcomes	Partly achieved	Gender has been mainstreamed in the PAF. We saw an increase in scores for gender in the AQCs but we remain below the 80 per cent target. To ensure we meet the target, a Gender Action Plan was finalised in March 2016 and was updated in August 2016 following results from the AQCs and consultations with lower-scoring investments. The Gender Focal Point network has been reinstated and meets quarterly. A new forum for sharing lessons and experience has been established, with roundtables for both DFAT staff and managing contractors led by a Minister-Counsellor held three times per year. Post organised several successful events for International Women's Day. On disability-inclusive development, we increased the involvement and engagement of disabled peoples organisations (DPOs) and people with disabilities (PwD) in programs. Although scores for one disability question in the AQCs improved, less than half of our investments scored satisfactorily.

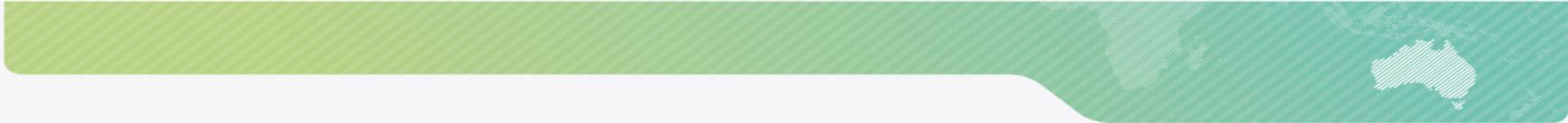


Strengthen policy engagement by civil society	Achieved	Several of our programs have very strong civil society networks and have made progress in linking these groups with the Indonesian Government's policy processes. For instance, Disabled People's Organisations and people with disabilities were supported by our AIP-Justice and Peduli programs to be closely involved in drafting and advocating Indonesia's new Disability Law, enacted in March 2016. Also, through the MAMPU program, we supported the NGO Migrant Care to develop a model of institutional arrangements for villages which ensured better information for, and reintegration of, migrant workers (recognising that many Indonesians travel to work in other provinces or countries).
Invest in our staff and access to quality expertise	Achieved	In January 2016, we implemented a new governance mechanism to oversee the aid program. This involves a monthly meeting (Aid Management Meeting - AMM) of all SES staff (4 in Jakarta and 3 in Canberra). The AMM ensures better alignment of management decisions between Jakarta and Canberra and has already resulted in clearer decision-making processes. Post arranged training and technical workshops for staff and implementing partners, including: fraud training and the initiation in November 2015 of a fraud support group; risk management workshop at post and specialist training in Canberra for Post's risk officer and unit manager; child protection training; regular procurement training (new starter and refresher); governance and political economy analysis training; and regular Aidworks training. Intensive design training was also held. Staff also attended training outside Jakarta on gender and markets for the poor, both held in Bangkok.
Improve our communications	Partly achieved	In 2015-16, we better integrated our programs into the Embassy's public diplomacy agenda, with increased coverage by the Embassy's Twitter and Facebook pages, and joint events on social media, Corporate Social Responsibility, child protection and photography, and alumni. We have redesigned our Back to Office Report process to extract better stories from site visits, which in turn feed into Embassy media. The new Embassy organisational structure has also resulted in more integrated messaging, including through political and economic calls with Indonesia and regular regional visits. We explored more innovative ways to communicate our achievements, including infographics, geo-maps, and program-level Twitter accounts (such as MAMPU). To better communicate our achievements to an Australian audience, seven of our programs are participating in the DFAT Aid Communications Pilot and we have undertaken a thorough update of Indonesia program pages on the DFAT website. We need to better use evidence to explain how our programs have contributed to poverty reduction efforts and improved policy in Indonesia.

**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- PROGRESS TOWARDS PERFORMANCE BENCHMARKS IN 2015-16

Aid objective	2015-16 benchmark	Rating	Progress
<b>Effective Economic Institutions and Infrastructure</b>	1300km of roads constructed, rehabilitated or maintained	Not Rated	The target was not adopted in the Performance Assessment Framework, noting that it was more relevant to the direct service provision outcomes of our previous aid program.
	Improvements to market efficiency, regulation and financial systems	Achieved	Both interim 2015-16 targets were achieved. Australia supported Indonesia to pilot a risk-based approach to tax auditing and assisted in developing tax risk assessment tools, and the pilot is now in a second phase. We supported a review of financial sector needs for enabling economic growth, and are working with Indonesia to address priority areas.
	18,000 farmers, in particular women, with increased incomes through private sector investment	Achieved	A total of 18,567 smallholder farmers were supported to increase incomes through private sector investment. Of these, 7,982 were female, 8,967 were male and there was no gender data available for 1,618 beneficiaries.
<b>Human Development for a Productive and Healthy Society</b>	1.09 million women and men with improved access to safe water and basic sanitation	Partly Achieved	Australia connected 490,042 people to improved water and sanitation services. The 2015-16 target was partly achieved as we stopped directly funding water connections through the Water Hibah program and transitioned to providing technical assistance to help the Indonesian Government deliver its own IDR500 billion program which replicated Australia's incentive-based model. Our technical assistance contributed to an additional 640,000 people gaining access to improved water and sanitation services.
	2,000 additional births attended by a skilled birth attendant	Not Rated	The target was not adopted in the Performance Assessment Framework.
	23,760 new school places created	Not Rated	The target was not adopted in the Performance Assessment Framework.



<b>An Inclusive Society Through Effective Governance</b>	180 additional groups of people, especially women and marginalised groups, participate in activities to improve policy	Achieved	757 women’s groups were established, greatly exceeding the target. The target was based on an expected decrease in the formulation of new groups; however, in response to local conditions, civil society partners succeeded in organising women’s groups in additional areas.
<b>Strategic Program Management</b>	74 percent of investments effectively address gender equality in implementation	Partly Achieved	There were improvements in addressing gender equality, but with 73 per cent of investments rated satisfactory in 2015-16, the target was missed by one percentage point. Further work is underway through the Gender Action Plan to achieve the target of 80 per cent rated satisfactory by 2017.
	40 percent of total spend where gender is a significant objective	Not Rated	The target was not adopted in the Performance Assessment Framework.

**Note:**

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

## ANNEX C- EVALUATION PLANNING

List all evaluations and reviews completed in the reporting period.

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INJ122 Australia Indonesia Partnerships for Decentralisation	Independent completion review	August 2015	December 2015	August 2016	September 2016
INK886 Australia Indonesia Grants for Municipal Sanitation	Progress review	May 2016	July 2016	September 2016	September 2016
INI422 AIFDR – Geoscience Risk and Vulnerability Program	Completion review	March 2016	July 2016	August 2016	September 2016
INK714 MAMPU	Midterm Evaluation	September 2015	September 2015	October 2015	May 2016
INJ648 Australia’s Education Partnership	Annual Partners Performance Review	May 2016	July 2016	July 2016	August 2016

## List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Eastern Indonesia National Road Improvement Project final evaluation	ING633 Eastern Indonesia National Road Improvement Project (EINRIP) and ING406 EINRIP – Implementation, Planning & Support Facility	September 2016	December 2016	Assess performance and document achievements and lessons learned. Distil and disseminate valuable learning	ODE
Australia’s Education Partnership independent completion	INJ498 Australia’s Education Partnership	August 2016	October 2016	Demonstrate results Verify performance	DFAT-led
Australia Indonesia Partnership Rural Economic Development Program mid-term review	INJ498 Australia Indonesia Partnership Rural Economic Development Program	September 2016	November 2016	Demonstrate results Verify performance Improve existing investment	DFAT-led
Preparation of concept note for KSI phase 2 and assessment of achievements to date	INK640 The Knowledge Sector Initiative	September 2016	April 2017	Assessment of KSI achievements to date	Joint with KSI
Indonesia Infrastructure Initiative Phase 2 Impact Assessment	INH582 Indonesia Infrastructure Initiative Phase 2	4th quarter 2016	February 2017	Verify performance and inform new design	DFAT-led

## ANNEX D- AID QUALITY CHECK RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings are included.

Investment	Investment Name	Approved budget and duration	AQC Year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk management	Innovation
ING633	Eastern Indonesia National Road Improvement	\$300,000,000.00 2007 - 2016	2016 AQC	6	5	5	6	4	4	5	n/a
			2015 AQC	6	5	4	5	4	4	5	5
INJ498	AIP Rural Economic Development Program	\$112,000,000.00 2010 - 2019	2016 AQC	6	5	4	6	5	5	6	n/a
			2015 AQC	6	4	4	5	5	5	5	6
INL486	RMCP - Red Meat and Cattle Partnership	\$41,147,459.55 2013 - 2024	2016 AQC	5	3	4	3	4	3	5	n/a
			2015 AQC	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
INL710	Development Credit Authority	\$3,000,000.00 2015 - 2015	2016 AQC	4	3	3	3	4	4	5	n/a
			2015 AQC	5	5	5	5	5	5	5	6
INL812	Disaster Response and Preparedness in Indonesia	\$19,000,000.00 2015 - 2018	2016 AQC	5	4	4	4	4	3	4	n/a
			2015 AQC	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
INJ247	Scholarships Jakarta ADS - Intake 2011	\$116,542,674.79 2010 - 2018	2016 AQC	6	5	5	6	5	6	5	n/a
			2015 AQC	5	5	5	5	5	5	5	4
INJ648	Australia's Education Partnership	\$381,323,820.31 2010 - 2017	2016 AQC	5	5	4	5	4	4	5	n/a
			2015 AQC	4	4	4	6	3	3	5	3
INL086	UNICEF Papua Rural & Remote Education	\$8,736,364.00 2014 - 2016	2016 AQC	5	5	4	5	4	4	5	n/a
			2015 AQC	4	3	3	4	3	4	4	4
INL131	Australia Awards in Indonesia	\$67,957,418.70 2014 - 2018	2016 AQC	6	5	5	6	5	6	5	n/a
			2015 AQC	5	5	5	5	5	5	5	4
INK495	Prison Reform in Indonesia Phase III	\$3,644,964.00 2012 - 2016	2016 AQC	5	4	4	3	5	5	3	n/a
			2015 AQC	6	5	5	4	5	4	5	4
INK532	Institutional Design Capacity Building Initiative	\$6,436,737.53 2012 - 2017	2016 AQC	6	5	5	5	4	5	5	n/a
			2015 AQC	5	5	5	4	5	4	5	3
INK640	AIP 4: The Knowledge Sector Initiative	\$64,517,659.28 2012 - 2017	2016 AQC	5	4	4	4	5	4	5	n/a
			2015 AQC	5	3	3	3	4	4	5	4

INK714	Empowering Indonesian Women for Poverty Reduction	\$108,344,879.45	2016 AQC	6	5	5	5	5	6	5	n/a
			2012 - 2020	2015 AQC	6	5	5	5	4	5	5
INL631	Governance for Growth KOMPAK	\$81,000,000.00	2016 AQC	6	4	4	4	5	5	5	n/a
			2015 - 2018	2015 AQC	n/a						
INH251	Australia-Indonesia Partnership for HIV	\$128,706,191.25	2016 AQC	5	5	4	5	4	4	5	n/a
			2007 - 2016	2015 AQC	5	5	4	4	4	4	4
INL808	AIP-Emerging Infectious Diseases 2015-2018	\$9,900,000.00	2016 AQC	5	4	4	4	4	3	5	n/a
			2015 - 2018	2015 AQC	n/a						
ING406	AIPRD: EINRIP - Impl,Planning&Support Facility	\$35,684,698.35	2016 AQC	6	5	5	6	4	4	5	n/a
			2005 - 2016	2015 AQC	6	5	4	5	4	4	5
INH582	Indonesia Infrastructure Initiative	\$237,927,329.61	2016 AQC	5	5	4	4	5	4	4	n/a
			2007 - 2017	2015 AQC	6	5	5	4	4	4	5
INH848	AIP for Economic Governance (AIPEG)	\$59,551,425.75	2016 AQC	6	5	4	3	4	4	4	n/a
			2008 - 2017	2015 AQC	6	5	4	4	5	4	4
INJ137	Australia Indonesia Partnership for Justice	\$59,812,438.72	2016 AQC	5	4	4	3	5	5	3	n/a
			2009 - 2016	2015 AQC	6	5	5	4	5	4	5
INJ149	Water and Sanitation Hibah Phase 2	\$119,656,290.00	2016 AQC	5	5	4	5	6	3	5	n/a
			2009 - 2018	2015 AQC	6	5	5	5	5	3	5
INJ689	Government Partnership Fund Phase (GPF) II	\$114,225,017.49	2016 AQC	6	4	4	4	4	3	4	n/a
			20111 - 2017	2015 AQC	6	5	4	4	5	3	4
INK886	SAIG- Infrastructure Grants Municipal Sanitation	\$40,000,250.00	2016 AQC	4	4	4	4	3	4	4	n/a
			2012 - 2018	2015 AQC	6	5	5	5	5	3	5
INK993	PAMSIMAS-2	\$49,950,000.00	2016 AQC	5	4	5	5	4	4	5	n/a
			2013 - 2018	2015 AQC	4	5	5	5	5	4	5
INL032	Democratic Governance Support	\$9,500,000.00	2016 AQC	5	5	4	4	4	4	3	n/a
			2014 - 2016	2015 AQC	n/a						
INL082	MDB Infrastructure Assistance Program	\$45,500,000.00	2016 AQC	5	4	4	3	4	4	5	n/a
			2013 - 2019	2015 AQC	5	4	4	4	4	4	5
INL337	Provincial Road Improvement & Maintenance (PRIM)	\$16,929,917.47	2016 AQC	6	4	4	5	4	4	5	n/a
			2014 - 2016	2015 AQC	5	3	4	4	4	3	5
INK331	Support Enhance MacroEc&Fiscal Policy Analysis	\$5,082,600.82	2016 AQC	4	4	4	4	4	3	3	n/a
			2011 - 2018	2015 AQC	5	5	5	5	5	4	3

INL084	Australia-Indonesia Security Cooperation (AISC)	\$4,000,000.00 2013 - 2016	2016 AQC	5	4	3	2	4	3	4	n/a
			2015 AQC	n/a							

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

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

Less than satisfactory (1, 2 and 3)

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

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

## FAQC RATINGS

Final AQC's assess performance over the lifetime of the investment (ratings are not compared to previous years).

Investment	Investment Name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk management
INH545	Enhanced Australian Response	\$4,345,156.29 2007 - 2015	5	5	5	4	4	4	4	5
INJ859	Building Relation through Intercultural Dialog 2/3	\$6,095,127.00 2011 - 2018	4	4	4	3	4	4	4	4
INI506	National Program for Community Empowerment	\$232,959,653.29 2009 - 2018	5	6	5	5	4	4	5	5
INJ244	Poverty Reduction and Social Protection Support	\$142,213,591.75 2010-2015	5	6	5	5	5	5	4	5
ING821	AIP MNH Program	\$87,440,182.75 2006 - 2015	5	6	5	5	4	5	4	5
INJ509	AIP for Emerging Infectious Diseases Program	\$21,987,486.63 2010 - 2015	5	6	5	4	5	4	3	5
INK378	AIP for Health Systems Strengthening (AIPHSS)	\$30,776,042.19 2012 - 2016	4	5	4	4	3	5	3	5
INI035	The Indonesia Project (ANU)	\$7,555,517.00 2008 - 2016	5	5	4	5	4	4	3	5

### Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

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

Less than satisfactory (1, 2 and 3)

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

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

## ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

### Indonesia Performance Assessment Framework 2015/16 to 2018/19

Indonesia Performance Assessment Framework 2015/16 to 2018/19	
<b>Objective 1: Effective Economic Institutions and Infrastructure</b>	
1. Improvements in infrastructure and the economic environment	1. Amount of funding (public and private) leveraged for Indonesian Investments from Australian infrastructure projects, investment and advice
	2. Distance (km) of roads constructed, rehabilitated or maintained (ADR)
2. Private sector development, reform of markets and improved financial systems	3. Improvements to market efficiency, regulation and financial systems
	4. Number of smallholder farmers, in particular women, with increased incomes through private sector investment
	5. Number of women and men trained in areas related to economic governance
	6. Increased engagement with private sector organisations for pro-poor development
	7. Improved spending and revenue policies and practices of central and sub-national governments
	8. Number of districts with improved public financial management policy and practice
3. Enhanced quality of government spending	
<b>Objective 2: Human Development for a Productive and Healthy Society</b>	
4. Improved access to services for all	9. Number of women and men with improved access to safe water and basic sanitation
	10. Number of women survivors of violence receiving services
	11. Number of additional poor women and men able to access social transfers (such as cash or in kind transfers including food)
5. Improved quality of practices and personnel in services	12. Number of poor women and men with increased access to financial services
	13. Number of female and male service providers who used technical skills to support better quality services
	14. Number of female and male Australian Awards awardees who completed their course in the previous year
	15. Percentage of female and male alumni who used their technical or specialist knowledge and skills in performing their work duties
6. Improved service systems	16. Number of districts that made improvements in service delivery practices and policies
	17. Number of service units that have improved institutional and organisational capacity to address frontline service needs
<b>Objective 3: An Inclusive Society Through Effective Governance</b>	
7. Increased participation, especially by women, in household, community and government decisions	18. Number of people, especially women and marginalised groups, who participate in activities to improve policy
	19. Number of management committees in which women are equally represented
8. Improved responsiveness of public institutions to community, especially to women	20. Number of DFAT-supported online platforms that improve transparency and responsiveness of public institutions
9. More inclusive and evidence-informed policy and programs	21. Number of significant instances where DFAT support resulted in improved policy
<b>Objective 4: Strategic Program Management</b>	
10. Achieve corporate and cross-cutting program goals	22. Reduce the number of individual investments to focus efforts and reduce transaction costs
	23. Percentage of active investments receiving a monitoring visit this year
	24. Percentage of investments assessed as effectively addressing gender equality in implementation