



**Australian Government**

**Department of Foreign Affairs and Trade**



# **AID PROGRAM PERFORMANCE REPORT 2018-19**

Indonesia Program

September 2019



## KEY MESSAGES

Indonesia is one of Australia's most important bilateral relationships. As close neighbours, we share key strategic, security and economic interests, and Indonesia's continued prosperity and stability is fundamental for our shared global future<sup>i</sup>. 2018-19 marked an elevation of our bilateral relationship with the finalisation of the Comprehensive Strategic Partnership (CSP) and signing of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA). These major achievements provide a platform for greater strategic cooperation in our region as well as increased trade, investment and economic opportunities for both countries.

Australia's longstanding development cooperation with Indonesia is a vital part of the relationship, targeting areas of strategic importance to our shared interests. While Indonesia's economy continues to grow, it faces challenges in infrastructure, skills and institutions that threaten the rate and sustainability of growth. Indonesia has a limited window to harness its demographic advantage by creating productive jobs for its young population. However, economic growth has been constrained by structural weaknesses, including low tax revenues, shallow financial markets, and labour and product market rigidities<sup>ii</sup>. Australia works in partnership with Indonesia, sharing experiences, ideas and expertise to help address Indonesia's development challenges and inform new approaches for inclusive economic growth.

This report assesses the performance of Australia's development program in Indonesia from July 2018 to June 2019 against the Indonesia Aid Investment Plan (AIP) 2015-2019. The AIP has three key development objectives: (1) effective economic institutions and infrastructure; (2) human development for a productive and healthy society; and (3) an inclusive society through effective governance. The AIP is under review, and we will work with stakeholders in Australia and Indonesia on the next phase of our development partnership to align with the release of Indonesia's own medium-term development plan in 2020.

### **Effective economic institutions and infrastructure**

Building economic resilience is critical for Indonesia's sustainable economic growth. Australia is a trusted partner with over 40 years of engagement with Indonesia in economic and infrastructure reform. Australia's technical assistance has helped Indonesia reduce its administrative costs by over AUD1.7 billion resulting in more national budget for investment in social, economic and infrastructure programs. Australia has helped Indonesia plan, budget and access multilateral loans, leveraging over AUD2 billion to finance priority infrastructure. Indonesia has committed AUD50 million from its national budget to roll-out an Australian funded pilot to incentivise better provincial and district road maintenance.

### **Human development for a productive and healthy society**

Investment in human development sets the foundations for inclusive economic growth, improving livelihoods to lift people out of poverty and engage productively in society. Indonesia's national poverty rate fell below 10 per cent for the first time in 2018. Australia's assistance directly supported this reduction in poverty by helping Indonesia expand social protection to more than nine million poor and vulnerable Indonesians. Through our education support, we have helped one million madrasah teachers to access quality professional development programs to help improve student learning outcomes. Australia's assistance improved water access to 5.7 million people, including 12,567 people living with disability.

### **An inclusive society through effective governance**

Australia is helping Indonesians access services and economic opportunities wherever they live. Australia supported 311 target villages provide more health, education, and basic infrastructure services through improved planning and budgeting. Australia helped increase women's participation in 200 newly formed village groups responsible for making development and budgeting decisions at the local government level. To ensure marginalised groups are not left behind, Australia improved access to legal identity documents for 4,427 people with disabilities that are essential for Indonesians to access government services.



## CONTEXT

There have been significant milestones in the bilateral relationship over the reporting period. Prime Minister Morrison's first overseas visit was to Indonesia in 2018, and together with President Widodo he elevated our bilateral relationship to a Comprehensive Strategic Partnership (CSP). The CSP provides a framework for enhanced cooperation to further our shared vision of a peaceful, prosperous and resilient Indo-Pacific region.

The signing of the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) in March 2019 advances the economic ties between our nations to unlock the vast potential of our bilateral economic partnership. Australia will establish an economic cooperation package to implement a program of policy advice and activities after IA-CEPA enters into force. Australia and Indonesia also reaffirmed their commitment to enhanced cooperation on maritime issues, signing the Maritime Cooperation Plan of Action for 2018-2022, and agreeing to a new Maritime Capacity Building Initiative (MCBI).

2018 marked 20 years of democracy in Indonesia. Against this backdrop, Indonesia held presidential and legislative elections in April 2019. Over 158 million Indonesians voted to fill over 20,000 legislative seats across four levels of government, plus the presidency, in the largest single-day election anywhere in the world. Despite small-scale protests following the announcement of results, research showed that at least 68 per cent of Indonesians believed the recent elections were conducted fairly and since 2012 there has been an increase in public support for democracy with 82 per cent of people saying it is the best form of government (up from 56 per cent in 2012). However, Indonesia's democratic system is not without challenges. The study also showed a decline in some indicators of the quality of democracy.<sup>iii</sup>

The election results saw President Joko Widodo return for a second five-year term. He pledged a continued focus on infrastructure development and greater investment in Indonesia's human capital as a new priority. According to the World Bank's Human Capital Index (HCI)<sup>iv</sup>, Indonesia ranks lower than the average for South East Asia and is lower than expected for its income level. One in three children under five years of age suffers from stunting that can impair childhood cognitive development, and 55 per cent of Indonesian students who finish their education are functionally illiterate, missing out on the skills needed to succeed in the workforce.<sup>v</sup> This poses a significant potential constraint to Indonesia's future productivity.

Structural and social barriers continue to entrench gender inequality and reduce women's meaningful participation in Indonesia's growth. Indonesia ranked 85 out of 149 on the World Economic Forum's Global Gender Gap index in 2018, where women scored lower on indicators of wellbeing. Women secured 20 per cent of seats in Parliament in the 2019 national elections. This was an increase from 17 per cent in 2014 but is still below the 30 per cent official quota. Women continue to be more vulnerable to poverty, have less access to basic services, face barriers to workforce participation, are discriminated against, and vulnerable to sexual and gender-based violence. Our work must continue in partnership with Indonesia to advance women's empowerment and meaningful participation, and address gender inequality as a priority.

It was a particularly bad year for disasters in Indonesia during 2018. Over 4,600 people were killed as a result of natural disasters, compared to 378 in 2017, the most in any single year since the 2004 tsunami.<sup>vi</sup> The disasters in Lombok and Central Sulawesi had a substantial economic impact, costing \$860 million<sup>vii</sup> and \$3.9 billion respectively<sup>viii</sup>, and it will take years for communities to rebuild and recover from the emergencies. This is a clear reminder of the ongoing downside risks in Indonesia and the power of disasters to wipe away development gains.

In 2018-19, Australia provided AUD331.6 million in Official Development Assistance (ODA) to Indonesia. Australia is the fifth largest donor to Indonesia (after Japan, Germany, the United States, and France), and the second largest grant donor. Australia's support remains a valuable source of advice and expertise for the Indonesian Government. In 2019, the Indonesian Vice President, Finance Minister and Minister for Development Planning all wrote to the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into Australia's development program and reaffirmed that our development partnership is highly valued in supporting policy development and a fundamental element of our bilateral relationship.



## EXPENDITURE

Table 1 Total Australian ODA Expenditure in FY 2018-19

Objective	A\$ million	% of total ODA
<i>Bilateral</i>		
Objective 1: Effective Economic Institutions and Infrastructure	107.0	31.9%
Objective 2: Human Development for a Productive and Healthy Society	114.0	34.0%
Objective 3: An Inclusive Society Through Effective Governance	58.0	17.3%
<b>Sub-Total Bilateral</b>	<b>279.0</b>	<b>83.2%</b>
Regional and Global	49.9	14.9%
Other Government Departments	6.7	1.9%
<b>Total ODA Expenditure</b>	<b>335.6</b>	<b>100%</b>

Our development assistance has halved over the last five years reflecting Indonesia's progress and changes in the way we give aid. Australia is a source of innovation, ideas and expertise to progress reform and trial new approaches to unlock the next phase of inclusive economic growth. We work with Indonesia to catalyse investment and promote effective use of its own resources. In 2018-19, our grants leveraged AUD4.3 billion (more than 15 times our bilateral ODA contribution) from multilateral development banks, the private sector, and the Indonesian Government for infrastructure, social and economic development.

## PROGRESS TOWARDS AIP OBJECTIVES

In 2018-19, Australia made strong progress to maintain green ratings for all three Aid Investment Plan (AIP) objectives (see table 2) and assessed nine of the eleven outcomes of our Performance Assessment Framework (PAF) as on-track and performing as expected. Despite some good results for marginalised groups (Outcome 9) and environmental governance (Outcome 10), these areas have not fully met expectations and continued an amber rating from last year. Management actions have been reviewed and updated as part of a concerted effort to improve performance (see page 24).

Australia's aid program in Indonesia is meeting the Australian Government's strategic performance framework targets. In 2018-19 our *aid-for-trade* spend achieved the 20 per cent target, contributing to an improved climate for trade, investment, infrastructure and jobs. For gender equality, performance increased from 83 per cent to 85 per cent of investments effectively addressing gender equality as rated through the Aid Quality Check (AQC) process. This increase is largely due to programs establishing and implementing Gender Equality and Social Inclusion (GESI) strategies to address identified gender and social inclusion constraints.

We continue to review the aid program to promote a coherent and manageable portfolio with fewer, larger investments that have in-built flexibility to respond to Indonesia's reform agenda. We are taking steps to further integrate our gender and social inclusion approaches and we are bringing together technical and broader national policy components of our education programs. However, there are opportunities to streamline investments further for improved and efficient management as we prepare for the next AIP.

Work is underway for the next phase of our development cooperation and we have agreed with the Indonesian government to align our next plan with Indonesia's medium-term development plan. We will strategically position our development cooperation to support Indonesia to progress the complex economic, social and structural reforms required to unlock the next stage of inclusive growth. This will draw on consultations with Australian and Indonesian stakeholders, and evaluations and lessons from our current portfolio of investments.

## 1: EFFECTIVE ECONOMIC INSTITUTIONS AND INFRASTRUCTURE



Table 1 Rating of the Program's Progress towards Australia's Aid Objective 1

Objective	Previous Rating	Current Rating
<b>Objective 1 : Effective Economic Institutions and Infrastructure</b>	Green	Green
Outcome 1: Stronger economic institutions	Green	Green
Outcome 2: Infrastructure is better planned, delivered and maintained	Amber	Green
Outcome 3: More jobs and higher incomes, especially for poor households	Green	Green

**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.

The Indonesian economy has performed well in recent years. However, a substantial infrastructure deficit and ongoing structural weaknesses – such as low tax revenues, labour market rigidities, shallow financial markets and trade and investment barriers – mean that the average annual growth rate of 5 per cent continues to fall short of its potential of 6-7 per cent.<sup>ix</sup> Higher growth is needed to achieve Indonesia's development goals and provide quality jobs for its large and expanding working age population.

### Outcome 1: Stronger economic institutions

**Outcome 1 has been rated green, achieving the annual progress milestone of helping Indonesia reduce administration costs to free up more resources for infrastructure and essential services.**

Indonesia has experienced steady economic growth and poverty reduction. However, in order to unlock its economic potential, and avoid the "middle-income trap", Indonesia needs to continue its ambitious path of structural economic reform. In 2018-19, Australia worked with Indonesia to strengthen public finances by introducing administrative efficiencies, continued efforts to modernise the tax system, and improve transparency and public accountability. This has been achieved by providing timely quality advice, including



through government-to-government partnerships that build on over 20 years of Australian assistance since the Asian Financial Crisis.

A significant achievement from our partnerships over the last 12 months has been supporting Indonesian government agencies to benchmark operational costs and identify savings. Australian-funded technical expertise contributed to an improved methodology for Annual Spending Reviews, benchmarking corporate functions across ministries to find ways to improve spending efficiency<sup>x</sup>. Results of the 2018 Annual Spending Review informed the planning and budgeting processes for the 2020 budget for the first time, providing a comparative assessment to identify administrative savings. Overall, spending on administration at the national level declined by 1.2 per cent between 2018 and 2019. This represents a saving of over AUD1.7 billion, allowing for greater investment in social, economic and infrastructure programs.

Indonesia's low tax revenue limits its ability to fund the basic services essential to the development of its human capital. At just 10-11 per cent of GDP, Indonesia's tax ratio is too low to meet the rising infrastructure, economic and social spending needs of a middle-income country. By comparison, Indonesia's regional peers collect taxes around 15 per cent of GDP, and other large emerging countries (BRICS) around 22 per cent. A modern tax system is key to sustaining increased revenue. For Indonesia, this means a complete overhaul of its IT system and better processes for core functions like taxpayer registration, processing tax returns and enforcing tax collections. A modern tax system will also increase the level of trust taxpayers have in the administration, helping to increase the number of people willing to pay tax.

Australia is assisting Indonesia's Directorate General of Tax (DG Tax) to improve efficiency of the Indonesian Government's income generation, a key reform agenda. Indonesia is progressing the digitisation of its existing paper-based core tax system. This is a complex area of reform supported by Australia since 2016. Wholesale transformation of Indonesia's tax system requires a significant change management process across an organisation of nearly 45,000 employees. The Indonesian government recently allocated AUD250 million to appoint a firm to oversee the roll-out of the core tax system, and the Minister for Finance has approved the appointment of a procurement agent. Australia, including through the Australian Tax Office, helped establish a new data-management unit to begin preparations for transition to the new system, and supported tax forms and accounting rules for value-added tax.

The Australian Taxation Office has also been supporting improved compliance and revenue raising through a behavioural 'nudge' campaign. A pilot call centre has been established to target debt recovery and late lodgements, generating several million dollars in revenue.

In August 2018, Indonesia's Finance Minister publicly released Indonesia's first Tax Expenditure Report that was a culmination of over five years of engagement with Australian Treasury. Indonesia is only the second ASEAN country to do so. The report showed that exemptions cost the government AUD14.6 billion a year. The report enables government officials and citizens to scrutinise tax exemptions and evaluate the benefits, providing an important evidence-base for future taxation reform.

Achieving gender parity in Indonesian economic institutions has been a key focus to promote inclusive economic growth and broader distribution impacts. In April 2018, Jakarta's provincial government issued a regulation to allow small and medium enterprises (SMEs) to use home addresses for business registration. By March 2019, out of a total of 16,921 businesses that had registered using a home address, 53 per cent were women-owned businesses. Plans are in place to work towards flexible and family-friendly workplaces, removing gender bias in the tax system; promoting women's leadership in government institutions; and enhancing transparency of gender balance in senior management in private financial institutions.

#### Outcome 2: Infrastructure is better planned, delivered and maintained

**Outcome 2 has been rated green to reflect significant progress in leveraging funding for infrastructure development, including a new road maintenance program approved in the national budget.**

Infrastructure remains a priority for President Joko Widodo as Indonesia faces a USD1.5 trillion infrastructure gap.<sup>xi</sup> Limited and uneven transport across the archipelago are adding to logistical barriers and driving up costs for businesses and the delivery of basic goods and services. The urgent need to address Indonesia's

infrastructure deficit is putting a strain on resources and capacity, bearing the risk that some infrastructure is not well planned or maintained. We use our development assistance to leverage other donor and private sector funds to address Indonesia's large infrastructure financing gap. Australia works through experienced partners, like the multilateral development banks to provide practical support for Indonesia's highest priority infrastructure projects, encourage a pipeline of good quality projects, demonstrate workable models, and leverage additional finance from the private sector, the Indonesian Government and other donors. The banks have extensive, independent infrastructure networks, including Indonesian local and national government agencies.

Over the last 12 months, Australian technical support to key Indonesian ministries helped to prepare, plan, budget and successfully apply for multilateral loans to fund major infrastructure projects<sup>xii</sup>. We provided targeted technical support, that has attracted over AUD2 billion<sup>xiii</sup> of additional finance to help address Indonesia's significant infrastructure gap. The combination of our technical assistance, multilateral loans, and co-funding from the Indonesian government is providing essential infrastructure in rural areas, improving urban water access, and strengthening irrigation systems.

In 2018, Australia partnered with the Indonesian government to maintain and rehabilitate more than 1,479 kilometres of road in Nusa Tenggara Barat province under a pilot to incentivise local governments to maintain their roads and encourage public scrutiny to report on road conditions<sup>xiv</sup>. Under this model, the Ministry of Public Works and Housing verifies the quality of provincial road maintenance, triggering the release of an Indonesian government funded performance grant of up to 40 per cent of maintenance costs. Beyond improving roads, the pilot has strengthened community engagement and each month brings together government, police, road users, businesses, academics and civil society groups to represent views from across the community, including women and marginalised groups. These meetings help monitor emerging road use, condition and safety problems and find timely solutions.

Last year's APPR rated this outcome amber due to delays in the Indonesian government's financial commitment to expand the pilot into a national performance-based road maintenance program. Australia's engagement at the policy level with Indonesia's National Development Planning Agency (Bappenas) and the Ministry of Finance highlighted the success of the pilot in incentivising the often-neglected maintenance of provincial roads. The Indonesia government has since allocated around AUD50 million from the 2019 national budget for the first year roll-out of its new sub-national road maintenance program. Over the next five years, Indonesia plans to implement this program in 28 priority districts across 15 provinces with a proposed allocation of AUD1.5 billion. Australia will continue to provide technical support through technical surveys, collection of road data to help prioritise road maintenance contracts, and training to share lessons from the pilot program.



School children crossing a PRIM road in front of their school in West Lombok, West Nusa Tenggara. Photo: KIAT

Australia continued to support the Directorate General of Highways (DGH) to improve management of Indonesia's vast 47,000km national road network. Australia helped generate evidence and provide advice for DGH's medium and long-term road network plans, as well the establishment of Road Network Planning Guidelines. Australia supported development of new Key Performance Indicators and guidelines to evaluate where sub-national roads should be upgraded to national roads, drawing on refined analytical transport models using traffic surveys. Australia also helped develop a Strategic Asset Management Tool to conduct road lifecycle cost analyses to inform strategic maintenance interventions.

Australia worked with the Jakarta city government to identify safe, efficient, reliable, and cost-effective approaches to urban transport, including the reduction of costly transport subsidies. Analysis and technical advice drew on lessons from other countries' transport systems, and involved consultation with public



transport operators, city government officials, and civil society organisations to identify Jakarta's particular needs.

Addressing gender equality has been a key consideration in our infrastructure support to influence behavioural change and break down institutional barriers. A five-year work plan is guiding action to promote gender equality and social inclusion (GESI) across Australia's infrastructure investments. The requirement to address GESI has been integrated into contracts and training for the Indonesian government and Australian subcontractors. Australia's experience has informed the Indonesian government's own toolkit to promote sustainable and inclusive economic growth through improved access to infrastructure for all people. The toolkit mainstreams GESI and child protection and is being rolled out nationally.

#### Outcome 3: More jobs and higher incomes, especially for poor households

**Outcome 3 has been rated green with strong results in improving the policy settings for the Value-Added Tax, and increasing farm household income through better access to markets and technologies.**

Indonesia's working-age population increases by about 2.5 million each year, the largest increase in the region.<sup>xv</sup> To harness the benefits of a young and growing workforce, Indonesia needs to improve market competitiveness. However, there is currently a skill-mismatch in the labour market.<sup>xvi</sup> Although education enrolment has improved over the last two decades, the quality of education is still not delivering enough job-ready graduates for industry. Addressing this jobs-skills mismatch is particularly important in preparing Indonesia for the projected increase in automation and the digitisation of jobs.<sup>xvii</sup>

Indonesia's services sector is the fastest-growing sector for employment and was the largest contributor to GDP growth in 2018. Australia's assistance informed Indonesia's decision to extend Value-Added Tax (VAT) exemptions on service exports to increase competitiveness and help grow businesses. Over the last 12 months, Australia worked with the Indonesia Services Dialogue, an industry group focused on creating more competitive services, to advocate for an expansion of zero VAT service exports<sup>xviii</sup>. Australia helped by providing analysis that showed revenue from levying a 10 per cent VAT on services exports was significantly lower than the benefits of increased trade by removing VAT. This evidence informed the Ministry of Finance's new regulation to expand the range of VAT-exempt services to information technology, research, international transportation rental services, consultation and communications.

Australia works to help improve the Indonesian business environment by supporting more open trade and investment, improving regulations, and encouraging greater government efficiency. Excessive red tape hinders the growth of small and medium sized enterprise development. At the national level, Australian technical support helped reduce the number of business licenses required to start a new business from 537 to 273, and the number of "non-licenses", such as letters of recommendation, from 362 to 215.

Construction permits are one of the most frequently requested permits in Jakarta and one of the most time consuming to obtain. In 2018, Australia worked with Jakarta's local government to reduce the time taken to obtain a permit from 10-14 working days to three hours. This was achieved through an innovative pilot

#### **Future of Health Security in Indonesia**



Joint monitoring visit with Australian Embassy, Ministry of Finance, Bappenas and Ministry of Agriculture to the Animal Health Centre, Jambi. Photo: DFAT

Australia supports the Indonesian Government to improve its capacity to prepare, detect and respond to infectious disease outbreaks. Three out of every four new infectious diseases in people are spread from animals.

The Animal Health Information System developed with Australia's technical assistance has over 3 million users and continues to grow, reporting episodes of disease at the grassroots level to improve surveillance, response and control of potential outbreaks. Discussions within the Indonesian government are now focused on how to integrate the human and animal surveillance systems.



involving three sub-districts with the use of drone technology and geographic information systems mapping. Proving the efficiencies of this approach, the Jakarta government has secured over AUD260,000 from a property developer to expand the pilot to all 15 Jakarta sub-districts.

Australian-funded advisers provided the evidence base for Indonesian policy makers to reconsider the imposition of new tariffs on a large number of intermediate goods and food imports. This helped maintain lower prices for Indonesian consumers and export competitiveness for local manufacturers.

Women's economic empowerment is a key aspect to increasing jobs and incomes, especially for poor households. Moving from a "do no harm" approach to actively applying a gender lens in this sector not only helped increase household incomes, but also provided better access to markets and services and reduced workloads for women.

Australia helped smallholder farmers increase their productivity and competitiveness by working with private sector partners to improve agricultural inputs, technologies and market systems<sup>xix</sup>. In 2018, Australia helped increase incomes of 345,001 smallholder farming households by 252 per cent, including around 225,000 women.<sup>xx</sup> This translates to an increase of around AUD500 per farm household during cropping season, with 65 per cent (224,335 households) classified as poor and living on less than USD2.50 per day.

To achieve this result, Australia collaborated with 180 private and public organisations to co-fund interventions to increase farmers' access to inputs such as seed, fertiliser, credit, and ways to sell, transport and process their crops. These investments benefited 9,746 small and medium enterprises as intermediary service providers across five provinces where there are high levels of poor smallholder farmers.

In 2018, an independent review of Australia's rural agriculture program found it was delivering expected results, with some investments exceeding expectations<sup>xxi</sup>. The evaluation confirmed the importance of program integration, the need to improve the business-enabling environment, and strengthen the focus on policy influence. This informed the next phase of support that commenced in January 2019 as an integrated program.

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



Table 3 Rating of the Program's Progress towards Australia's Aid Objective 2

## Objective

## Previous Rating

## Current Rating

### Objective 2: Human Development for a Productive and Healthy Society

Outcome 4: Government spending is better targeted to reduce poverty

Outcome 5: More households can access water and sanitation

Outcome 6: Children have improved literacy and numeracy

Green

Green

Green

Green

Green

Green

Green

Green

**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.

Investment in people – health, skills and knowledge – is an investment in economic growth. The Indonesian government has made a concerted effort to keep the national poverty rate below 10 per cent<sup>xxii</sup>, with an increased investment in targeted anti-poverty programs to improve the welfare of the poor and vulnerable. As Indonesia continues towards middle-income country status, an estimated 25.14 million Indonesians remain in poverty, many in hard to reach areas. There are gaps in Indonesia’s safety net, which means that many of the most marginalised continue to miss out. Despite increases in school funding and access to schooling, Indonesian children are not learning the basic skills needed to succeed in the workforce.

Access to water and sanitation is essential for people’s health and quality of life. While there have been significant improvements, the growth of Indonesia’s cities – the fastest in Asia – is making it harder to ensure that all people receive these basic services. Maintaining good sanitation and hygiene is a particular challenge, including in rural and remote areas. This contributes to the high rates of stunting amongst Indonesian children under the age of five - 9 million children are permanently stunted, impairing their growth and development and significantly lowering their learning prospects as an adult. Indonesia faces losing two to three per cent of GDP per year if these levels of stunting continue.


### Outcome 4: Government spending is better targeted to reduce poverty

**Outcome 4 has been rated green with strong progress made to strengthen the delivery of social protection programs, and to identify and increase access for women and men excluded from social protection services.**

Basic living challenges such as lower quality housing, limited access to food staples, clean water, and sanitation are critical factors that can pull people back below the poverty line. The declining poverty rate alone does not capture the dynamic nature of poverty across Indonesia. More than 72 million people in Indonesia continue to live under the World Bank’s USD3.20 per day poverty line.<sup>xxiii</sup> Australia has funded pilots, research, and analysis to inform a sustainable approach to poverty reduction in Indonesia.

Over the last year, Australia helped the Indonesian government expand its non-cash food assistance program from 1 million to 10 million female beneficiaries across 219 districts<sup>xxiv</sup>. Social assistance programs often do not promote social inclusion or gender equality, and Australia’s support recognised this gap by helping to target female-headed households. Australian funded advisors designed a monitoring dashboard and implementation guidelines for the roll-out of the program that provides a monthly electronic voucher to the poorest 20 per cent of the population to purchase eggs and rice.

Our support trained 21 local governments in verifying and validating poverty data, and trained national level government officials on complaint handling, including linking to the national complaints handling mechanism<sup>xxv</sup>. Complaints mechanisms are an important part of effective social assistance and allow people to report errors, fraud, or problems with service delivery. By building delivery systems informed by evidence, the program makes a meaningful difference to poor households. It is better targeted, more timely, and provides better quality rice than the previous subsidised rice scheme. The program also enabled 87 per cent of female recipients to have access to the banking system for the first time.<sup>xxvi</sup> In addition to receiving regular



social support through their bank account, they now have the option to open a linked bank account and save more securely.

Australia provided technical support to the Indonesian government to expand its flagship Family Hope conditional cash transfer program to reach 10 million poor households, an increase of four million from 2017<sup>xxvii</sup>. Australian technical expertise developed a poverty simulation model to inform the government's decision to double the program's benefit level. This led to the Indonesian government increasing the 2019 budget for the conditional cash program by AUD1.7 billion from 2018 expenditure. Analysis showed that the previous benefit level only met 7 per cent of poor household monthly consumption, with the increased entitlement now covering an estimated 20 per cent.<sup>xxviii</sup> Australian-funded evidence led to a variable family grant based on household demographic make-up. Families supporting the elderly, people with disabilities or pregnant mothers, face higher household costs and these considerations are now factored into their regular cash transfer.

In 2018, Australian technical support helped Indonesia to maintain the world's second largest poverty database that contains information on 99 million people. A recent academic study found that this Unified Database has significantly increased the targeting performance of the country's three largest social programs<sup>xxix</sup>. Maintaining accurate poverty data has increased the probability of targeted households being part of a program by 117 per cent. Australia continued to support a dynamic approach that allows local governments to collect updated poverty data robust enough for inclusion into the Unified Database. In 2018, 24 districts/cities were using the updating mechanism, resulting in 358,511 additional households that had been previously excluded from national social assistance programs. However, maintaining the quality of data continues to be a challenge with varying capacities at the local level. Oversight of the Unified Database began transitioning to the Ministry of Social Affairs in 2018.

Australia supported the Ministry of Social Affairs strengthen its integrated-referral system (SLRT), a national level system that helps 135 district governments - including 65 new districts - to connect poor people to local level social assistance programs and services such as health insurance and school grants. In 2018, 111,859 people (49 per cent women and 51 per cent men) were connected to local assistance programs. Australian support helped reach an additional 16,359 marginalised men and women<sup>xxx</sup> across 56 districts access social protection programs by working through trusted civil society partners.

Australia's social protection assistance has included funding national experts in the Vice President National Team for Accelerating Poverty Reduction. Australia's support to this team in undergoing a transition in 2019 following the Indonesian Presidential elections and confirmation of the preferred institutional and leadership arrangements. We are seeking a more sustainable funding model with the Indonesian government sharing the costs of this expert team going forward.

#### Outcome 5: More households can access water and sanitation

##### **Helping to reduce childhood stunting**

Australia works with Indonesia to reduce the high rate of stunting caused by malnutrition and unsafe water. The 2018 national health survey found that the rate of stunting in Indonesia is 30.8 per cent. Poor nutrition and repeated illness in early childhood, which can affect children's cognitive development, are the main causes.

The World Bank has drawn on experience from Australian-funded pilots to increase the evidence base on the drivers of stunting to inform Indonesia's National Strategy to Accelerate Stunting Prevention (2018-2024). This Strategy – drawing on citizen engagement tools, facilitation, and early childhood education training mechanisms – aims to link a range of village service delivery interventions to address the drivers of stunting.

Australia supports the Indonesian government's national programs on stunting prevention through our work in water and sanitation, and nutrition-specific intervention by preventing iron deficiency anaemia among pregnant women and adolescent girls. For example, we partnered with Nutrition International and the East Java and East Nusa Tenggara Provincial Health Offices to increase their commitment on key micronutrient programs. As a result, anaemia prevalence among pregnant women has decreased from 35 per cent to 31 per cent.



Outcome 5 has been rated green to reflect the significant progress made to connect more people to clean water and sanitation, particularly for people with disabilities living in rural areas.

Access to clean water and hygienic sanitation is fundamental to the health and economic resilience of communities. Over 72 per cent of Indonesians have access to water, and over 67 per cent have sanitation services, but this leaves approximately 73 million people living without clean water and 84 million without access to functioning sanitation.<sup>xxxi</sup> People without water and sanitation services, particularly children, are highly vulnerable to diseases like cholera, dysentery, hepatitis, and typhoid. Approximately 12.3 per cent of



Disability friendly water-point in Sambueja village, in Maros, South Sulawesi. In 2017 – 2018 with Australian funding, PAMSIMAS piloted disability inclusive approaches in 200 villages across several districts. Photo: DFAT

children under five suffer from chronic diarrhoea, the leading causes of stunting and child mortality in the country.<sup>xxxii</sup> Young children who experience recurring diarrhoea are prone to malnutrition and stunting that causes lifelong health issues.

Australia has partnered with the World Bank since 2008 to help the Indonesian government deliver its national rural water and sanitation program, with a focus on reaching under-served rural, peri-urban and informal settlement populations.<sup>xxxiii</sup>

Australia's contribution has helped increase the level of disability-inclusion in water and

sanitation infrastructure. In 2018, our technical assistance supported the installation of accessible public water taps in 1,949 villages and sanitation facilities in 1,100 schools, providing access to water and sanitation for more than 12,500 people with disability.

Disability-friendly features included sloping floors for easier mobility, bright hand rails for safety and visibility for elderly and visually impaired users, and public taps that can be more easily turned on and off by all. Australia's disability inclusive support model has been adopted by the Indonesian government and made mandatory for all future public funded infrastructure programs. This includes training local facilitators in disability inclusive infrastructure to ensure all water and sanitation services continue to implement disability-inclusive infrastructure.

Over the last 12 months, Australia's support to the national rural and water sanitation program has contributed to 5.7 million people accessing improved water and 4.7 million people with improved sanitation. Since 2016, Australian-funding has connected more than 2,251 villages and provided access to improved water facilities for more than 1.96 million people, and improved sanitation facilities for approximately 1.5 million. These results have also helped to transform the safety, quality of life and behaviour of communities, particularly for women, children and the elderly.

In an internal World Bank study in early 2019<sup>xxxiv</sup>, women reported having more opportunities to do additional work such as running small shops, making and selling snacks, making crafts to supply larger businesses as a result of better connections and water continuity. The study and Australian monitoring confirms women's voices are included in decision-making, with 35 per cent of women represented on local water committees. While encouraging, this is an area for improvement given women are the primary collectors of water, making them essential to ensuring services meet community needs. Provision of clean water has significantly changed everyday practices and behaviour. Eighty per cent of surveyed households regularly practiced hand washing with soap before cooking, eating and after bathroom use.

Australia has long supported Indonesia to increase local government investment in water and sanitation utilities for urban households<sup>xxxv</sup>. Under our past support, local governments which pre-finance the implementation of quality water and sanitation works are being reimbursed a portion of construction costs following independent verification of functioning piped water or sanitation connections by Australian supported engineers. Australia has supported the Ministry of Public Works and Housing to take over

managing the independent verification of these connections. Indonesia is now progressively replicating and expanding this performance-based grant approach, allocating AUD369 million from its national budget over five years from 2017 (with around AUD85 million in 2019). Progress on improving sanitation has been more challenging as it is not often prioritised by local governments. In 2018, Australia helped local governments achieve 3,534 house connections for improved sanitation, benefiting approximately 15,903 people, including 110 people with disability<sup>xxxvi</sup>. To stimulate further investment, Australia is supporting an awareness raising campaign to increase local government awareness of the economic impact and human development gains from improved sanitation.

#### Outcome 6: Children have improved literacy and numeracy

**Outcome 6 has been rated green as significant progress was achieved to support Indonesia improve teacher professional development, increased literacy and numeracy scores in target communities, and helped district governments allocate more budget to improve learning outcomes.**

Quality schools are needed for Indonesia to achieve its planned economic growth trajectory and maintain social stability. Indonesia's large and complex education system supports over 54 million students in around 300,000 schools, taught by 3.8 million teachers<sup>xxxvii</sup>. Students need to be equipped with relevant and transferable core skills for the future economy such as literacy, numeracy and critical thinking. Otherwise, it will be difficult to secure employment or receive further training to up-skill into higher-level jobs. Despite Indonesia's significant reforms in education, the quality of schooling remains below the level required to drive productive growth<sup>xxxviii</sup>.



Suhartati, a teacher from SDN 2 Sila, Bima, West Nusa Tenggara, participated in Early Grade Literacy Training. Photo: INOVASI

In 2018, Australian technical support helped improve teacher quality in Indonesia through improved systems and practices for teacher recruitment and continuous professional development (CPD)<sup>xxxix</sup>. Australian assistance provided the Ministry of Education and Culture (MOEC) with a more accurate projection of teacher recruitment needs.<sup>xl</sup> In 2018, the Vice President's office used this data to announce recruitment of 100,000 teachers per year until 2024, acknowledging the resources needed to deliver quality education across the country. Australia also supported the Ministry of Religious Affairs (MORA) to deliver CPD for teachers in Islamic schools (madrasah) and teachers of religion in public schools (all faiths). Madrasah are often located in isolated and poorer areas with informally trained teachers. MORA was supported to draft and issue a new Ministerial regulation that provided the legal basis for more than 1 million madrasah teachers, and approximately 250,000 teachers of religion in public schools to access regular and standardised CPD programs.

Australia is supporting innovative solutions to improve student literacy and numeracy outcomes in partnership with local districts, civil society organisations (CSOs), multilateral institutions and the national government. Australia has addressed classroom challenges by helping teachers develop and test learning solutions and apply new teaching practices.<sup>xli</sup> In 2018, Australia supported 54 pilots with 2774 teachers as well as 446 principals and supervisors, across 907 schools in four provinces to improve learning for 77,912 early grade students. Male and female teaching staff were given opportunities to participate in training and upskilling activities to improve leadership qualities and improve gender equality and social inclusion in the classroom.

Pilots demonstrated that literacy and numeracy improved when teachers are empowered to apply new teaching practices, like active learning techniques to engage higher levels of student participation. Australian pilots resulted in 67 per cent (670) of boys and 60 per cent (555) of girls increasing their literacy scores, and 49 per cent (488) of boys and 41 per cent of girls (382) increasing their numeracy scores.<sup>xlii</sup> Australia worked with 203 remote primary schools in five districts to link teacher allowance payments to attendance, verified by parents and the community.<sup>xliii</sup> Teacher absenteeism reduced from 25 per cent to 13

per cent since the program began in 2017.<sup>xliv</sup> By the end of 2018, student's grade-level literacy increased by 12.5 per cent and numeracy also improved by 11.4 per cent in these schools. All of Australia's activities have been co-designed with local partners to ensure that they are simple, supported, and that proven approaches can be easily adopted within existing resources.

Australia will continue to work with target schools on the adaptation and replication of these tested approaches and encourage broader scale-out of reforms, policies and practices at the national level. We worked with national education policy makers to showcase the results of our pilots and provided targeted technical assistance to help to replicate and scale up successful activities. In 2018-19, evidence emerging from our literacy pilot in North Kalimantan was the catalyst for reform to national level policies relating to school book purchasing. Our pilot highlighted the benefits of engaging and working with a wide range of partners to source age-appropriate reading books. We successfully worked with the Ministry of Education's centre for curriculum to improve the process for approving children's books for school purchase, which has direct learning links to improving long-term national literacy scores.

Australian support has resulted in 25 out of 28 target districts allocating additional budget to activities supporting improved learning outcomes.<sup>xlv</sup> Through our long-standing partnership with the World Bank, we supported district governments to improve education services through more accurate budgets, resources and planning. Our work with UNICEF in Papua province resulted in five of the six partner districts allocating funding to replicate literacy programs and supported teacher working groups to improve school-level performance. Papua province has the highest levels of illiteracy in Indonesia, with as many as 28.76 per cent of Papua residents unable to read or write.

Australia conducted an independent strategic evaluation of our education portfolio to strengthen current investments and to inform Australia's future support to the sector. The review focused on the relevance, effectiveness and efficiency of current investments, and identified lessons and potential improvements in design, governance and management arrangements. The evaluation found Australia's basic education investments were highly relevant, exceeding expectations in achieving expected outcomes. It found investments were complementary and responsive to current opportunities and momentum for reform in the sector<sup>xlvi</sup>.

In response to the evaluation recommendations, Australia will look to streamline investments to improve efficiencies. Human capital development is a critical priority for President Jokowi's second term and as a trusted partner, Australia is well positioned to continue to provide support. Australia's priorities will be confirmed in our AIP and related sector-level strategies. Australia will also look for opportunities to strengthen links across all national Ministry of Education directorates, and broadening engagement with other central and national level agencies; including elevating formal relationships with MORA.

## OBJECTIVE 3: AN INCLUSIVE SOCIETY THROUGH EFFECTIVE GOVERNANCE





**Table 4 Rating of the Program's Progress towards Australia's Aid Objective 3**

Objective	Previous Rating	Current Rating
<b>Objective 3: An Inclusive Society Through Effective Governance</b>	Green	Green
Outcome 7: Governments – national and local – deliver the services communities need	Green	Green
Outcome 8: Women have a voice in decision making and access to better jobs and services	Green	Green
Outcome 9: Marginalised groups can advocate for and access basic services	Amber	Amber
Outcome 10: Climate change impacts are lessened through better land management	Amber	Amber
Outcome 11: Public policies are inclusive and informed by evidence	Green	Green

**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


Indonesia requires strong, resilient and fair institutions to support sustained and inclusive growth. Celebrating 20 years of democracy in 2018, Indonesia has made significant progress, but more needs to be done to meet the needs and protect the rights of the poor and marginalised. Services are not yet accessible to all and some minority groups continue to face discrimination. Gender inequality continues to limit Indonesia reaching its full economic potential, with only 55.5 per cent of women participating in the workforce compared with 83.2 per cent men. Australia is working with Indonesia to ensure that the poor and marginalised in society benefit from economic growth. This includes working with civil society groups to ensure the voice of marginalised people (such as women, people with disability and ethnic and religious minorities) in decision making to advocate for improved services. Australia is also supporting the Indonesian government in evidence-based policy, including drawing on the experience from Australia's own investments to inform Indonesia's next medium-term development plan (RPJMN).

#### Outcome 7: Government – national and local – deliver the services communities need

**Outcome 7 has been rated green despite varied progress to improve village budget allocation for basic services, there were exceptionally strong results to support people to obtain identity documents, and increased child grant transfers in Papua Province.**

The scale of decentralisation in Indonesia is large and complex, with a population of 264 million people spread across a diverse archipelago of 13,500 populated islands, 34 provinces, and more than 500 districts that service more than 75,000 villages. Local governments are essential in providing access to health, education and social protection programs that can lift people out of poverty and reduce inequality across the country. The logistics challenge has often seen fragmented results and duplicative regulations, creating confusion among districts and villages.

Australia is working with Indonesia's national and district level government to improve the regulatory environment and empower local governments to better allocate resources, strengthen budget skills and plan basic service delivery based on community needs<sup>xlvii</sup>. Australia supported the Ministry of Home Affairs on the release of a revised regulation giving authority to the district government to delegate powers and funding to the sub-district (*kecamatan*) level. Australia helped 19 districts (across the seven provinces: Aceh, Central Java, East Java, South Sulawesi, Nusa Tenggara Barat, Papua and Papua Barat) to translate this national regulation into local policy. With increased oversight from sub-district governments, 311 villages have strengthened their planning and budgeting for basic service delivery. Target villages have now met the requirement to allocate 20 per cent of village funds for basic services, like health, education, legal identity,



and basic infrastructure<sup>xlviii</sup>. There has been evidence of some villages allocating up to 50 per cent, but this needs to be confirmed through improved monitoring and evaluation. Going forward, Australia will help villages improve data collection techniques to accurately capture results on a year-by-year basis.

Australia helped poor households, including women head of households and marginalised groups, to access identity documents that are critical to applying for basic and financial services such as banking<sup>xlix</sup>. There are approximately 30 million Indonesian children between 0-17 years old without a birth certificate.<sup>1</sup> The absence of identity documents is a key factor that prevents poor families from accessing social protection programs. Marriages and divorces are often conducted through unregistered traditional or religious ceremonies. Marriage and divorce certificates are key requirements to obtain a 'family card', which in turn provides access to government services and programs.

To better connect people to basic services in their communities, Australia has worked through a range of interventions at national and local level. Australia supported local government and CSOs to help an additional 123,091 Indonesian women, men and children receive legal identity documents like birth certificates and national identity cards. Working with local governments and civil registration offices, Australian technical assistance has improved administrative processing times, in some cases from 25 days to 3 days, and strengthened information management systems. This led to an additional 70,000 birth certificates being issued compared to last year.

Australia also supported men and women to receive legal identity documents through the Ministry of Social Affairs' Integrated Referral System (SLRT)<sup>li</sup>. The system was originally set up to refer poor people to access national and local welfare services but some were excluded if they did not have the required legal identity documents. Australia helped develop an add-on that linked the SLRT to the civil registration office so these excluded people could receive their identification documents and access welfare services. Australia also worked with credible civil society partners to reach marginalised and remote communities. Australia's support helped trial and test innovative ways of organising mobile social protection and legal identity clinics, with a proven model now formally incorporated into SLRT through new government regulations.<sup>lii</sup>

In Papua, Australia supported the provincial government's new BANGGA Papua program to provide 16,027 mothers with children aged under four years with cash grants to help their families meet basic needs, including nutritious food for children. This provincial-level innovation is helping to respond to Papua province's high rate of poverty and continued human development challenges in line with the national government's broader agenda. Australian technical support helped design the program with the provincial government contributing AUD5 million dollars towards implementation. BANGGA Papua also provided 35,565 people with legal identity documents. These documents enable mothers to set up bank accounts to receive their grants, most for the first time.

To support Indonesians devastated by the Sulawesi and Lombok earthquakes in 2018, Australia funded district governments and civil society partners to help affected communities regain their legal identity documents so they could quickly access national welfare programs<sup>liii</sup>.

#### Outcome 8: Women have a voice in decision-making and access to better jobs and services

**Outcome 8 has been rated green with good results in supporting women in small business, improving female migrant workers' access to social security, and increased women's participation in decision-making.**

Women in Indonesia make important contributions to business, their families, and communities to build a productive, cohesive society. Excluding women's full participation in decision making and denying access to quality jobs and services prevents a country from realising its full potential.<sup>liv</sup> While Indonesia has made progress in gender equality, like many countries the experience for women has been uneven. Limited access to capital is a major concern for women's small and medium enterprises that face additional barriers of cultural, traditional and stereotypical bias from traditional investment providers, making it harder for women to start and grow their businesses.

### Australia Awards Indonesia – Spicing up the Economy: Women in small business



Rimiyanti Wardani teaching a new employee to use equipment. Photo: Australia Awards Indonesia

In 2018-19, we provided around 250 post-graduate scholarships in Australia, 400 short-term awards, and maintained a network of 14,500 alumni. One of our successful awardees, Rimayanti Wardani is the founder and manager of Dapur NiceMomy – an Indonesia enterprise that produces sambal chili paste, palm sugar and other food items. Since returning from a short-course in Australia with food standard regulators, Rima and her business partner have made substantial investments in their company developing exportable products that meet Australian food standards and regulations

Following improvements on food production, packaging and labelling, Dapur NiceMomy initiated trial export shipments of sambal chili paste and palm sugar to Australia. Rimayanti Wardani shared what she learned during the course with other women who want to start a business to augment their family income. To date, Dapur NiceMomy has contracted five provincial distributors across Indonesia with a combined network of about 200 female sub-distributors.

Over the last 12 months, Australia provided AUD1.4 million to four reputable impact investors, with strong business ties to Southeast Asia, to partner with women's small and medium enterprises in Indonesia.<sup>lv</sup> Impact investors are firms or individuals that invest into companies, organisations or enterprises to generate positive social impacts alongside a financial return. This is a relatively new concept in Southeast Asia, and Australia played a critical role in connecting Indonesia to organisations with a reliable track record to encourage more gender focused investments and capital flow into the sector.<sup>lvi</sup> With Australia's support, impact investors provided seed funding, business training and mentorship that has resulted in AUD5.3 million in additional funds leveraged from the private sector for eight Indonesian women's small and medium enterprises.


Migrant work is a significant contributor to Indonesian livelihoods and the economy, with 49 per cent of the 9 million migrant workers being female.<sup>lvii</sup> With the potential to earn five times more in salary, overseas migrant work is becoming an increasingly attractive option to financially advance families.<sup>lviii</sup> However, female migrant workers are twice as likely to experience abuse and harassment as males, and have issues around salary entitlements.<sup>lix</sup> When problems occur, Indonesian women have been particularly vulnerable, with inadequate access to social security and the justice system.<sup>lx</sup>

In 2018-19, Australian grant funding<sup>lxi</sup> to Migrant CARE, a CSO with strong local connections<sup>lxii</sup>, helped develop a model to enable migrant workers access to services at the village level. This model allows participating village governments to track the departure and return of migrant workers, and handle cases when difficulties arise. This model has influenced a national government scheme (Productive Migrant Village), which is currently being trialled in 140 villages in 50 districts. In 2018, Migrant CARE directly assisted 4,058 migrant workers (2,354 women and 1,704 men) to depart countries like Saudi Arabia and Malaysia. More than 180 of these cases (119 women and 64 men), involved overstaying, trafficking, and serious illness.

Migrant CARE successfully advocated for the Ministry of Labour to expand coverage of social security services for migrant workers. In 2018, the Ministry of Labour issued a regulation to provide state-funded social security to documented migrant workers. This regulation went beyond limited coverage of workplace accidents to include other common risks facing migrant workers before, during, and after their placement. Coverage now includes life insurance, participation in the state pension scheme, and social welfare support for family dependents in the event that the migrant worker experiences employment difficulties.

The increase in collective action at the local level has also led to positive benefits for the women, including increased confidence to express their views. Australia supported 125 civil society organisations from almost





200 additional village level groups between September 2018 to March 2019. Overall, a total of 1,012 groups have been established since January 2017, with 16,406 women actively participating in decisions on village development, village regulations and how budgets are allocated. These groups also include male champions as a strategy to build support for change.

An independent review of Australia's gender equality and women's empowerment programs found our work has made a demonstrable difference to the opportunity for women to have a voice and influence in Indonesia, with strong evidence and analysis to support this. The review also concluded that civil society partners that Australia supported through the program have contributed to national level policy reform, mostly in the areas of gender-based violence and conditions for migrant workers. These partners have also formed broad-based coalitions to jointly advocate in the areas of national health insurance and child marriage. Going forward, Australia will build on existing experience and knowledge, to maintain support for the women's movement and coalitions in Indonesia at a critical time of democratic and economic development.

#### Outcome 9: Marginalised groups can advocate for and access basic services

**Outcome 9 has been rated amber due to delays in finalising the monitoring and evaluation plan for implementation of the disability law and a National Action Plan for Combatting Violent Extremism. Strong progress was achieved to strengthen constitutional recognition of local beliefs at national and local levels.**

Indonesia is a diverse nation with rich cultures and natural resources, but inequality is a persistent barrier to growth. Marginalised groups are often the poorest in Indonesia with approximately 17 million people identified as indigenous and 40-50 million Indonesians living with a disability.<sup>lxiii</sup> Marginalised people are often overlooked and cannot fully participate in economic growth or access basic services.<sup>lxiv</sup> Tackling inequality and promoting social inclusion remain high priorities for Indonesia and Australia. Australia works with Indonesia to provide research and build strong coalitions for inclusive policy development, and works with credible CSOs to advocate for the rights of marginalised groups.

Passage of the Disability Law in 2016, supported by Australia's support to disabled persons organisations (DPO) coalitions, marked a paradigm shift in the Indonesian government's approach to protecting the rights of all citizens with disability. Since then, progress continues to be slow in the implementation of the disability law despite a concerted effort across Australian-funded programs. In 2018, Australia continued to work closely with national and sub-national governments and DPOs to progress four of the eight regulations required for implementation<sup>lxv</sup>. Indonesia has advanced the drafting of the regulations for access to justice, social welfare, planning, monitoring and evaluation, and habitation and rehabilitation.

Responding to a request from Bappenas, Australia funded civil society organisations to participate in the development of the Master Plan on Disability Inclusive Development (RIPID). This plan will be a key policy tool to provide the guiding framework for the strategic planning, monitoring and evaluation of the Disability Law across Indonesia once it is finalised (anticipated for September 2019). By supporting the strong involvement of DPOs, the RIPID now addresses sexual violence against women with disabilities, and recognises the need for better access to justice for all community groups through a judicial system that recognises inclusivity.

As a result of closer collaboration, Bappenas, the Ministry of Law and Human Rights (Kemenkumham) and the Ministry of Social Affairs (Kemensos) are now more open to seeking input from DPOs in the policy making process and holding discussions to effectively implement regulations. For example, Australia has also supported the development of the 2018-2019 National Human Rights Action Plan (RANHAM 2018-2019) which advances Indonesia's disability agenda by including disability rights. Consultation included 30 DPOs and CSOs in the development of disability rights indicators. The indicators and related monitoring tools will be used to track progress, changes and lessons learned in implementing the disability law.

At the sub-national level, Australia targets eight<sup>lxvi</sup> Indonesian district governments where strong civil society and DPO partners are located to demonstrate how social and disability inclusion can work locally. Australia helped these district governments to allocate approximately AUD950,000 of their budget to improve access to services for people with disabilities, and deliver much needed awareness building training to local service providers to better recognise the unique disadvantages marginalised people experience.<sup>lxvii</sup> This engagement also supported civil registration offices to improve access to legal identity documents for 4,427 people with disabilities that has opened access for them to apply for basic services such as health, education and social protection programs. We use these examples of success to influence national Government policies for mainstreaming disability inclusion, including in the implementation of the Village Law.

A significant achievement for Indonesia was the Constitutional Court (MK) No 97 decision in 2017 to recognise local beliefs beyond the six official religions listed on applications for identity cards. Prior to the MK decision, people with other beliefs were either pressured to choose one of six religions, or leave the religion column blank, therefore not meeting the requirements to apply for legal identity documents.

In 2018, Australian funded CSOs helped implement the MK decision and provided technical support to local civil registry offices to issue marriage and birth certificates to 1,813 local faith practitioners across nine target districts. Australian-funded CSOs have also helped to develop national coalitions to give voice and agency to religious freedom at the national level. These coalitions have established a dialogue with the Ministry of Education and Culture to explore and develop strategies to enable diversity of religious education in schools. Our support to credible CSOs has helped create awareness of local beliefs in communities that can lead to deeper cultural understanding and greater tolerance of diverse practices. However, there are many areas across Indonesia that do not have operational CSOs that are capable and reputable in advocating for diversity. Without strong support at the grassroots level, progress to scale up implementation of the MK decision in issuing legal identity documents and delivering services will be a challenge.

Progress has been slower than expected in the development of Indonesia's first National Action Plan on Combatting Violent Extremism (NAP). This was due to be finalised in 2018 but more time was required for consultation. Australia continued to support CSO engagement with the National Agency for Combatting Terrorism through the formation of a working group to progress the draft NAP and implementation of the new Counter-Terrorism Law. The working group produced a map of CSO activities to strengthen the delivery of the NAP, including involving women's groups working on peace-building activities in the implementation process. Australia also funded a policy brief on strategies to strengthen tolerant values and practices in Indonesia as part of the NAP. This has become a main reference for Bappenas and the Coordinating Ministry for Human Development and Culture in their coordination meetings. Responding to the Ministry of Social Affairs request, our CSO partner has also agreed to develop a rehabilitation and social reintegration module for children and adults exposed to radical terrorist groups.

#### Outcome 10: Climate change impacts are lessened through improved environmental governance

Outcome 10 has been rated as amber. Despite some hard won achievements to leverage additional finance for sustainable landscape management, limited progress was made to fully strengthen law enforcement of forestry related crimes.



Sriyanto, a person with Cerebral Palsy in Sukoharjo District, Central Java Province, proudly held his national identity card for the first time.  
Photo: Peduli

Climate change continues to pose a threat to Indonesia's growth and stability. The country is vulnerable to severe weather and geological hazards and there is intensifying pressure on eco-systems, landscapes, livelihoods and industries. Bappenas estimates that the economic loss attributed to climate change could reach up to 20 percent of Indonesia's Gross Domestic Product (GDP).<sup>lxviii</sup> Indonesia's annual forest and land fires also significantly contribute to greenhouse gas emissions. Australia provides targeted technical expertise to support Indonesia to prevent the recurrence of fires by improving land management practices and strengthening environmental governance and law enforcement.<sup>lxix</sup> In contrast to the scale of the climate risks in Indonesia, Australia's modest investment utilises a broad range of partners and their networks to address some of the key challenges and priority areas identified by the government that are largely technical and draw on Australia's comparative advantage. Improving gender integration across programs has been varied.

Australia's partnership with the World Bank and Norway provides a range of expertise, analysis and policy sharing, and facilitates coordination with Indonesian agencies responsible for sustainable landscape management.<sup>lxx</sup> In 2018-19, this partnership secured a total of AUD269 million of additional financing from the Indonesian government and other bilateral and multilateral development partners, like Canada, World Bank, and the Global Environment Fund. This result was underpinned by strengthening coordination between the Indonesian Ministry of Finance, Coordinating Ministry for Economic Affairs, Ministry of Environment and Forestry (MoEF), and Ministry for Spatial Planning/National Agrarian Agency (BPN) to better target their resources. Most of the funds are supporting the Indonesian government initiatives that are improving landscape management in fire-prone provinces. These include programs and policies that are achieving stronger environmental governance such as the Agrarian Reform Acceleration Program to clarify land rights and use, technical assistances to support the roll-out of Indonesia's Social Forestry Program, and supporting the design and implementation of Reducing Emission from Deforestation and Land Degradation (REDD+) initiatives in the provinces of East Kalimantan and Jambi.

### Protecting women during humanitarian crisis




A pregnant woman visited a Reproductive Health Tent in Masjid Agung, Palu. This tent was supported by Australia and serviced by midwives trained by UNFPA, in collaboration with Indonesian Health Ministry. Photo: UNFPA

Women and girls face unique challenges during humanitarian crises due to particular vulnerabilities in health, safety, and carer responsibilities being magnified, alongside less support and resources. It was a particularly disaster-affected year in Indonesia during 2018 with 2,425 natural disaster events across Indonesia, resulting in over 4,700 casualties, more than 21,000 people injured and 10.2 million people displaced. The Indonesian government estimated that the material damage was more than AUD10 billion. Australia provided assistance to women and girls sexual and reproductive health and rights (SRHR) in its response to disaster events in Central Sulawesi and Lombok.

Central Sulawesi province experienced a major 7.5 magnitude earthquake, tsunami, soil liquefaction and landslides on 28 September 2018. Australia's assistance included funding to both United Nations Population Fund (UNFPA) and International Planned Parenthood Federation (IPPF) to provide SRHR and gender-based violence services and supplies for women and girls (hygiene kits, maternity kits, baby kits, post-delivery kits, and RH tents).

In July and August 2018, a series of earthquakes in Lombok killed over 515 people, injured more than 7,100 and displaced over 431,000 people. Australia provided funds to the International Federation of the Red Cross for essential household items, shelter needs, emergency health, safe water, sanitation and hygiene. Australian funding allowed the IPPF and its local partner PKBI to provide SRHR and gender-based violence services through local partners to assist 13,717 crisis affected persons. UNFPA provided hygiene and maternal kits.





Australia also supported Indonesia to strengthen Environmental Law Enforcement. Through our work with the United Nations Development Programme (UNDP), technical expertise helped develop and pilot the Multi-Door Approach (MDA) - an integrated approach to law enforcement which promotes utilisation of multiple law regimes to prevent perpetrators escaping severe sanctions – and to support Indonesian government better investigate and prosecute environmental crime. In 2018, five cases were investigated by the MoEF's Directorate General for Law Enforcement using the MDA. These investigations have increased the new Directorate's visibility and reputation across government and the sector as an effective body that can address environmental crime such as forest fires and illegal logging. This includes improved coordination with relevant agencies such as the public prosecutor/Attorney General Office, Corruption Eradication Commission (KPK), Indonesian National Police, and the Indonesian Financial Transaction and Reports Analysis Centre (PPATK). However, more work needs to focus on refining and integrating the MDA across the law enforcement system. The MDA application is limited to the investigation phase, with barriers to prosecution including a limited number of qualified investigators and prosecutors, jurisdiction and regulatory constraints, and few channels for effective inter-agency coordination.

In 2018-19, UNDP commenced work to support the development of a five-year gender mainstreaming roadmap to raise awareness of gender issues, gender-sensitive policies and case handling as part of the MDA approach. With this investment ending next year, Australia will draw on our experiences and learning to inform our future strategy.

#### Outcome 11: Public policies are informed by evidence


**Outcome 11 has been rated green. Significant progress made in providing the evidence-base to inform Indonesia's medium-term development plan. There has been slower than expected progress to enable better research procurement.**

Across development sectors in Indonesia, there has been a growing appetite for evidence-based policymaking to address increasingly complex challenges. International organisations and experts, including those funded by Australia, like the World Bank, remain an important source of knowledge for the Indonesian government, influencing improvements to Indonesia's body of research and data, and establishing national research systems to connect data to policy making. In 2018, Australian investments made significant progress on providing evidence-based results to inform the development of Indonesia's next National Medium-Term Development Plan (RPJMN) for 2020-2024. Through various rigorous research, a range of Australian program results and data has contributed to the drafting of the RPJMN.

For example, Australia supported collaboration between Bappenas and the Centre for Law and Policy Studies (PSHK) to conduct a background study on regulatory reform to examine the large number of existing regulations, with many overlapping, contradictory, or sometimes discriminatory or obsolete<sup>lxxi</sup>. The study was finalised in early 2019 and regulatory reform became the first topic during the presidential debate in January 2019. Findings and recommendations from PSHK, especially on the establishment of a regulatory management body to coordinate and synthesise all regulations at national and local levels have been included in working drafts of the RPJMN.

Australian-funded advisers produced a number of analytical pieces in collaboration with Bappenas to inform the RPJMN, including: a growth diagnostic to identify binding constraints to Indonesian economic growth; macroeconomic projections to ensure the RPJMN is based on sound estimates of future conditions; an analysis of the country's infrastructure needs consistent with the macroeconomic outlook; and a strategy for investment finance over the medium-term. Australia also partnered with the World Bank and the Asia Development Bank to produce a range of analytical work to assess pathways to future infrastructure development and financing in Indonesia, informing national urban sanitation frameworks, a policy paper on the Energy sector, and background studies into water resources and transport.

To strengthen the consideration of gender, Australia funded a joint exercise with UN women and the UN Population Fund (UNFPA) to develop a background study to inform the RPJMN<sup>lxxii</sup>. A team of experts supported a comprehensive consultation process including with women's organisations and other relevant CSOs. Drawing on these consultations and existing evidence, the background study suggested a



mainstreaming approach to gender equality across sectors and identified a range of priority issues including life-long education, religious intolerance, addressing child marriage and female genital mutilation. The background study was influential in the development of the draft RPJMN, which aims to mainstream gender equality across all sectors and highlights preventing child marriage as a priority issue.

Australia is helping the Indonesian government access and procure quality research and analysis to inform its reform agenda<sup>lxixiii</sup>. In 2018, the Presidential Decree on Procurement of Goods and Services was issued to allow the government to commission research and other services from non-profit, non-government think tanks and universities. This will allow policy makers to access a wider range of research partners, increasing the potential sources of evidence and the range of different perspectives. Australia is helping to translate this regulation into practice by developing tools that can link a range of research services to national and local governments, including through the development of an e-catalogue. Although progress has been slower than expected, this work demonstrates a model for implementation that can be adopted more broadly across government going forward. Australia has also supported a number of activities through the National Public Procurement Agency (LKPP) to raise awareness of the new regulation with local governments, non-government organisations, and the wider public, along with the wider benefits of using research to advocate for policy reform. Activities include a range of socialisation and media tools, and events in Jakarta, Banda Aceh and Makassar.

Australia's longstanding support for the generation of new policy ideas backed by a strong evidence base continues to be valued by government agencies and other partners. We are well-placed to continue to assist Indonesia through appropriate technical advice relevant to the needs of an emerging middle income country, working to improve the capacity and financial sustainability of local knowledge producers, and strengthening the institutional foundations and partnerships across the broader science, research and innovation ecosystem.

## MUTUAL OBLIGATIONS


Australia's AIP reflects Indonesia's own development agenda as set out in Indonesia's medium-term development plan (RPJMN 2015-2019). The last annual Australia-Indonesia Senior Officials Meeting (SOM) held in December 2018 reinforced the importance of our development partnership. The Joint Communiqué acknowledged the real and sustained impact of the Australia-Indonesia development partnership and the continued shared commitment to address Indonesia's priority development challenges, including by leveraging Indonesia's own resources and capacity. During the SOM proceedings, the Indonesian Government requested Australia align its next AIP with the release of their new medium-term development plan (RPJMN, 2020-2024). The RPJMN will inform Australia's development priorities in Indonesia, including in agreeing to performance benchmarks and mutual obligations.

## PROGRAM QUALITY AND PARTNER PERFORMANCE

### Overview

Australia measures its aid program against a Performance Assessment Framework (PAF) (Annex E), providing an evidence-base to assess progress towards the long-term goals of the Australia – Indonesia partnership. This APPR is structured against the PAF, which sets out 11 outcomes against our AIP objectives along with annual progress milestones. The PAF is a living document that is updated annually in consultation with program partners to capture the right level of information to reflect overall program performance. A new PAF will be developed to support the next AIP.

We published four evaluations in 2018-19 (Annex C) and drew on evidence from evaluations and reviews to improve implementation, including strengthening monitoring, evaluation and communication to inform our designs. For example, recommendations from the MAMPU Phase 2 and PEDULI Phase 2 program reviews have been used to prepare options for future investments. Lessons from these reviews will also be used to strengthen monitoring and evaluation of programs to better capture disability outcomes. Evidence from the



strategic review of Australia's investments in basic education in Indonesia confirmed Australia's engagement in basic education development contributed to the Indonesian Government's critical priority of human capital development and competitiveness.

To improve efficiency and better target our efforts, we continued to consolidate multiple programs into streamlined overarching programs, such as PROSPERA which includes activities previously managed under two different programs, AIPEG and GPF. Consolidation of programs is also planned for both gender equality and social inclusion and basic education programs. We are also consolidating much of our work with the World Bank into a single trust fund in the near future.

Gender equality remains a key focus for our development program. We achieved a rating of 85 per cent of investments effectively addressing gender equality this year, exceeding the 80 per cent strategic target set out in Australia's performance framework for the aid program, Making Performance Count<sup>lxiv</sup>. There was a 2 per cent increase in performance from last year's result of 83 per cent with three investments previously rated unsatisfactory, achieving a satisfactory rating. Five investments also further improved their score. This improved performance was due to a continuing focus, and increased understanding of performance requirements, on gender equality by program managers. We reviewed our flagship gender equality program, MAMPU, with results informing the design of a new investment in Gender Equality and Social Inclusion (GESI) to be developed through 2019-20. The design is also being informed by Indonesia's changing policy context with gender equality set to be elevated as a cross-cutting issue in Indonesia's next medium-term development plan.

### **Aid Quality Checks (AQC)**

The Indonesia Program rated 36 AQCs against the Department of Foreign Affairs and Trade's (DFAT) quality criteria (full ratings are at Annex D) as part of the annual aid performance cycle. The AQC is an important process for continuous improvement, enabling DFAT program teams to identify what is working and what needs to be strengthened in their investments.

A senior staff member, who has expertise in aid performance management and does not work on the Indonesia program, moderated the AQC ratings to ensure an impartial, accurate, objective and evidence based assessment. Gender advisors also reviewed AQCs to ensure gender equality ratings were accurate and credible. Overall performance was strong, with investments rated effective and efficient in delivering results and aligned with both Australian and Indonesian Government priorities.

No Investments Requiring Improvement (IRI) were identified for 2018-19. The two IRIs from last year (Red Meat and Cattle Partnership and IndoBeef Project) met the performance milestones agreed during the remediation period and have demonstrated improvements through strengthening governance arrangements and stakeholder engagement. These investments will be closely managed to ensure that performance continues to meet expectations over the coming period.

### **Performance of key delivery partners**

Australia's implementing partners continue to perform effectively to deliver results. The majority of Australia's Overseas Development Assistance (ODA) in Indonesia is delivered by commercial contractors and international and multilateral organisations. We completed 28 partner performance assessments, including 14 with commercial contractors, 11 with multilateral organisations, two with university/research institutions, and one with a non-government organisation.

Partner performance remained strong overall. All partners were rated satisfactory against the five criteria of program delivery, maximising value for money; policy alignment, risk management and innovation; effective personnel management; and collaboration, communication and responsiveness.

The World Bank along with the Asia Development Bank and other UN partners remain important partners with their ability to support large-scale activities, including infrastructure, social and policy reform agendas, high-level policy influence as well as access to global knowledge. The need to strengthen communication and consultation with Australia and Indonesian counterparts, and deliver defined services within budget were





identified as the areas requiring further improvement. Our long-running partnership with the World Bank has supported policy reforms and leveraged major Indonesian government priority programs across seven separate trust fund partnerships. The end of multiple trust funds in 2019-20 presents an opportunity for strategic consolidation of our World Bank portfolio. In 2019-20, we will refresh the Australia-World Bank partnership in Indonesia for greater alignment of strategic activities that complement our bilateral portfolio. This will improve administrative efficiency, flexibility of funding and strengthen gender equality and social inclusion across activities.

Local NGOs and civil society groups are important stakeholders in Indonesia, and are key drivers of political, economic and social reform. Australia's support to strengthen these organisations is mostly managed by commercial contractors, who provide oversight and accountability for grants for around 200 Indonesian organisations at the national and community level. Australia also works with research institutions, universities, and international organisations (such as the Jamal Poverty Action Lab, the University of Melbourne, Australian National University, and the Asia Foundation) to foster evidence based policy and promote innovation in Indonesia. Our programs also support partnerships with Australian Government Agencies such as ANAO, AUSTRAC, Reserve Bank of Australia and their respective Indonesian Government counterparts to improve institutional capabilities.

## MANAGEMENT ACTIONS

The following management actions respond to the amber ratings for Outcomes 9 and 10.

1. To improve performance against **Outcome 9** (marginalised groups can advocate for and access basic services), we will continue to support DPOs and provide technical advice to the Indonesian government's disability working group (POKJA) to finalise the four regulations of the Disability Law and look to progress a further regulation on incentives and concessions. We will also support the development of a monitoring and evaluation plan to help drive implementation of the Disability Law. The rights of followers of local beliefs and people with disability will be further protected through the drafting of new regulations on inclusive education and accessibility of Islamic institutions. Australia will continue to work with credible CSOs and governments at all levels to promote tolerance and prevent violent extremism including through a new Ministerial regulation on Preventing Violent Extremism and support for stronger coordination and a monitoring plan for its implementation.
2. To improve performance against **Outcome 10** (climate change impacts are lessened through improved environmental governance) we will focus our efforts on tracking and accounting for program-level results and outcomes. This will include closely monitoring and engaging with all implementation partners, Indonesian government, and other stakeholders. The program will develop a targeted performance assessment framework to sit across all activities to improve strategic monitoring and evaluation of progress and results. We will draw on this information to inform our future approach to climate change as part of the new Aid Investment Plan.

We have also identified areas requiring management action across the broader country program:

3. **Strategy:** The development of Australia's next Aid Investment Plan that will be informed by Indonesia's next National Medium-Term Development Plan 2020-24. We will continue to engage closely with the Indonesian Government on how best to position Australia's assistance going forward, drawing on results and lessons from our existing portfolio of investments. Our new Plan will respond to Indonesia's changing needs, our Comprehensive Strategic Partnership, and Australia's own Foreign Policy White Paper priorities. We will look to strategically position investments to meet our shared interests, while minimising overhead costs by further rationalising investments.
4. **Gender equality:** Gender equality will remain a high priority as we look to further strengthen our programming and policy influence in this area. We will review our Gender Action Plan to ensure its continuing relevance and effectiveness in maintaining senior level engagement and accountability in achieving gender equality outcomes. We will better coordinate our programs to achieve greater policy influence in areas of child marriage and women's economic empowerment consistent with the



Indonesian Government's future policy focus on preventing child marriage and increasing human capital. This work will also inform the design of our new GESI and CSO strengthening investment throughout 2019-20.

5. **Policy Engagement:** We will evaluate the program's work in supporting Indonesian policy reform over the last several years drawing in part on the data available from our performance assessment framework. The purpose of the evaluation will be to learn why reforms succeed or fail and how we can apply these lessons to improve the effectiveness of development assistance in supporting Indonesia's policy reform efforts into the future.

## 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)	Are these risks in Post's Risk Register (Yes/No)*
The Indonesia aid program is perceived as ineffective, not relevant, or poor value for money	<p>We continued refining the Performance Assessment Framework with a focus on monitoring the program's impact on policy and system improvements and financial leverage.</p> <p>We promoted lessons from successful pilots that were scaled up to larger development programs by Indonesian government.</p>	<p>We will continue to generate evidence of development impact through our programs and policy engagement. We will also prepare a new Aid Investment Plan (AIP) in 2019-20 to revisit and reflect priorities of both governments.</p>	Medium	Yes
Budget uncertainty reduces Indonesia's trust in the partnership and damages Australia's reputation	<p>We ensured good communication of budget changes and constraints to the Indonesian Government to maintain mutual trust in our partnership.</p>	<p>We will identify opportunities for greater efficiency, including consolidation of our investment portfolio.</p>	Medium	Yes
Lack of trust or misunderstandings in our relationships with key Indonesia government partners	<p>We held the Senior Officials Meeting (SOM) with Indonesian officials to reinforce our development partnership.</p> <p>We managed program branding and activities to avoid political misperceptions during Indonesia's election process</p>	<p>We will hold the next SOM in early 2020 and ensure ongoing alignment of our development assistance with Indonesia's next medium-term development plan, including through the new Aid Investment Plan</p>	Medium	Yes
Failure to comply with standards and safeguards, puts aid program outcomes at risk.	<p>We conducted compliance audits and spot checks to ensure fraud risk management in place and appropriate spending.</p> <p>We rebalanced our human resources to ensure we met program objectives while complying with DFAT policies and safeguards.</p>	<p>We will continue to undertake periodic compliance audits and spot checks of program expenditure and implementation.</p>	Medium	Yes

\*If no, consider updating the Risk Register



# ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Describe progress made against management actions in 2015-16 report

Management actions identified in 2017-18 APPR	Rating	Progress made in 2018-19
1. To improve performance against <b>Outcome 2</b> (infrastructure is better planned, delivered and maintained) in 2018-19 we have already negotiated a performance clause making future Australia support PRIM pilot dependent on the Indonesian Government providing a budget allocation for the rollout of the national HJD program in 2019.	Achieved	Following five years of the Provincial Road Improvement and Maintenance (PRIM) Pilot Program, a results-based grants program to improve road maintenance at the sub-national level, the Indonesian government approved AUD\$50 million in its 2019 budget to replicate this approach across six Districts in four Provinces. This approach has successfully demonstrated a viable model for Indonesia's Central Government to incentivise better road maintenance across the country.
2. To improve performance against <b>Outcome 9</b> (marginalised groups can advocate for and access basic services), we will continue to support CSOs to advocate the implementation of Indonesia's Disability Law at national and local level and improve access to services for other marginalised groups. This will include: continuing work with relevant government agencies to finalise the disability regulations; supporting local governments to draft and implement accessible and inclusive services; and monitoring access to services for marginalised groups. To address specific challenges in implementing the disability law we will involve a broader range of Australian development programs to influence agencies with responsibility for regulations.	Partly Achieved	Only four of the seven regulations to implement the disability law were achieved. Finalising the National Action Plan for Countering Violent Extremism was delayed, partially due to differences among government and civil society stakeholders on how to best prevent violent extremism. A plan to monitor and evaluate the implementation of the disability law, and a National Action Plan for Countering Violent Extremism have been drafted but both expect to be finalised in late 2019. Good progress was achieved through our social inclusion program and its CSO partners to give effect to the Constitutional Court's decision to enable followers of local beliefs to gain access to legal recognition.
3. To improve performance against <b>Outcome 10</b> (climate change impacts are lessened through improved environmental governance) we will undertake a mid-term review of the Environmental Governance Program in the second half of 2018 to examine the efficiency and effectiveness of the program and its management. SLM-MDTF will also work with an established group of senior Indonesian Government officials to provide a more structured coordination role on landscape management. Australia will no longer report against the milestone for mobilising finance for peatland restoration.	Partly Achieved	This outcome has made strong progress to leverage an additional AUD269 million of financing for sustainable landscape management, as well as supported the investigation of five cases using the Multi-Door Approach (MDA). However, the MDA is still limited to the investigation stage and to be fully effective, further strengthening is needed to ensure all cases proceed to the prosecution stage. We reviewed our Environmental Governance Program and are working with partners to strengthen implementation and linkages across investments. The findings will also inform our future strategic approach to climate change across Australia's investments.
4. Strategy: 2018-19 marks the preparation of our next Aid Investment Plan. We will continue to engage closely with the Indonesian Government on how best to position Australia's assistance going forward, drawing on results and lessons from our existing portfolio of investments. We will also look at how to adjust the program to respond to Indonesia's changing needs, informed by the development of Indonesia's next medium-term development plan and Australia's own White Paper priorities.	Partly achieved	Australia and Indonesia agreed to explore options to better align the new Aid Investment Plan with priorities under the Indonesian National Medium-Term Development Plan 2020-24.
5. Gender equality: Despite a slight dip in performance this year, most programs maintained their satisfactory ratings on gender equality. To ensure we continue to achieve our target and that all programs make strategic and effective contributions to gender equality and women's empowerment, we will provide staff with ongoing training drawing on expertise from within the Gender Equality Branch. We will review our flagship gender equality program, MAMPU, and we will continue to share lessons and good practice models to assist underperforming investments to achieve gender equality outcomes.	Achieved	The gender performance of our programs reached 85 per cent and has exceeded Australia's target of 80 per cent of programs effectively addressing gender equality as rated through the Aid Quality Check (AQC) process. This is a slight increase from the 2017-18 rating of 83 per cent. This is largely due to programs establishing and implementing Gender Equality and Social Inclusion (GESI) strategies to holistically address gender and vulnerability gaps identified through previous year's AQC process
6. Performance: A recent internal review of program management in the Indonesia program recommended adjusting the performance assessment system to ensure it remains appropriate and manageable within current resources. We will continue to refine the performance system to ensure it focuses on providing timely and accurate information to inform program management.	Achieved	The Performance Assessment Framework was streamlined, significantly reducing the number of indicators and focusing performance assessment on policy influence, leverage of funding, and achievement of performance milestones. To reduce the administrative burden, a shortlisting process for SPC case studies was introduced. The PAF also included a trial of Pilots to Scale case studies to support program learning.

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 – PERFORMANCE BENCHMARKS

### Progress towards Performance Benchmarks in 2018-19

Aid objective	Performance Benchmark	Rating	Progress in 2018-19
Objective 1: Effective Economic Institutions and Infrastructure	AUD1 billion dollars in additional financing is leveraged.	Achieved	Australia has helped Indonesia to attract over AUD 2 billion of additional finance to help address Indonesia's significant infrastructure gap. This is twice as much as expected and helped leverage more funding to improve agrarian reform, improve urban water access, and strengthen irrigation systems.
	300,000 cumulative farm households can access markets and increase their incomes by 30 per cent.	Achieved	Australia helped to increase incomes of 345,001 smallholder farming households, comprising of 1,006,862 individual farmers (424,269 female, 571,867 men and 10,726 gender unknown), by 252 per cent. This translates to an increase of around AUD500 per farm household during cropping season.
Objective 2: Human Development for a Productive and Healthy Society	150 district/city governments (60 new) identify and target excluded women and men for potential inclusion in social protection programs.	Achieved	Australia also supported a team of technical experts to strengthen the Ministry of Social Affairs integrated-referral system (SLRT), a national level system that help 159 district governments, including 65 new districts, to connect poor people to local-level social assistance programs and services such as health insurance and school grants.
	10,000 people with disabilities in rural areas benefit from disability inclusive-designed water and sanitation infrastructure.	Achieved	Our technical assistance provided disability inclusive infrastructure that resulted in 1,949 villages installed with public water taps, and sanitation facilities in 1,100 schools using disability-inclusive infrastructure that gave approximately 12,567 people with disability access to water and sanitation.
	Literacy and numeracy scores increase for girls and boys in target communities relative to baseline.	Achieved	Australia worked with more than 200 schools and 550 teachers across seven provinces to improve the quality of classroom learning by supporting teachers to develop teaching competencies relevant to their school context. These approaches resulted in 67 per cent (670) of boys and 60 per cent (555) or girls increasing their literacy scores, and 49 per cent (488) of boys and 41 per cent of girls (382) increasing their numeracy scores.
Objective 3: An Inclusive Society Through Effective Governance	Villages in target areas allocate at least 20 per cent of Village Funds for basic services (health, education, legal identity, and basic infrastructure)	Achieved	Australia's technical support helped to establish village governance units to develop work plans and budgets with a strong focus on increasing allocations of at least by 20 per cent for basic services, with some villages increasing by up to 50 per cent. Districts and villages increased consultation with women and marginalised groups to have their needs included in local budgets.

Aid objective	Performance Benchmark	Rating	Progress in 2018-19
	More than 10,000 women and men receive legal identity documents through DFAT-funded approaches and models.	Achieved	Australia worked with local government and CSOs that helped an additional 123,091 Indonesian women, men and children receive legal identity documents like birth certificates and national identity cards.
	A majority of directly supported civil society organisations and networks have demonstrated improved capacity to increase women's participation in decision-making processes.	Achieved	Australia supported 125 civil society organisations that have formed almost 200 additional village level groups between September 2018 and March 2019. Overall, a total of 1,012 groups established have been established since January 2017, with a membership of 16,406 women and 437 men participating in important decision making processes like village development planning and budgeting

**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

## Performance Benchmarks for remainder of Aid Investment Plan

Aid objective	Performance Benchmark 2019-2020
Objective 1: Effective Economic Institutions and Infrastructure	<p>Indonesia's second tax expenditure report expands in coverage and improves in examining tax exemptions.</p> <p>AUD 1.5 billion in additional financing is leveraged</p> <p>Over 373,000 cumulative smallholder farming households can access markets and increase their incomes by 30 per cent</p>
Objective 2: Human Development for a Productive and Healthy Society	<p>Indonesia improves the coverage and/or quality of national social protection programs</p> <p>150,000 women and men have improved access to basic sanitation</p> <p>Literacy and numeracy scores increase for girls and boys in partner schools across four provinces.</p>
Objective 3: An Inclusive Society Through Effective Governance	<p>100 districts have increased coverage of birth certificates through DFAT supported technical assistance and outreach services</p>



A year on year increase in the number of policy decisions influenced by organisations and networks supported by Australia that improved women's access to jobs and services

Four implementing regulations (RPP) of the disability law (access to justice, social welfare, rehabilitation, and planning and budgeting) are adopted and a plan to monitor and evaluate their implementation is finalised

## ANNEX C- EVALUATION PLANNING

### List of evaluations completed in the reporting period

Investment number and name	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INL923 AIP Gender Equality & Women Empowerment (MAMPU) Phase 2	MAMPU Phase 2 Independent Strategic Review	February 2019	April 2019	April 2019	April 2019
INL512 Innovation for Indonesia's School INL672 Education Technical Assistance Program INL931 World Bank TF-Teaching & Education	Strategic Review Australia's Investment in Basic Education	June 2019	July 2019	July 2019	July 2019
INJ498 AIP Rural Economic Development Program	AIP Rural End of Program Review	January 2019	January 2019	July 2019	July 2019
INL470 Australia Indonesia Partnership for Justice Phase 2	AIPJ II Mid Term Review	September 2019	October 2019	December 2019	December 2019 (est)

## 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
Policy Engagement Review	Indonesia Program	December 2019	December 2020	Review the program's work in policy reform to identify the key drivers of success and consider barriers and challenges.	DFAT led
Indonesia Project Completion Review	INI035 Indonesia Project	June 2019	December 2019	Inform the design of next phase investment (phase 5)	DFAT led
Mid-Term Review of Knowledge Sector Initiative,	INK640 Knowledge Sector Initiative	June 2020	September 2020	Assess effectiveness & results, continued relevance of 'knowledge sector' in Indonesia; and inform design of new investment	DFAT led
Infrastructure Facility (KIAT) Mid-Term Review	INL952 Indonesia Infrastructure Program (KIAT) Phase 1	January 2020	June 2020	Independent review to inform a new design, demonstrate results, verify performance, improve existing investment, and examine value for money	DFAT led

## ANNEX D- AID QUALITY CHECK RATINGS

### AQC RATINGS

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

No	Investment Name	Approved budget and duration	AQC Year	Effectiveness	Efficiency	Gender equality
1	INL873 - Towards a Strong and Prosperous Indonesian Society (MAHKOTA)	\$63,001,000	2019 AQC	5	5	4
		2015 - 2019	2018 AQC	5	5	4
2	INL923 - Empowering Indonesian Women for Poverty Reduction (MAMPU Phase II)	\$51,900,000	2019 AQC	5	5	5
		2016 - 2020	2018 AQC	5	5	5
3	INM040 - Support to Marginalised Group (PEDULI Phase II)	\$17,609,711	2019 AQC	5	5	5
		2016 - 2019	2018 AQC	5	4	4
4	INL631 - Governance for Growth (KOMPAK)	\$179,750,189	2019 AQC	4	5	5
		2015 - 2022	2018 AQC	4	5	5
5	INK640 - AIP 4: The Knowledge Sector Initiative (KSI)	\$109,257,328	2019 AQC	4	4	5
		2012 - 2022	2018 AQC	4	4	4
6	INM289 - Poverty Action Lab South East Asia - Phase II	\$10,053,310	2019 AQC	5	5	4
		2017 - 2022	2018 AQC	N/A	N/A	N/A
7	INL931 - World Bank TF - Teaching and Education	\$9,000,000	2019 AQC	5	4	5
		2016- 2019	2018 AQC	4	4	4

8	INL131 - Australia Awards in Indonesia (AAI)	\$163,648,559 2014 – 2022	2019 AQC	5	5	5
			2018 AQC	5	5	5
9	INJ247 - Scholarships Jakarta (ADS) Intake 2011	\$107,422,323 2010 – 2018	2019 AQC	5	5	5
			2018 AQC	5	5	5
10	INL086 - UNICEF Papua Rural & Remote Education	\$16,811,364 2014 - 2019	2019 AQC	5	4	4
			2018 AQC	5	4	4
11	INL512 - Innovation for Indonesia's School Children (INOVASI)	\$56,623,846 2014 - 2019	2019 AQC	5	5	5
			2018 AQC	4	5	4
12	INK993 - PAMSIMAS 2	\$35,020,936 2013 - 2018	2019 AQC	6	5	4
			2018 AQC	6	5	4
13	INM115 - PAMSIMAS 3	\$20,100,000 2016 - 2022	2019 AQC	6	5	4
			2018 AQC	6	5	4
14	INJ149 - Water and Sanitation Hibah Phase 2	\$119,656,290 2009 - 2019	2019 AQC	4	4	4
			2018 AQC	4	4	3
15	INK886 - Infrastructure Grants Municipal Sanitation (sAIG)	\$40,000,250 2012 - 2020	2019 AQC	4	4	4
			2018 AQC	4	3	3
16	INM147 - Palembang City Sewerage Project	\$45,000,200 2017 - 2022	2019 AQC	4	4	4
			2018 AQC	N/A	N/A	N/A
17	INL082 - MDB Infrastructure Assistance Program (MDB-IAP)	\$60,500,656 2013 - 2019	2019 AQC	4	4	3
			2018 AQC	5	5	3
18	INL337 - Provincial Road Improvement & Maintenance (PRIM)	\$37,730,067 2014 - 2021	2019 AQC	6	5	5
			2018 AQC	5	4	4
19	INK331 - Support Enhance Macro Economy & Fiscal Policy Analysis	\$7,333,601 2011 – 2020	2019 AQC	4	4	3
			2018 AQC	4	4	4
20	INM - 487 AI Economic Cooperation Partnership (PROSPERA)	\$145,000,000 2018 - 2023	2019 AQC	5	4	4
			2018 AQC	N/A	N/A	N/A



21	INL486 - Red Meat and Cattle Partnership (RMCP)	\$37,126,736	2019 AQC	3	4	4
		2013 - 2024	2018 AQC	3	3	4
22	INK550 - Indobeef Project	\$13,005,000	2019 AQC	4	4	4
		2012 - 2021	2018 AQC	3	3	4
23	INI035 - The Indonesian Project (ANU)	\$12,555,383	2019 AQC	5	5	5
		2008 - 2020	2018 AQC	5	5	4
24	INL470 – Australia Indonesia Partnership for Justice (AIPJ II)	\$40,000,000	2019 AQC	4	5	5
		2014 - 2022	2018 AQC	5	5	5
25	INL952 – Indonesia Infrastructure Program (KIAT) Phase 1	\$146,108,527	2019 AQC	4	4	5
		2016 – 2021	2018 AQC	4	3	5
26	INL947 – Environmental Governance	\$10,178,222	2019 AQC	4	3	3
		2015 – 2020	2018 AQC	3	4	4
27	INL548 – Micronutrient	\$4,727,560	2019 AQC	5	4	5
		2015 – 2020	2018 AQC	4	4	5
28	INM001 – Partnership for Knowledge-based Poverty Reduction (PKPR)	\$4,905,000	2019 AQC	4	4	3
		2016 – 2019	2018 AQC	4	4	3
29	INI506 – Local Solutions to Poverty (LSP)	\$226,354,872	2019 AQC	4	4	4
		2009 – 2020	2018 AQC	4	4	3
30	INL672 – Education Technical Assistance Program – Indonesia (TASS)	\$15,674,463	2019 AQC	5	5	4
		2015 – 2020	2018 AQC	5	4	4

#### 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.

## HAQC RATINGS

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

No	Investment Name	Approved budget and duration	HAQC Year	Effectiveness	Efficiency	Relevance	Gender Equality	M&E	Protection	Connectedness
1	INM649 - Central Sulawesi Response 2018	\$9,750,000	2019 AQC	5	4	6	4	4	5	5
		2018 - 2020	2018 AQC	N/A	N/A	N/A	N/A	N/A	N/A	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.

No	Investment Name	Approved budget and duration	AQC Year	Overall Rating	Effectiveness	Efficiency	Relevance	Gender Equality	M&E	Sustainability
1	INL808 - AIP - Emerging Infectious Diseases 2015-2018	\$10,007,000 2015 - 2019	2019 FAQC	5	4	5	5	4	4	5
2	INJ859 - Building Relation through Intercultural Dialogue	\$7,204,294 2011- 2019	2019 FAQC	5	5	4	5	4	5	4
3	INJ498 - AIP Rural Economic Development Program	\$112,000,000 2010 - 2019	2019 FAQC	5	5	5	6	5	6	5
4	INJ689 - Government Partnership Fund Phase (GPF) II	\$129,684,300 2011 - 2018	2019 FAQC	4	3	4	6	3	3	5
5	ING406 - AIPRD: EINRIP - Impl, Planning, & Support Facility	\$38,954,077 2005 - 2019	2019 FAQC	5	4	4	6	4	5	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

Objective / Outcome	Milestones 2017/18	Milestones 2018/19	Milestones 2019/2020
1. Stronger economic institutions	<p>Indonesia improves budget transparency giving citizens a greater say in resource allocations.</p> <p>Better supervision of conglomerates decreases the risk of financial system instability.</p>	<p>More public resources are available to infrastructure and socio-economic outcomes through a year-on-year decrease in money spent on administration.</p>	<p>Indonesia improves the quality of its performance and financial auditing in line with international standards</p> <p>Indonesia's second tax expenditure report expands in coverage and improves in examining tax exemptions</p> <p>Indonesia strengthens testing of solid bulk cargo in the shipping industry</p>
2. Infrastructure is better planned, delivered and maintained	<p>High quality projects are prepared and financed by the Indonesian Government, the private sector and / or multilateral development banks.</p> <p>A national performance-based road maintenance program is rolled out.</p> <p>National roads database (for asset management) rolled out.</p> <p>AUD600m dollars in additional financing is leveraged.</p>	<p>AUD1 billion dollars in additional financing is leveraged.</p> <p>A national performance based-road maintenance program is included in the state budget (APBN 2019).</p>	<p>AUD 1.5 billion in additional financing is leveraged</p> <p>A national performance-based road maintenance program continues to be piloted in the 4 target provinces and 6 target districts in 2020</p>



3. More jobs and higher incomes, especially for poor households	<p>Further reforms are adopted to make it easier to do business, including by local governments and courts.</p> <p>Growth in international investment is observed in targeted areas.</p> <p>124,000 cumulative farm households can access markets and increase their incomes by 30 per cent.</p>	<p>Improved policy settings in at least one area (financial services, vocational training, digital economy or VAT status) in the services sector through targeted advocacy with the private sector.</p> <p>300,000 cumulative farm households can access markets and increase their incomes by 30 per cent.</p>	<p>Over 373,000 cumulative smallholder farming households can access markets and increase their incomes by 30 per cent</p> <p>Indonesia adopts and implements at least two policy changes to improve the business enabling environment</p>
4. Government spending is better targeted to reduce poverty	<p>More poor families are purchasing rice from market (in lieu of subsidised rice distribution).</p> <p>Indonesia develops mechanism to dynamically update poverty data.</p> <p>More poor people receive social assistance payments through bank accounts.</p>	<p>Improved delivery systems enable better quality expansion of key social protection programs (PKH and BPNT).</p> <p>150 district/city governments (60 new) identify and target excluded women and men for potential inclusion in social protection programs.</p>	<p>Indonesia improves the coverage and/or quality of national social protection programs</p> <p>Indonesia's poverty targeting infrastructure (UDB, PK-S and SLRT) is increasingly embedded within government</p>
5. More households can access water and sanitation	<p>200,000 women and men have improved access to safe water and basic sanitation.</p>	<p>10,000 people with disabilities in rural areas benefit from disability inclusive-designed water and sanitation infrastructure.</p>	<p>150,000 women and men have improved access to basic sanitation</p> <p>163,000 women and men have improved access to water</p> <p>10,000 people with disabilities in rural areas benefit from disability-inclusive designed water and sanitation infrastructure</p>

<p>6. Children have improved literacy and numeracy</p>	<p>Pilot programs for improving learning outcomes are implemented.</p> <p>Indonesia allocates budget to activities supporting improved learning outcomes.</p> <p>An evaluation of pilots of teacher performance incentives is expanded from 10 to 33 sub-districts.</p>	<p>Indonesia adopts improved systems and practices for the professional development of teachers, using evidence from pilots.</p> <p>Literacy and numeracy scores increase for girls and boys in target communities relative to baseline.</p> <p>80 per cent of sub-national government (districts) that we work in partnership with allocate budget to activities supporting improved learning outcomes.</p>	<p>MoRA implements the ministerial regulation on continuous professional development</p> <p>Literacy and numeracy scores increase for girls and boys in partner schools across four provinces</p> <p>80 per cent of partner district governments (15 in total) expend their budget allocations for activities that support improved learning outcomes</p>
<p>7. Governments – national and local – deliver the services communities need</p>	<p>Local governments in targeted areas improve policies and budget management.</p> <p>Villages in target areas are using Village funds to invest in health and education.</p> <p>Target areas make improvements in service delivery.</p> <p>Poor people are accessing local programs and services through referral.</p> <p>More people can access identity cards and services.</p> <p>Child grant pilot established in 3 districts in Papua Province.</p>	<p>Villages in target areas allocate at least 20 per cent of Village Funds for basic services (health, education, legal identity, and basic infrastructure).</p> <p>More than 10,000 women and men receive legal identity documents through DFAT-funded approaches and models.</p> <p>Families in three districts start to receive regular child grant transfers from the Papua Provincial Government.</p>	<p>755 villages are using information systems to improve planning, budgeting and service delivery</p> <p>100 districts have increased coverage of birth certificates through DFAT supported technical assistance and outreach services</p> <p>The delivery system for the child grant program in Papua is strengthened in the following areas: payments, registration and governance</p>

<p>8. Women have a voice in decision-making and access to better jobs and services</p>	<p>Government adopts models to help women access services and safer work in target districts.</p> <p>Increased engagement between civil society and government contributes to policies that better reflect the needs of women.</p> <p>More women in target locations are actively involved in village level development planning.</p> <p>Targeted impact investors incorporate gender into investment decision-making, and investment in women's small medium enterprises (WSMEs).</p>	<p>Impact investing partners make investments into at least two women's small and medium enterprises (WSMEs) in Indonesia.</p> <p>A year-on-year increase in the number of female migrant workers accessing improved migration support services in targeted areas.</p> <p>A majority of directly supported civil society organisations and networks have demonstrated improved capacity to increase women's participation in decision-making processes.</p>	<p>A year on year rise in the number of districts where more women participated in village-level decision-making</p> <p>A year on year increase in the number of policy decisions influenced by organisations and networks supported by Australia that improved women's access to jobs and services</p> <p>At least two women's small and medium sized enterprises receive investment from impact investing partners</p>
<p>9. Marginalised groups can advocate for and access basic services</p>	<p>Implementation of the Disability Law remains on track and a greater number of persons with disability can access services.</p> <p>Increased Indonesian Government funding for inclusive programs.</p> <p>Civil society actors assist in countering radicalisation through public discourse.</p>	<p>Civil society input ensures a plan is in place to monitor and evaluate implementation of the disability law and a greater number of people with disability can access services.</p> <p>Strengthened civil society advocacy for followers of local beliefs, following the Constitutional Court decision, to ensure legal recognition by the government.</p> <p>A National Action Plan for Countering Violent Extremism, with input from civil society, is finalised.</p>	<p>Four implementing regulations (RPP) of the disability law (access to justice, social welfare, rehabilitation, and planning and budgeting) are adopted and a plan to monitor and evaluate their implementation is finalised, including three inclusive court pilots.</p> <p>An implementing regulation (RPP) to support CT Law implementation is adopted, the National Action Plan on Combatting Violent Extremism is finalised or incorporated into new regulations and three sub-national initiatives are being endorsed by Government</p> <p>MoEC adopts regulation on providing education services to children of followers of local beliefs</p>

			MoRA adopts a regulation on improving the accessibility of Islamic institutions to people with disabilities
10. Increased resilience to economic shocks through improved environmental governance, disaster risk management and health security	<p>National Grand Design for Forest, Plantation and Land Fire Prevention is launched</p> <p>National platform for coordination on landscape management is established.</p> <p>Finance is mobilized for peatland restoration.</p>	<p>At least AUD200 million is leveraged to support sustainable landscape management.</p> <p>At least one environmental crime is investigated using the Multi-Door Approach.</p>	<p>At least 100 million is leveraged to support sustainable landscape management</p> <p>At least 3 environmental crime cases are investigated using the Multi-Door approach</p>
11. Public policies are informed by evidence	<p>Evidence, including from pilots, is used in key reforms and to improve policies and programs.</p> <p>Indonesian research organisations, including universities, play a stronger role in public policy making.</p>	<p>Tools to support implementation of the procurement regulation, such as an e-catalogue of research providers, are in place.</p> <p>Lessons and evidence, including from pilots, are used to inform the national medium-term development plan (RPJMN).</p>	<p>The final national medium-term development plan is informed by lessons and evidence from Australian programs in at least three of the following areas: education and research, poverty and inequality, social inclusion, law reform, infrastructure, decentralisation, and jobs and skills</p> <p>At least two pilots are implemented under the new procurement regulation (Perpres 16/2018) with government funding</p> <p>The implementation of a new law for Indonesia's national research, science and innovation system (RUU Sisnas Iptek) is informed by lessons, evidence and advocacy support from the Australian program in three main areas: research</p>




			funding, governance, and incentives for researchers
12. DFAT delivers effective programs in Indonesia	PAF implementation continues to improve and contributes to decision-making. Planning is underway for new Aid Investment Plan.	Ministerial targets to 2020 are achieved.	

## ENDNOTES

- <sup>i</sup> Australian Government Foreign Policy White Paper 2017, <https://www.fpwhitepaper.gov.au/foreign-policy-white-paper>
- <sup>ii</sup> Key Issues, International Monetary Fund Indonesia Staff Report for the 2019 Article IV Consultation: <https://www.imf.org/en/Publications/CR/Issues/2019/07/30/Indonesia-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-48535>
- <sup>iii</sup> <https://jakartaglobe.id/context/most-indonesians-consider-2019-elections-honest-and-fair-survey>
- <sup>iv</sup> [https://databank.worldbank.org/data/download/hci/HCI\\_2pager\\_IDN.pdf](https://databank.worldbank.org/data/download/hci/HCI_2pager_IDN.pdf)
- <sup>v</sup> World Bank: Indonesia Economic Quarterly Report June 2018
- <sup>vi</sup> <http://dibi.bnppb.go.id/dibi/>; <https://reliefweb.int/report/indonesia/indonesia-and-un-work-closely-disaster-prevention-following-2018-disaster-death>
- <sup>vii</sup> <https://reliefweb.int/report/indonesia/impact-lombok-earthquake-460-died-and-idr-745-trillion-economic-loss>
- <sup>viii</sup> <https://reliefweb.int/report/indonesia/central-sulawesi-recovery-will-take-3-years-official-says>
- <sup>ix</sup> IMF 2019 <https://www.imf.org/en/Publications/CR/Issues/2019/07/30/Indonesia-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-48535>
- <sup>x</sup> Australia-Indonesia Economic Cooperation Partnership (PROSPERA), 2018-2023, AUD145,000,000
- <sup>xi</sup> The World Bank Indonesia Economic Quarterly, *Closing the Gap* 2017
- <sup>xii</sup> Indonesia Infrastructure Program (KIAT) 2016-2021, AUD150,000,000; Water & Sanitation Hibah Phase 2, 2009-2019, \$119,656,290; Infrastructure Grants Municipal Sanitation (SAIIG), 2012-2020, AUD40,000,250; Palembang City Sewerage Project, 2017-2022, AUD45,000,200; and Provincial Road Improvement & Maintenance (PRIM), 2014-2021, AUD378,730,067.
- <sup>xiii</sup> Australian support has helped Indonesian government programs to leverage more funding to improve agrarian reform (AUD284 million from IBRD and AUD57 million from the Indonesian government), improve urban water access (AUD142 million from the World Bank's International Bank for Reconstruction and Development (IBRD) and AUD714 million from the Indonesian government), and strengthen irrigation systems (AUD355 million from IBRD, AUD355 million from the Asia Development Bank, and AUD111 million from the Indonesian government).
- <sup>xiv</sup> PRIM
- <sup>xv</sup> IMF (2017), *Indonesia : 2017 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Indonesia*, <https://www.imf.org/~media/Files/Publications/CR/2018/cr1832.ashx>
- <sup>xvi</sup> The Asia Development Bank (2016), *Analysis of Trends and Challenges in the Indonesian Labor Market*, <https://www.adb.org/publications/analysis-trends-and-challenges-indonesian-labor-market>
- <sup>xvii</sup> McKinsey (2016), *Unlocking Indonesia's digital opportunity*, <https://www.mckinsey.com/featured-insights/asia-pacific/unlocking-indonesias-digital-opportunity>
- <sup>xviii</sup> PROSPERA
- <sup>xix</sup> AIP Rural Economic Development Program, 2010-2019, AUD112,000,000
- <sup>xx</sup> 345,001 households comprises 1,006,862 individual farmers (424,269 female, 571,867 men and 10,726 gender unknown).
- <sup>xxi</sup> *AIP Rural link to be added*
- <sup>xxii</sup> The Indonesian national poverty line is a weighted average of rural and urban provincial poverty lines, based on the average cost of basic needs in each location. Poor are defined as those who spend less than IDR 420,250 per month. In March 2018, Indonesia's poverty rated dropped to single digits for the first time.
- <sup>xxiii</sup> World Bank: Indonesia Poverty & Equity Brief April 2019 <http://povertydata.worldbank.org/poverty/country/IDN>
- <sup>xxiv</sup> Towards a Strong and Prosperous Indonesian Society (MAHKOTA), 2015-2019, AUD63,001,000
- <sup>xxv</sup> MAHKOTA; Partnership for Knowledge-based Poverty Reduction (PKPR), 2016-2019, AUD4,905,00
- <sup>xxvi</sup> BPNT operations assessment, microsave consulting Jan 2019
- <sup>xxvii</sup> PKPR
- <sup>xxviii</sup> Cahyadi et al (2018) Cumulative impacts of Conditional Cash Transfer programs: experimental evidence from Indonesia
- <sup>xxix</sup> Targeting poverty under complementarities: Evidence from Indonesia's unified targeting system, *Journal of Development Economics*, <https://www.sciencedirect.com/science/article/pii/S030438781830573X#appsec1>
- <sup>xxx</sup> Of which 45.2 per cent were women, 45.3 per cent were men, and 9.5 per cent unknown.
- <sup>xxxi</sup> Statistical Yearbook of Indonesia 2018, Central Bureau for Statistics (Badan Pusat Statistik/BPS), Ministry of Public Works and Housing presentation on Policy for Management of Urban Sanitation
- <sup>xxxii</sup> [http://www.kesmas.kemkes.go.id/assets/upload/dir\\_519d41d8cd98f00/files/Hasil-risikesdas-2018\\_1274.pdf](http://www.kesmas.kemkes.go.id/assets/upload/dir_519d41d8cd98f00/files/Hasil-risikesdas-2018_1274.pdf)
- <sup>xxxiii</sup> PAMSIMAS-3, 2016-2022, AUD20,100,000. PAMSIMAS has been operating (and supported by DFAT) since 2008 and incorporates three phases: PAMSIMAS I (2008-2012), PAMSIMAS II (2013-2018) and PAMSIMAS III (2017-2022)

- xxxiv <http://documents.worldbank.org/curated/en/938961468195535278/pdf/101178-WP-P085375-PUBLIC-Box393259B-PAMSIMAS.pdf>
- xxxv Water and Sanitation Hibah Phase 2
- xxxvi SAIIG
- xxxvii MOEC 2019. Available online: <http://jendela.data.kemdikbud.go.id/jendela/>; MORA Education Management Information System 2019. Available online: <http://emispendis.kemenag.go.id/emis2016v1/> [2018-9 figures as of 1 April 2019]
- xxxviii World Bank Human Capital Index Indonesia report 2018. This Index quantifies the contribution of health and education to the productivity of the next generation of workers
- xxxix World Bank Trust Fund – Teaching and Education (ID-TEMAN), 2016-2019, AUD9,000,000
- xl Education Technical Assistance Program (TASS), 2015-2020, AUD15,674,463
- xli Innovation for Indonesia's School Children (INOVASI), 2014-2019, AUD56,623,846
- xliv Guru BAIK and Gema Literasi
- xliii KIIAT Guru, through Local Solutions to Poverty Initiative
- xliiv Guru KIIAT reporting: July 2017 – May 2018
- xlv INOVASI, LSP, UNICEF Papua
- xlvi 2019 "Strategic Review: Australia's Investments in Basic Education" [forthcoming publication by DFAT in Aug 2019]
- xlvi Governance for Growth (KOMPAK), 2015-2018, AUD96,205,794
- xlvi This is based on detailed analysis of 50 villages through a WB report which our KOMPAK leaders tell us is representative of the work KOMPAK has been doing
- xlvi KOMPAK; AIP Gender Equality & Women's Empowerment (MAMPU) II, 2016-2020, AUD51,900,000; MAHKOTA; Support to Marginalised Groups (Peduli), 2016-2019, \$17,609,711
- i BPS 2015
- ii MAHKOTA
- iii In August 2018, KLIK, a mobile clinic for social protection and legal identity piloted by women's organisation PEKKA was incorporated into a new regulation on SLRT in Sukabumi district, West Java. The regulation mandates the use of the approach twice a year in all 386 villages, home to more than 2.3 million Indonesians
- iii KOMPAK and MAMPU
- liv Policy Note: Economic Gains from Boosting Female Labour Participation, Australia Indonesia Partnership for Economic Governance, August 2017 and Gonzales C. et al (2015), Catalyst for Change: Empowering Women and Tackling Income Inequality, IMF Staff Discussion Note
- lv Investing in Women Phase 1, 2016-2019, AUD43,800,000 <https://investinginwomen.asia/>
- lv [https://thegiin.org/assets/Indonesia\\_GIIN\\_SEAL\\_report\\_webfile.pdf](https://thegiin.org/assets/Indonesia_GIIN_SEAL_report_webfile.pdf)
- lvii World Bank (2017), Indonesia's Global Workers: Juggling Opportunities and Risks, Policy Report, Jakarta
- lviii <https://thediipomat.com/2015/03/indonesias-migrant-workers-dreams-and-tears/>
- lix World Bank (2017), Indonesia's Global Workers: Juggling Opportunities and Risks, Policy Report, Jakarta
- lx Bazzi S. and M. Bintoro (2015), Review of Policy-Oriented Research on Indonesian Overseas Migrant Workers, Jakarta: MAMPU. See also Farbenblum, B., Taylor-Nicholson, E., and Paoletti, S. (2013). Migrant Workers' Access to Justice at Home, Indonesia: Open Society Foundation.
- lxi MAMPU
- lxii Migrant CARE has branches in 5 districts in Indonesia (Kebumen, Jember, Banyuwangi, Indramayu, Karawang); and works with local NGOs in 3 districts (Lombok Tengah, Lombok and Wonosobo) to work under MAMPU. It has also a branch in Kuala Lumpur, Malaysia.
- lxiii Intercensal Population Survey, 2015
- lxiv TAF, 2016, Understanding Social Exclusion in Indonesia (pp 18-27) <https://dfat.gov.au/about-us/publications/Pages/indonesia-understanding-social-exclusion-meta-analysis-peduli.aspx>
- lxv Australia Indonesia Partnership for Justice II, 2014-2022, \$40,000,000; Peduli
- lxvi Yogyakarta, Sukoharjo, Situbondo, Klaten, West Sumba, Bone, Gowa and Banjarmasin
- lxvii Peduli Bi-Annual Report, July – December 2018.
- lxviii Bappenas Press Release – Indonesian government Committed to Mainstream Low Carbon Development and Green Economy, 11 October 2018
- lxix Environmental Governance, 2015-2020, AUD10,178,222
- lxx World Bank's Sustainable Landscape Management Multi-Donor Trust Fund comprises 43 per cent Australian and 57 per cent Norwegian funds, with an overall total of USD10,884,324
- lxxi Knowledge Sector Initiative (KSI), 2012-2020, AUD109,257,237
- lxxii MAMPU
- lxxiii KSI



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<sup>lxxiv</sup> <https://dfat.gov.au/about-us/publications/Pages/making-performance-count-enhancing-the-accountability-and-effectiveness-of-australian-aid.aspx>