



Australian Government

KOMPAK ACHIEVEMENT REPORT

January 2015 - June 2018



KOMPAK Achievement Report
January 2015–June 2018

KOMPAK

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ACRONYMS, ABBREVIATIONS AND TERMS

AIP	Aid Investment Plan
AIPD	Australian Indonesia Partnership for Decentralisation
AIPJ	Australian Indonesia Partnership for Justice
APBD	<i>Anggaran Pendapatan dan Belanja Daerah</i> (Regional Budget)
APBDes	<i>Anggaran Pendapatan dan Belanja Desa</i> (Village Budget)
AUD	Australian Dollar
AWP	Annual Work Plan
Bappeda	<i>Badan Perencanaan Pembangunan Daerah</i> (Development Planning Agency at Sub-National Level)
Bappenas	<i>Badan Perencanaan Pembangunan Nasional</i> (Ministry of National Development Planning)
BAST	<i>Berita Acara Serah Terima</i> (Certified Acceptance of Grant Support)
BDT	<i>Basis Data Terpadu</i> (Unified Database)
Bina Pemdes	<i>Bina Pemerintahan Desa</i> (Directorate for Village Development)
BLUD	<i>Badan Layanan Umum Daerah</i> (Regional Public Service Agency)
BPD	<i>Badan Permusyawaratan Desa</i> (Village Consultative Council)
BPS	<i>Badan Pusat Statistik</i> (Central Statistics Agency)
BTT	Bunda TexTalk
BUMDesa	<i>Badan Usaha Milik Desa</i> (Village-Owned Enterprise)
Camat	Head of Subdistrict
CRVS	Civil Registration and Vital Statistics
CSO	Civil Society Organisation
DAK	<i>Dana Alokasi Khusus</i> (Special Allocation Fund)
DD	<i>Dana Desa</i> (Village Fund)
DFAT	Department of Foreign Affairs and Trade
DID	<i>Dana Insentif Daerah</i> (Regional Incentive Fund)
EOFO	End-of-Facility Outcome
FY	Fiscal Year
GESI	Gender Equality and Social Inclusion
GoA	Government of Australia
Gol	Government of Indonesia
IAPA	Indonesia Association for Public Administration
ICT	Information and Communication Technology
IDR	Indonesian Rupiah
IO	Intermediate Outcome
IPR	Independent Progress Review
IRE	Institute of Research and Empowerment
JARING PEKAT	<i>Penjaringan Akte Kelahiran Melalui Pendidikan, Kesehatan dan Masyarakat</i> (Network for Birth Certificates through Education, Health, and Community)
Kecamatan	Sub-district
Kemenko PMK	<i>Kementerian Koordinator Pembangunan Manusia dan Kebudayaan</i> (Coordinating Ministry for Human Development and Cultural Affairs)
KKN	<i>Kuliah Kerja Nyata</i> (Community Service Program)
KOMPAK	<i>Kolaborasi Masyarakat dan Pelayanan untuk Kesejahteraan</i>
LANDASAN	<i>Layanan Pendidikan dan Kesehatan</i>
LDD	Living Design Document
LI	Legal Identity

LP2M	<i>Lembaga Penelitian dan Pengabdian kepada Masyarakat</i>
M&E	Monitoring and Evaluation
MAHKOTA	<i>Menuju Masyarakat Kokoh dan Sejahtera</i>
MAMPU	<i>Maju Perempuan Indonesia untuk Penanggulangan Kemiskinan</i> (Empowering Indonesian Women for Poverty Reduction)
MEL	Monitoring, Evaluation, and Learning
MIS	Management Information System
MoF	Ministry of Finance
MoHA	Ministry of Home Affairs
MoHDC	Coordinating Ministry for Human Development and Cultural Affairs (also see Kemenko PMK)
MOU	Memorandum of Understanding
MoV	Ministry of Villages, Development of Disadvantaged Regions and Transmigration
MSE	Micro and Small Enterprises
MSS	Minimum Service Standards
Musrena	<i>Musyawarah Rencana Aksi Kaum Perempuan</i> (Women's Forum)
NTB	<i>Nusa Tenggara Barat</i> (West Nusa Tenggara)
NTT	<i>Nusa Tenggara Timur</i> (East Nusa Tenggara)
OJK	<i>Otoritas Jasa Keuangan</i> (Financial Services Authority)
P2B	<i>Program Penghidupan Berkelanjutan</i> (Sustainable Livelihoods Strategy)
P3BM	Pro-Poor Planning, Budgeting and Monitoring
PAF	Performance Assessment Framework
PBMAD	<i>Pembelajaran Mandiri Aparat Desa</i>
PEKKA	<i>Perempuan Kepala Keluarga</i> (Female-Headed Households Empowerment)
PerBup	<i>Peraturan Bupati</i> (District Governor Regulation)
PFM	Public Financial Management
PKAD	<i>Pengembangan Kapasitas Aparatur Desa</i> (Strengthening the Capacity of Village Government)
PKH	<i>Program Keluarga Harapan</i> (Family Hope Program)
PKK	<i>Pembinaan Kesejahteraan Keluarga</i>
PKKPM	<i>Peningkatan Kesejahteraan Keluarga berbasis Pemberdayaan Masyarakat</i>
PKP	<i>Pembangunan Kawasan Perdesaan</i> (Rural Area Development)
PKPM	<i>Pusat Kajian Pendidikan dan Masyarakat</i> (the Center for Education and Community Studies)
PLUT	<i>Pusat Layanan Usaha Terpadu</i> (Integrated Service Business Center)
PMC	Project Management Cycle
PODES	<i>Pendataan Potensi Desa</i> (Village Potential Data Collection)
Pokja	<i>Kelompok Kerja</i> (Thematic Working Group)
POLRI	<i>Kepolisian Republik Indonesia</i> (Indonesian National Police)
PP	<i>Peraturan Pemerintah</i> (Government Regulation)
PSF	PNPM Support Facility [World Bank]
PTO	<i>Petunjuk Teknis Operasional</i> (Technical Operational Guidelines)
PTPD	<i>Pembina Teknis Pemerintahan Desa</i> (Technical Facilitators for Village Governance)
PUSKAPA	<i>Pusat Kajian Perlindungan Anak</i> (Center on Child Protection and Wellbeing)
Puskesmas	<i>Pusat Kesehatan Masyarakat</i> (Community Health Centre)
RPJMD	<i>Rencana Pembangunan Jangka Menengah Daerah</i> (District Medium-Term Development Plan)
RPJMN	<i>Rencana Pembangunan Jangka Menengah Nasional</i> (National Medium-Term Development Plan)
SA	Subsidiary Agreement
Saber DO	<i>Sapu Bersih Drop Out</i>
SAIK	<i>Sistem Administrasi dan Informasi Kampung</i> (Village Information and Administration System)
Sakernas	<i>Survei Angkatan Kerja Nasional</i> (National Workforce Survey)
SC	Steering Committee

SD	<i>Sekolah Dasar</i> (Elementary School)
SDC	Skill Development Center
SEPAKAT	<i>Sistem Perencanaan Penganggaran Analisis dan Evaluasi Kemiskinan Terpadu</i> (Integrated System for Planning, Budgeting, and Evaluation for Poverty Reduction Program)
SID	<i>Sistem Informasi Desa</i> (Village Information Systems)
SIMPADU	<i>Sistem Informasi Terpadu Penanggulangan Kemiskinan</i>
SKB	<i>Surat Kerja Bersama</i> (Joint Working Letter)
SLRT	<i>Sistem Layanan Rujukan Terpadu</i> (Integrated Referral Service System)
SMA	<i>Sekolah Menengah Atas</i> (Senior High School)
SMP	<i>Sekolah Menengah Pertama</i> (Junior High School)
SNAPA	Sub National Poverty Assessment
SOP	Standard Operating Procedure
SP	Strategic Partner
SPAK	<i>Saya Perempuan Anti Korupsi</i> (I Am a Woman Against Corruption)
SPM	<i>Standar Pelayanan Minimal</i> (Minimum Service Standard)
Susenas	<i>Survei Sosial Ekonomi Nasional</i> (National Socio-Economic Survey)
TA	Technical Adviser
TAF	The Asia Foundation
TC	Technical Committee
TNP2K	<i>Tim Nasional Percepatan Penanggulangan Kemiskinan</i> (National Team for the Acceleration of Poverty Reduction)
TNI	<i>Tentara Nasional Indonesia</i> (Indonesian National Armed Forces)
ToT	Training of Trainers
TRATA	<i>Transparan, Akuntabel, Tepat Guna</i> [Game]
UIN	<i>Universitas Islam Negeri</i>
UMD	<i>Universitas Membangun Desa</i> (Universities Building Villages)
UU	<i>Undang-Undang</i> (Village Law)
VfM	Value for Money
WP	Workplan

EXECUTIVE SUMMARY

Since its inception in 2015, KOMPAK has established a strong presence in its seven target provinces and has become a partner of choice for Indonesia in providing governance technical assistance at the national level (2017 Independent Progress Review, IPR). KOMPAK is addressing highly relevant development challenges and has positively influenced the direction of Indonesia's governance reforms, including how it allocates and uses funds for improving local development and reducing inequality. It has supported provincial and district authorities to develop local, replicable approaches to supporting village development and service delivery. The 2017 IPR confirmed KOMPAK can claim significant achievements from implementation to date.

This comprehensive report describes KOMPAK's achievements and lessons learned from implementation since its inception until June 2018. It highlights key results in improving policies at national and sub-national levels, particularly related to fiscal transfers, frontline service delivery, village development, and employment. It showcases various systems strengthening models that have been piloted to improve quality and access of services, particularly in the areas of legal identity, health, education, skills development, and market access support. It demonstrates progress in institutional strengthening at the village and community levels.

After an overview of background and context, the report briefly summarises ways of working, achievements (by outcome area and against cross-cutting issues), as well as challenges and lessons learned against each of the three outcome areas. It then concludes with a 'big picture' review of opportunities and constraints in relation to the overall management of the facility, and reflections and proposed internal adjustments to improve KOMPAK's ways of working for the continuation phase through to June 2022.

The report builds on and complements a number of recent reports, in particular the latest KOMPAK Progress Report (July–December 2017), the Living Design Document (LDD, updated in March 2018), and the Independent Progress Review of February 2018, all of which provide complete overviews of KOMPAK's design, progress, achievements, and challenges to date. Forward-looking guidance beyond the reporting period is provided in the KOMPAK Living Design Document 2015–2022, from its most recent update in March 2018.

The KOMPAK team would like to formally acknowledge and thank the individuals within the Department of Foreign Affairs and Trade (DFAT) for their ongoing support, flexibility, ideas, and challenges throughout the implementing period. KOMPAK also acknowledges the strong collaboration with the Government of Indonesia (GoI) both at national and local levels, and the partnerships with civil society organisations. The strengths and quality of the partnerships with DFAT, GoI, and other partners have facilitated much of the good work of KOMPAK over this initial phase of design and implementation.

SUMMARY DATA

Name of activity	KOMPAK
Duration	January 2015–June 2018
Approved budget	AUD 80 million
Final expenditures	AUD 77,750,189 as at 30 June 2018
Source of funds and other contributions	Government of Australia Department of Foreign Affairs and Trade (DFAT)
Program duration	3.5 years
Start date	2 January 2015
End date	30 June 2018 (for this reporting period)
Australia country strategy outcome	Objective 2: Human development for a productive and healthy society Objective 3: An inclusive society through effective governance in Indonesia
Program objective	<p>Goal: Poor and vulnerable benefit from improved basic services and greater economic opportunities.</p> <p>End of Facility Outcomes:</p> <ol style="list-style-type: none"> 1. Local government and service units better address the needs of basic service users. 2. The poor and vulnerable benefit from improved village governance. 3. The poor and vulnerable benefit from increased opportunities for employment and economic development.
Program summary	<p>KOMPAK is a partnership between the Government of Indonesia (GoI) and Government of Australia (GoA). It was established in 2015, working with five GoI ministries (Bappenas; Ministry of Finance; Ministry of Home Affairs; Ministry of Villages, Development of Disadvantaged Regions and Transmigration; and the Coordinating Ministry for Human Development and Cultural Affairs), and operating across 26 districts in seven provinces. KOMPAK is a governance facility aligned to GoI's two key poverty reduction objectives – improved access to and quality of frontline services, and increased opportunities to jobs and livelihoods for Indonesia's poorest and most vulnerable people. KOMPAK supports GoI in its efforts to achieve these objectives by improving village governance, strengthening sub-national transfers and spending, and enabling local governments to deliver services and economic opportunities more effectively. It does this by working alongside GoI to improve policies, systems, and citizen engagement nationally and at the local level. KOMPAK's implementation instruments include policy advocacy and dialogue, research and analytics, pilots and demonstrations, and capacity development and institutional strengthening.</p>
Subsidiary Agreement with the Government of Indonesia	<ol style="list-style-type: none"> 1. Initial Subsidiary Agreement signed on 14 December 2015 with a commitment up to AUD 80 million for a period until 30 June 2018. 2. This Subsidiary Agreement was extended through an Exchange of Letters signed on 30 May 2018, with a total commitment of up to AUD 200 million for the period until 30 June 2022.

Governance arrangements/ structure	<p>KOMPAK governance arrangements are founded on the Steering Committee and the Technical Committee at the national level, and the Provincial and District Technical Teams at the sub-national level. The membership of these committees comprises of key counterpart ministries (Bappenas; Ministry of Home Affairs; Ministry of Finance; Ministry of Villages, Development of Disadvantaged Regions and Transmigration; and Coordinating Ministry for Human Development and Cultural Affairs); with co-leadership by Bappenas and DFAT at national level (Steering Committee and Technical Committee) and led by Bappeda at province and district levels. These governance arrangements function as decision-making forums and provide strategic direction in addition to oversight of KOMPAK program implementation.</p>
Activity location	<p>National</p> <p>7 provinces (Aceh, Central Java, East Java, Papua, South Sulawesi, West Nusa Tenggara, and West Papua)</p> <p>26 districts (Aceh – Aceh Barat, Bener Meriah, Bireuen; Central Java – Brebes, Pemalang, Petungkriyono; East Java – Bondowoso, Lumajang, Pacitan, Trenggalek; Papua – Asmat, Boven Digoel, Jayapura, Lanny Jaya, Nabire, Waropen; South Sulawesi – Bantaeng, Pangkajene dan Kepulauan; West Nusa Tenggara – Bima, East Lombok, North Lombok, Sumbawa; West Papua – Fakfak, Kaimana, Manokwari Selatan, Sorong).</p> <p>A map of locations is included in Annex 1.</p>



1 | INTRODUCTION

KOMPAK is a facility funded by the Government of Australia to support the Government of Indonesia in achieving its Medium-term National Development Plan 2015–2019 targets of reducing poverty. KOMPAK's formal goal at present is *'Poor and vulnerable Indonesians benefit from improved delivery of basic services and greater employment opportunities'*. KOMPAK has identified three priority End-of-Facility Outcomes (EOFOs) towards this goal:

- EOFO 1: Local government and service units better address the needs of basic service users.
- EOFO 2: The poor and vulnerable benefit from improved village governance.
- EOFO 3: The poor and vulnerable benefit from increased opportunities for economic development.

Working at both the national and sub-national levels, KOMPAK strives to effect the above long-term outcomes through improvements in: policies, laws and regulations; systems and institutions; and community engagement. KOMPAK's approach differs in that it takes a multi-sector approach and focuses on addressing the constraints as viewed from the point of service delivery – the frontline – rather than from Jakarta. KOMPAK has a comparative advantage in being able to pilot innovative approaches at sub-national level and bringing the results to national stakeholders for policy uptake.

KOMPAK collaborates with a wide range of stakeholders at national level. These include the Ministry of National Development Planning (Bappenas), Ministry of Home Affairs (MoHA), Ministry of Finance (MoF), Ministry of Villages, Development of Disadvantaged Regions and Transmigration (MoV), and Coordinating Ministry for Human Development and Cultural Affairs (Kemenko PMK), as well as local governments in seven provinces (Aceh, Papua, West Papua, South Sulawesi, West Nusa Tenggara, East Java, and Central Java) and 26 districts, and also eight partners from civil society and academia (BaKTI, Institute of Research and Empowerment [IRE], LPA-NTB, Female Headed Household Empowerment (PEKKA), Penabulu, Center on Child Protection and Wellbeing [PUSKAPA], National Secretariat of the Indonesian Forum for Budget Transparency [SEKNAS FITRA], and The Asia Foundation [TAF]).

KOMPAK focuses on addressing the constraints from the 'bottom-up' (at the point of service or the frontline where communities access the service), as well as 'top-down' from Jakarta, while strengthening the supportive regulatory framework at the national level. KOMPAK takes innovative approaches to address a wide range of constraints, including local governments' capacities to plan, budget, and deliver quality services, and the ability of citizens (women and men) to influence budget allocations for services. KOMPAK builds on DFAT's past investments in community empowerment, service delivery, public sector governance, and civil society strengthening.

While officially commencing as a design-and-implement facility in January 2015, the initial inception phase was dedicated to developing partnerships, establishing governance structures, collaborative design of the first year's work plan, and finalisation of the Subsidiary Agreement. KOMPAK did not commence activities at scale until the second quarter of 2016. In late 2016, KOMPAK also expanded its sub-national coverage and increased its resourcing at the sub-national level.

This is the final report of the first three years of the facility, covering an implementation period of approximately two years. The purpose of this final report is to tell 'the story' of the development of KOMPAK to date, and to capture and document the key achievements, challenges and learning related to approaches and ways of working, from the perspective of the KOMPAK team. Where relevant, results from the findings from the recent Independent Progress Review have been included in this document.



2 | OVERVIEW

GOAL AND EXPECTED OUTCOMES

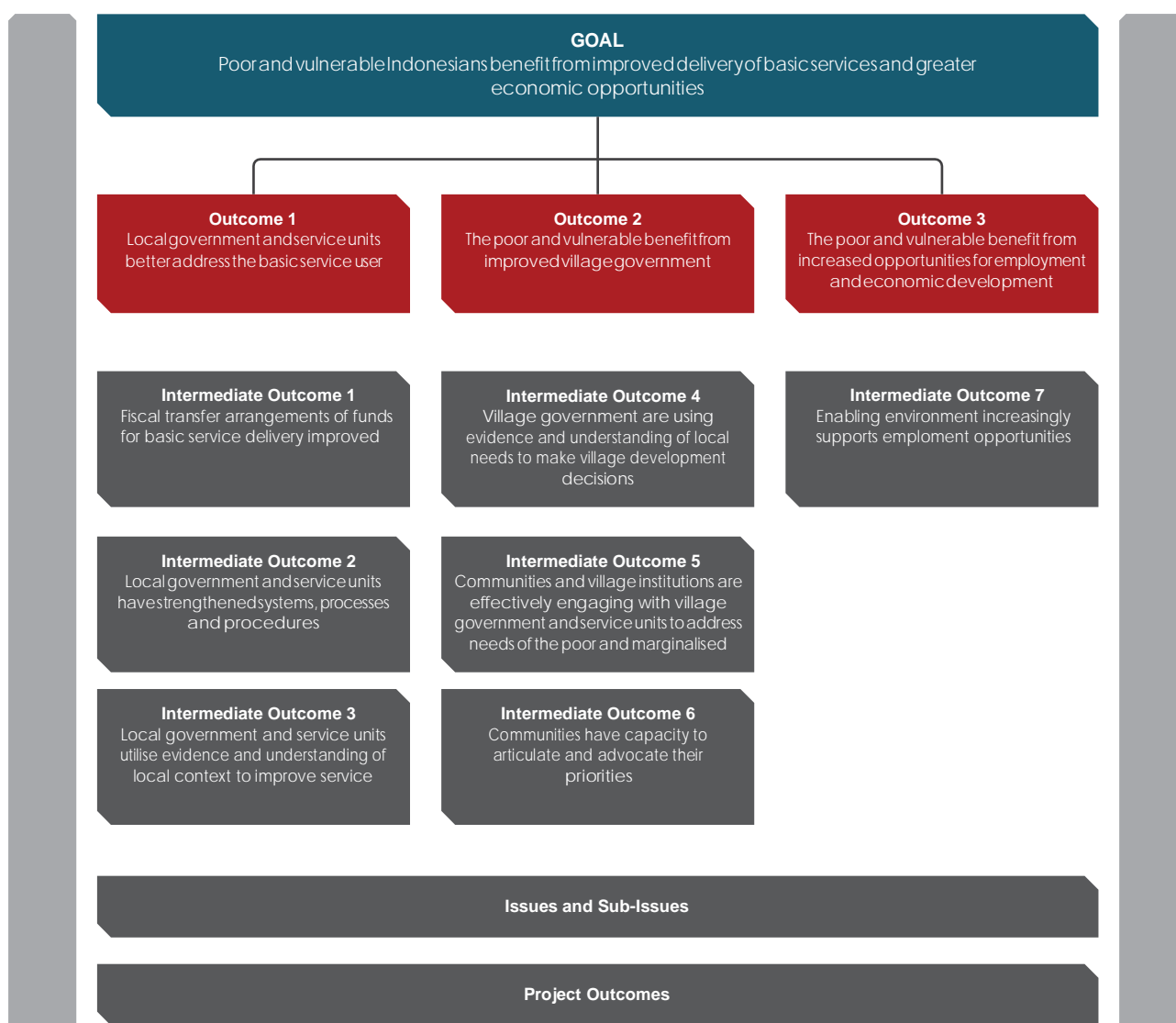
KOMPAK works towards three End-of-Facility Outcomes that contribute to its overall goal, namely:

- EOFO 1: Local government and service units better address the needs of basic service users.
- EOFO 2: The poor and vulnerable benefit from improved village governance.
- EOFO 3: The poor and vulnerable benefit from increased opportunities for economic development.

These EOFOs, while extremely broad in nature, serve two fundamental purposes for KOMPAK: to outline the **types** of results against which its overall performance will be assessed, and also to help to specify the three main **domains** in which KOMPAK will work to contribute to its broader goal.

KOMPAK focuses on addressing key constraints related to service delivery and employment opportunities with a clear line of sight to development outcomes in the following areas: health, nutrition, education, local economic development, and civil registration and vital statistics (CRVS). In doing so, KOMPAK works from the ‘bottom up’ (at the point of service or frontline where communities access the service), as well as from the ‘top down’ (improving policy coherence, strengthening the regulatory environment, and investing in planning and delivery systems).

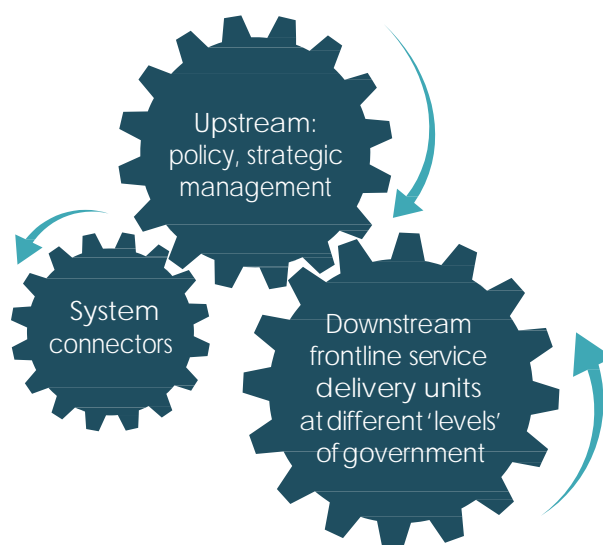
FIGURE 1. KOMPAK PERFORMANCE FRAMEWORK (2015–2018)



The strategic ‘framing’ of KOMPAK presented in the 2018 Living Design Document (LDD), shown in Figure 2, demonstrates the interconnected nature of the problems KOMPAK is working to address. KOMPAK’s larger goal will only be achieved if there are fundamental improvements in the functionality and coherence of these three ‘cogs’:

- At national ‘upstream’ level, where KOMPAK seeks to help improve policy and regulatory consistency, coherence and relevance.
- In the design and operation of the systems (for money, people, information, policy guidance, monitoring and reporting) that link government at national, provincial, district, sub-district and village level.
- At ‘downstream’ service delivery level – the point at which frontline staff engage with citizens.

FIGURE 2. KOMPAK STRATEGIC FRAMING CONNECTING UPSTREAM AND DOWNSTREAM WORK



Directly resulting from this framing, there are four priority issues² that KOMPAK support will address:

- At the **national** level, the weakness and lack of internal consistency of key policies, laws, and regulations related to decentralised service delivery and village governance are the focus. In addressing these issues, KOMPAK will continue to work with Bappenas and other key GoI ministries.
- At the **system** level, the functionality, reliability, and integrity of financial management are critical. With the Village Law and fiscal decentralisation policies in place, billions of rupiah are channelled in various ways from national to district governments to village governments. These flows must be timely, accurate, and spent effectively and efficiently. Strengthening the whole public financial management (PFM) cycle for sub-national transfers (planning, budgeting, releasing, acquitting, recording, reporting, and auditing) will therefore remain a KOMPAK priority.
- At the **district, sub-district, and village level**, the requisite skills, confidence, and authority to act effectively, efficiently, and equitably are often weakly developed. To address this, KOMPAK will continue to strengthen both the authorising environment and incentives for independent and appropriate action by district, sub-district, and village governments, as well as improve individual competencies and institutional capacities.
- At the **frontline and community level**, the depth and ‘bite’ of citizen engagement and social accountability is often limited. This results in funds being poorly deployed and local priorities not being met. KOMPAK will continue to work to empower local communities to hold their governments (at all levels) to account for the proper use of funds.

An overview of the different types of initiatives that have been supported, linkages between the different areas, and how they have worked to contribute to the different outcome areas is explained in section 3 below.

FACILITY RATIONALE AND RELEVANCE

KOMPAK is highly relevant to the objectives of both the GoI National Development Plan and GoA's Aid Investment Plan (AIP) for Indonesia (2015–16 to 2018–19). It directly contributes to two of the three major objectives in the AIP:

1. Human development for a productive and healthy society.
2. An inclusive society through effective governance.

Outcomes 1 and 2 relate directly to service delivery and village governance, both of which contribute directly to the second and third strategies. KOMPAK focuses on both 'supply' and 'demand' side interventions to improve local governments' delivery of efficient, effective, and equitable services, and strengthened community demand for these services. KOMPAK's Outcome 3 work contributes indirectly to the first strategy.

The GoI's broad support for KOMPAK recognises both the extent of alignment with GoI's own priority areas, and also the recognition of the responsiveness and flexibility of KOMPAK ways of working in supporting interventions across joint areas of concern. According to the 2017 IPR:

The IPR team found that the KOMPAK Program aligns with Indonesia's own development objectives as articulated in the National Medium-Term Development Plan 2015–2019 and in the continued rollout and strengthening of the Village Law. KOMPAK assists the government to develop sound policies based upon evidence and testing of what works. GoI ministries responsible for policy development do not often have the resources or mandate to pilot ideas and undertake research; it is a niche value-add that the Australian Government brings to Indonesia's development agenda.

The approaches to development taken by the KOMPAK program are relevant to the Program Outcomes. The design–implement approach, the facility modality, and the iterative–adaptive management model, are all relevant to a program that seeks to leverage its own relatively small resource envelope to achieve good outcomes for poverty reduction; assisting the government to distribute the benefits of economic growth to a larger number of people, and institutionalise those approaches. This assistance has become increasingly important as Indonesia's economic growth slows and inequality rises¹.

CHANGES IN PROGRAM'S OPERATING CONTEXT

The underlying rationale and approach for KOMPAK has remained constant throughout its first three years, which is to assist the GoI in delivering its commitment to improve basic services for the poor and vulnerable. Under the Regional Autonomy Law (No. 23/2014) and the Village Law (No. 6/2014), local governments and villages are empowered with authority and resources to address their service delivery gaps directly, according to their needs and capacities. KOMPAK focuses on promoting discussion and the piloting of approaches to address the constraints identified from the 'bottom-up' (at the point of service or frontline where communities access the service) rather than 'top-down' from Jakarta, while strengthening the supportive regulatory framework at the national (and where relevant local) level. While the remit of KOMPAK remains highly relevant to GoI and GoA, the operating context has inevitably evolved, requiring KOMPAK to continually adapt and adjust its programming and operations accordingly.

¹ KOMPAK IPR, page 21.

One of the major shifts that KOMPAK has undertaken is the focus from national to sub-national implementation. Initially KOMPAK's support was targeted at the central government, particularly in rolling out the Village Law and the frontline strategy of GoI. However, progress with the national government was challenging due to massive regulatory reforms required, discord between ministries, and changes in leadership within the government. When KOMPAK initiated activities in selected provinces and districts, it became apparent that the sub-national setting was more conducive for KOMPAK to effect real changes in policies, systems, and institutions.

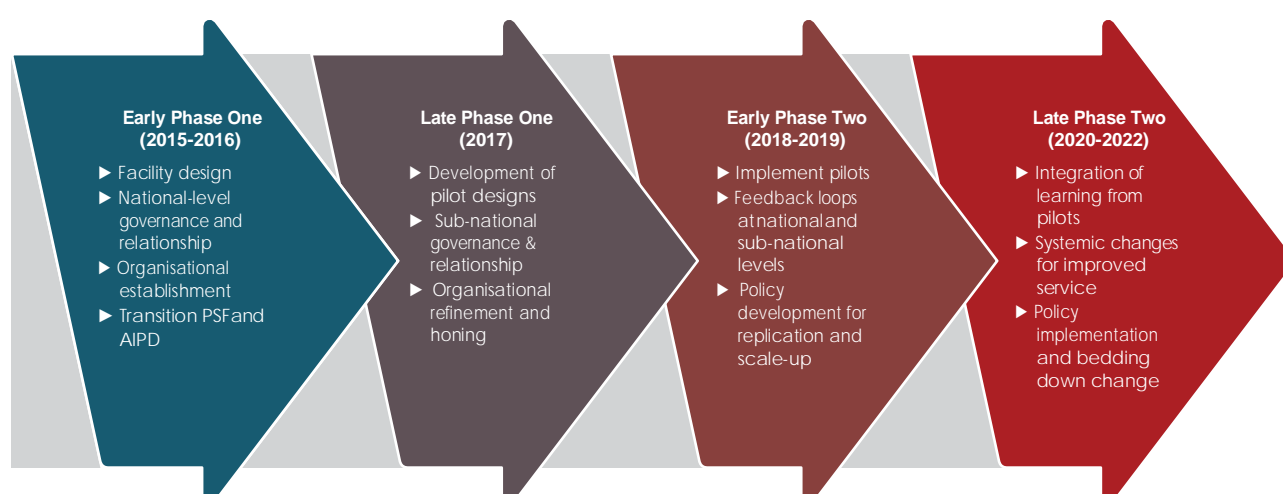
Based on these experiences, and in accordance with KOMPAK principles of learning, flexibility, and adaptation, in late 2016 the approach was revised, which resulted in substantially expanded sub-national operations – from initiatives focusing initially on two provinces (East Java and NTB) to a total of seven (with the addition of Aceh, Central Java, South Sulawesi, Papua, and Papua Barat). This new, expanded reach can be seen on the map provided in section 7.

Full implementation of all activities across the three outcome areas in all seven provinces began in early 2017. With this expansion, and resulting strong sub-national presence, KOMPAK has been able to have practical/direct impact at the local level, as well as providing valuable evidence and lessons learned related to decentralised service delivery and village development for greater national policy impact.

Another important development in KOMPAK's operating context was the engagement of strategic partners (SPs). KOMPAK has been working with a range of SPs, including civil society organisations (CSOs) and academic institutions, to help shape, implement, and monitor its interventions. KOMPAK's intent was to leverage the local knowledge, capacities, and networks of these partners on specific issues of common interest to KOMPAK, such as village strengthening, social accountability, and legal identity. Through these partnerships, KOMPAK was able to expand its reach for piloting, capacity development, and institutional strengthening, especially at the community level. Central government stakeholders were also engaged in these local activities, to facilitate increased value-add and learning from these partner activities to national policies. The active engagement and implementation role of SPs also supported the longer-term goal of building local institutions' capacities and partnerships, acknowledged and promoted the importance of multi-stakeholder collaboration, and are promoted as a model for replication of collaborative ways of working in other locations and/or sectors.

KOMPAK's anticipated evolution across its two phases is illustrated in the Figure below.

FIGURE 3. KOMPAK'S EVOLUTION AND TRAJECTORY

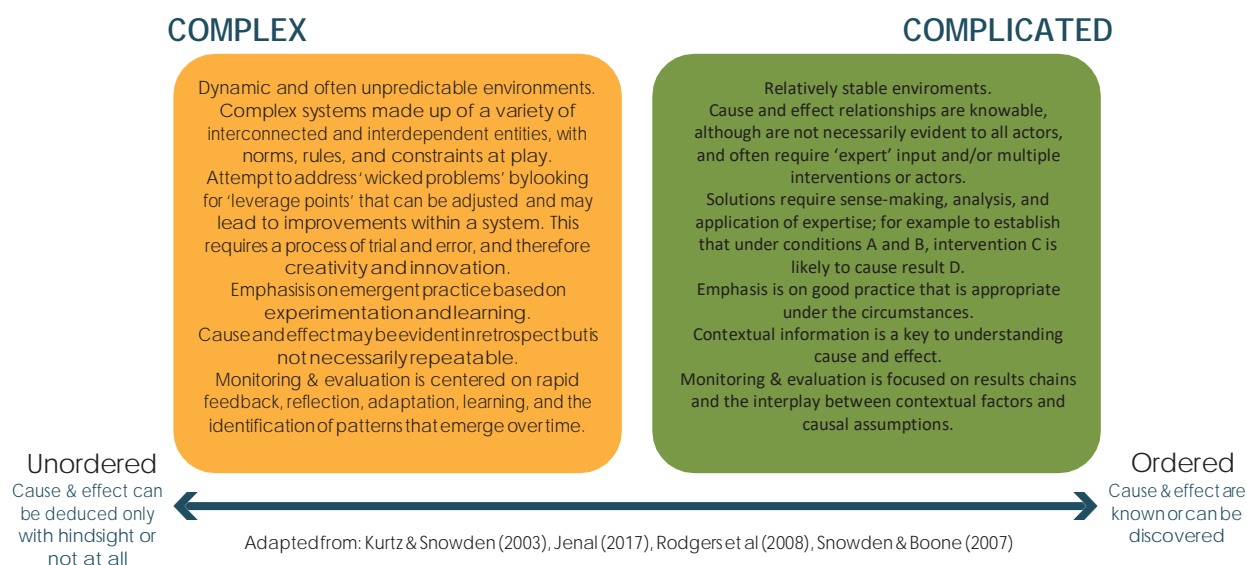


APPROACH AND WAYS OF WORKING

Adaptive Development

The KOMPAK EOFOs and problem areas above fit many of the definitions of a 'complex' situation in Figure 4 below. They sit within open, interdependent systems, and the 'correct' responses cannot necessarily be known and planned for in advance. Although pathways to change may be visible with hindsight, they are not necessarily repeatable across all contexts. A key aspect of KOMPAK's success is therefore its ability to work flexibly and adaptively, and to trial various interventions and respond to learning and emerging results as it works towards its EOFOs.

FIGURE 4. DEFINITIONS AND IMPLICATIONS OF COMPLEXITY AND COMPLICATEDNESS



However, for problems that are more well-defined or better understood (including based on KOMPAK's experience of testing and learning through implementation since 2015), the situation may be more 'complicated' than 'complex'. For these problems (which are often the focus of one particular area of KOMPAK's support), KOMPAK is more likely to be able to define probable solutions in advance, although expertise and contextual knowledge will still be needed to design interventions that are appropriate under particular circumstances.

KOMPAK's overall programmatic modality as a facility was considered beneficial and fit-for-purpose for KOMPAK in the 2017 IPR. This is because the facility modality provides the necessary flexibility to develop and implement new packages of activities over time, together with the GoI, including in response to emerging opportunities, changing circumstances, and what is gaining traction. For the 2019 to 2022 period, KOMPAK will continue to work adaptively through a facility modality: both to continue to test new ideas, but also to provide more consolidated support and knowledge base related to promising contextual lessons learned to date.

Types of Support

In accordance with the KOMPAK design objective of a flexible and adaptive facility, KOMPAK has used a variety of methods or instruments to contribute to its outcomes. The following table provides an overview of types of implementation approaches used to date. Further explanation of these methods, and how they have applied to different initiatives, is included in section 3.

TABLE 1. IMPLEMENTATION APPROACHES

APPROACH	DESCRIPTION
Problem Driven Iterative Adaptation	Using issues and sub-issues as the starting and reflection point of a continuously iterative and adaptive process for problem-solving with stakeholders to find solutions.
Coalitions for Change	Convening stakeholders (individuals and groups) around KOMPAK's EOFOs to create shared value in pursuing policy changes towards resolution of an issue or sub-issue, while leveraging their resources and individual vested interests. Stakeholders may include government, civil society, donor programs, the private sector, and beneficiaries.
Leveraging Resources	Drawing upon the wide variety of DFAT investments to promote changes that achieve KOMPAK outcomes.
Policy Dialogue and Policy Advice	Facilitating GoI to convene policy dialogue with whole-of-government and civil society stakeholders who can inform and support achievement of outcomes that align with KOMPAK outcomes. Providing expert policy advice, as trusted advisers to the GoI, to assist it to achieve its outcomes that align with KOMPAK outcomes.
Capacity/Institutional Strengthening	Providing technical experts or training to the GoI or CSOs to support delivery-specific outputs that facilitate achievement of shared outcomes.
Research and Analysis	Support research and analysis that brings new insights to KOMPAK, DFAT, and GoI for the purpose of achieving shared outcomes.
Pilots and Demonstrations	Implementing pilots and demonstration activities with GoI to test the application of methods for achieving outcomes, and facilitating successes to be replicated and scaled up.



3 | IMPLEMENTATION ISSUES

KOMPAK has an enabling and ‘facilitating’ role; it does not deliver services. KOMPAK’s focus is on strengthening Gol systems for the delivery of frontline services. KOMPAK recognises the importance of ways of working to initiate traction and sustain change. KOMPAK has done this by ensuring that activities take into account the local sociopolitical context; that there is government support or ‘buy-in’ for the initiative; that it fosters innovation; encourages local leadership, and locally-led solutions; and importantly, that it facilitates iterative sharing of learning, adaptation, replication, and scaling up of effective solutions.

An important aspect of the approach is joint decision-making in relation to the support for projects/initiatives (by the joint Steering Committee [SC]), based on jointly-agreed, transparent and publicly available ‘Investment Criteria’. The Investment Criteria² used are illustrated below.

TABLE 2. INVESTMENT CRITERIA

INVESTMENT CRITERIA	DESCRIPTION	WHAT TO CONSIDER
Outcomes	Must contribute directly to KOMPAK outcomes and desired change	The project/activity should articulate how the activity will produce KOMPAK outcomes (i.e. what is the causal link between inputs, outputs, and outcomes), supported by evidence and/or a strong argument to support experimentation.
Ownership	Must be endorsed by Gol and respond to a clearly articulated Goldemand.	Evidence of the extent of support within the Gol for the activity, the contribution Gol will make to the project/activity, and how Gol intends to use and/or sustain the outcomes.
Replicability	Must have the potential for large-scale impact and to be replicable and scalable.	Describe how this investment leverages broader impact through replicability or scale up, and what support is in place for this to be achieved. Consider cost, fiscal space, political economy analysis, organisational capacity, and leadership.
Value for Money (VfM)	Must be cost-effective and provide good value for money (economy, efficiency, and effectiveness).	Present how the investment conforms to KOMPAK’s Value for Money Policy, and make the case for why the selection of instrument is a good VfM choice.
Viability	Must be technically feasible and politically possible.	Political economy analysis should underpin the investment rationale to ensure that interests, incentives, and institutions support (or at least do not undermine) the chance for success.

KOMPAK draws on different types of implementation support, as noted above. Considering the size of KOMPAK, the facility has adopted close working relationships with a set of key strategic partners to implement certain program activities. These strategic partners are CSOs and academic institutions that share common objectives with KOMPAK and offer technical and institutional capacities to implement a specific set of interventions. These strategic partners are considered a valuable asset to KOMPAK, in that the program through its collaboration is able to leverage networks and the expertise of its partners. The 2017 Refresh and Refocus document and the

² Although not currently included in investment criteria, in initiative selection and design, consideration has also been given to the promotion of gender equality and social inclusion (GESI). A review of the investment criteria prior to Phase 2 commencement will look at ways in which to ensure better, more actively integrated GESI into decision-making on KOMPAK-supported investments.

IPR both indicated that KOMPAK may be working with too many strategic partners (mainly CSOs), some of which have too unfocused a remit. To achieve greater focus, a review of KOMPAK's strategic partner engagement was undertaken during the period February to June 2018, and its recommendations to consolidate and strengthen partnerships were subsequently approved. The recommendations sharpen the partnership framework at the national level to ensure that all partners bring value-add in relation to the national policy agenda, and it is open to the possibility of locally-engaged CSO partners through KOMPAK's provincial offices. This approach is also in line with the stated objective of strengthening sub-national implementation moving forward.

While KOMPAK's projects are implemented at national and local levels, in the last quarter of 2016, KOMPAK made a major shift to strengthen its presence and focus at sub-national level. This resulted in larger resource allocation to offices in seven provinces and an increased number of activities implemented at sub-national level. The creation of and support for a larger team also had major implications on activity management and operations. In the first quarter of 2017, KOMPAK moved to decentralise its planning process, provide greater opportunity to support local government priorities and agendas, and delegated authority to provincial teams for program design and implementation activities.

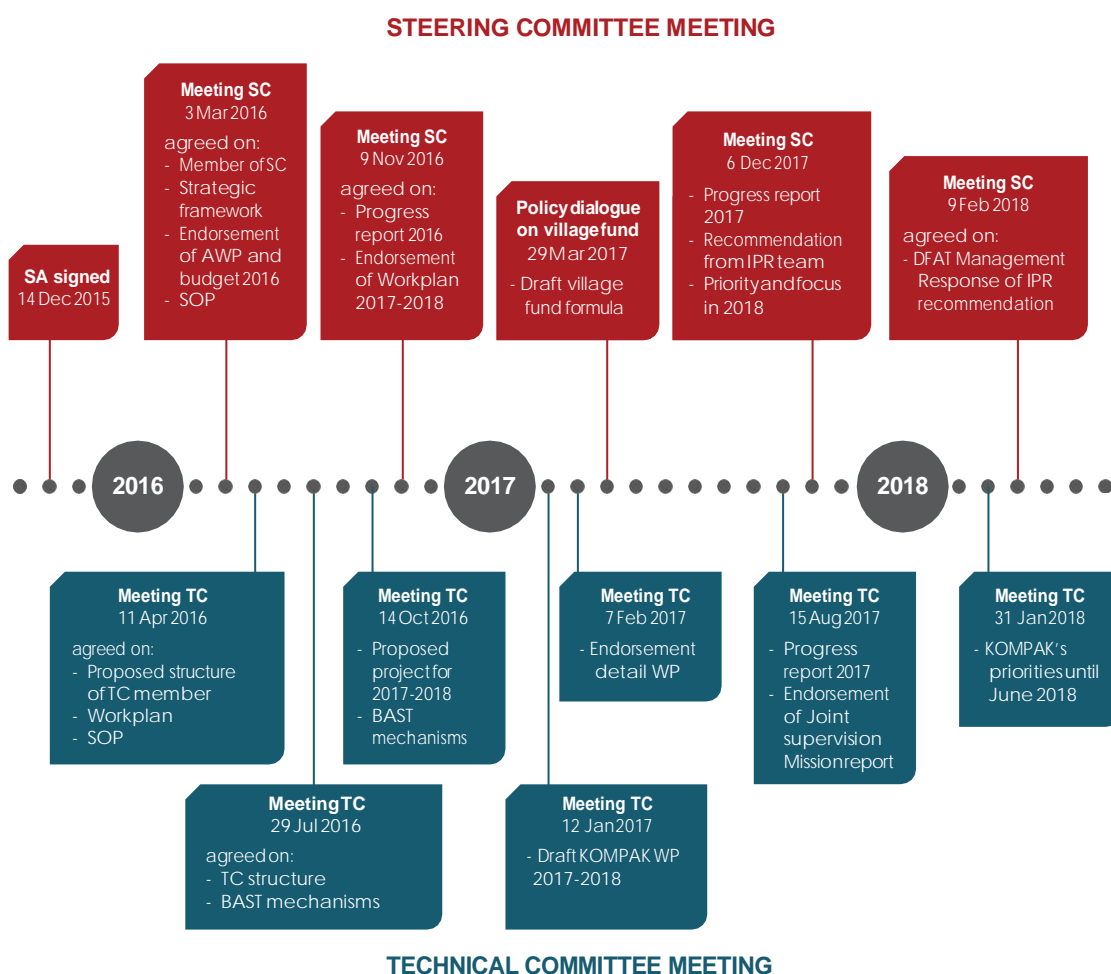
Monitoring and evaluation data is collected through a set of tools, which aim to track progress at the village, district, and provincial levels, and to aggregate data across locations to report on progress overall. KOMPAK reports to DFAT through six-monthly progress reports, which provide updates on how KOMPAK is tracking against the planned implementation schedule and budget, the operating context, and also reports of findings emerging from the monitoring and evaluation activities. These progress reports also answer key Aid Quality Check questions for DFAT.

GOVERNANCE

KOMPAK governance arrangements are founded on the Steering Committee (SC) and the Technical Committee (TC) at the national level, and the Provincial and District Technical Teams at the sub-national level. The membership of these committees comprises of key counterpart ministries or agencies, with co-leadership by Bappenas and DFAT at the national level (Steering Committee and Technical Committee), and led by Bappeda at province and district levels. These governance arrangements function as decision-making forums and provide strategic direction, in addition to oversight of KOMPAK program implementation. These allow for the Gol's ownership of the program, promote a cross-sectoral approach, and provide the foundation for integration and institutionalisation of KOMPAK's interventions. At both national and sub-national levels, KOMPAK staff have established strong and trusted working relationships with the Gol.

As illustrated in Figure 5, since their establishment both the SC and TC have held regular meetings and made important decisions influencing program development, strategy, and ways of working; for example, in relation to the program strategic framework, program Standard Operating Procedures (SOPs), structure and membership of thematic working groups, annual work plans, and annual registration of aid handover. Annual registration of KOMPAK aid handover, or BAST (*Berita Acara Serah Terima Hibah*), is signed by the DFAT Minister Counsellor and the relevant Echelon 1 or 2 in each partner ministry that received support, and contains the value of support from donor programs that is recognised by Gol in their annual financial report.

FIGURE 5. STEERING COMMITTEE AND TECHNICAL COMMITTEE MEETINGS SINCE 2016 AND MAIN DECISIONS



The governance structures of KOMPAK are important for setting strategic direction and oversight of program implementation. However, the process and dynamics have varied between governance bodies at national and sub-national levels. There have been challenges, including:

- Ensuring alignment of support for government priorities at national–province–district levels.
- Communicating decisions of governance bodies to all parties involved in the implementation of KOMPAK.
- Allocating significant time and resources from KOMPAK to facilitate communication and engagement.



4 | ACHIEVEMENTS

OVERALL ACHIEVEMENTS

The 2017 IPR, involving extensive field visits and discussions on KOMPAK performance at the national and sub-national levels, concluded:

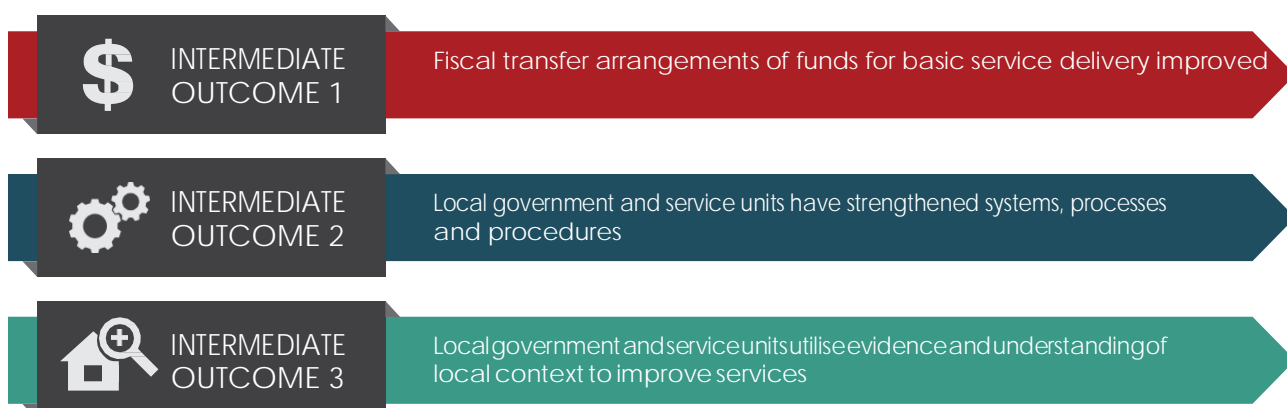
Overall, the IPR team found that the KOMPAK Program is a good investment for the Australian aid program in Indonesia. It is addressing the priorities of both the Australian and Indonesian Governments by contributing to Gol's poverty reduction efforts, particularly in relation to decentralisation policy, Village Law implementation, and improving frontline services delivery. It has developed strong relationships with the Indonesian national Government and the target sub-national governments. The IPR team noted that DFAT and the Program were held in high esteem by government counterparts at every level³.

KOMPAK has made significant achievements in contributing to substantial policy outcomes and real improvements in services delivery in locations where KOMPAK works. However, the program has not been able to well articulate the specific impacts of these achievements against high-level project indicators. As outlined in Section 6, the KOMPAK team is currently reviewing and strengthening the monitoring, evaluation, and learning (MEL) processes and systems, including the management information system (MIS). In addition, a staff capacity building strategy is being developed to ensure that once fit-for-purpose systems and processes are in place, the team is able to more effectively and efficiently capture, analyse, and report on monitoring data and information in preparation for the next phase.

ACHIEVEMENTS BY OUTCOME AREA

This section describes developments and progress of KOMPAK against each of the End-of-Facility Outcome areas, from the perspectives of the KOMPAK team. Each part of the section provides a brief overview of the context of the issues being addressed under the EOFO, the KOMPAK interventions, as well as progress and learning to date.

EOFO 1: Local Government and Service Units Better Address the Needs of Basic Service Users



³Independent Program Review Report, page 9.

IF fiscal transfer policies and budget allocation formulae are clearer, consider local diversity, and are better understood, THEN the flow of funds to local governments and service units will be more appropriate to the local needs. IF financial management systems, performance-based incentives systems, procedures and capacities at the district level and in service units are improved, THEN they will be able to better allocate and spend funding for basic service delivery. Similarly, improved staff skills and systems at the district level and in service units will lead to improved service quality. IF local governments and service units are given the space and encouragement to innovate and test ways of delivering services, THEN new and perhaps more efficient service delivery options will be identified. IF the demand side is strengthened, THEN service delivery accountability will be strengthened and become better aligned with identified needs.

Context

In the National Medium-Term Development Plan 2015–2019 (Rencana Pembangunan Jangka Menengah Nasional or RPJMN), the GoI aims to reduce poverty from 10.96 percent to 7–8 percent, and the Gini coefficient from 0.41 to 0.36 in the five-year period.

To achieve these goals, the GoI has developed a three-pillar poverty reduction framework, comprised of: (i) a comprehensive social protection system; (ii) basic services for the poor and vulnerable; and (iii) sustainable livelihoods. The pillar on basic services aims to improve access of the 40 percent poorest population and other marginalised groups to quality basic services, which includes legal identity, health, education, social protection, and basic infrastructure⁴. This is emphasised in Law No. 23/2014 on Regional Autonomy, which mandates that all district and municipal governments prioritise budget allocations for quality delivery of basic services.

The objective of EOFO 1 is to support government's poverty reduction framework, which is focused on basic services. KOMPAK does this by helping to close the key accountability loops for improved basic service delivery. It focuses on improvement of basic services through a frontline approach that enhances accountabilities at the point of service (i.e. the frontline) through increased responsiveness of government and service units and the engagement of communities. In working towards EOFO 1, KOMPAK aims to effect change through: **strengthened fiscal transfer policies** (improving how fiscal transfers to the regions are being allocated by working on fund formulation, fund flows, and financing arrangements); **strengthened capacity of local government institutions for improved delivery of basic services** (through their compliance with Minimum Service Standards (MSS) and greater coordination across frontline services agencies at the sub-district level); **developing or improving local regulatory frameworks to enhance the delivery of basic services** (through technical assistance and ensuring alignment with national level policy); and **innovations for basic services** (supporting local initiatives to improve delivery of health, education, and legal identity services for the poor and vulnerable).

⁴ Law No. 23/2014 on Regional Autonomy outlines basic services as public services to fulfil the basic needs of citizens.

EOFO 1 Achievements and Approaches

This section summarises high-level outcome achievements to date towards EOFO 1. It describes KOMPAK's approaches, analysing which have worked well, less well, and why.

Fiscal transfer arrangements of funds for basic service delivery improved

Key Results

- Policy advice on formula for Dana Desa (DD/the Village Fund) – resulted in more equitable distribution of funds (pro-poor) affecting all 74,574* villages in Indonesia.
- Policy revision to link DID (the Regional Incentive Fund) to MSS and revise the local rating indicators – this creates a national performance incentive system.
- At the local level, 5/7 provinces and 20/26 kabupaten received DID in 2017, and of these 80% of the provinces and 65% of the kabupaten increased their allocation from 2016.
- Policy advocacy to National MSS regulation, resulting in paradigm shift: now local governments (not just technical ministries) are responsible for ensuring that every citizen has access to basic services that meet MSS.

KOMPAK has made significant contributions to **policy reform on fiscal transfers** (especially on the Regional Incentive Fund [*Dana Insentif Daerah* or DID], Special Allocation Fund [*Dana Alokasi Khusus* or DAK] and Village Fund [*Dana Desa* or DD]), directly and indirectly influencing a total of IDR 125.8 trillion in funding to local governments in 2017 (approximately AUD 12 billion). Technical support was provided to assist GoI in defining revisions of grant formulas (DD), prioritising a specific transfer formula (DAK), and piloting a new DAK E-planning system and the linkage with Minimum Service Standards.

Over an 18-month period, KOMPAK worked with development partners, particularly the World Bank, to provide the national government with policy advice on how to more equitably distribute Village Funds. This resulted in a significant change to the Village Fund allocation formula, from 90 percent basic allocation (distributed equally to all villages) and 10 percent formula-based allocation (depending on population size, poverty rate and geographic challenges of the village) to the following: a 77 percent basic allocation, 20 percent by formula, plus 3 percent by affirmative policy designated for villages lagging behind. This results in a more equitable distribution of Village Funds in comparison with the previous formula, which favoured regions with more villages (such as Aceh), irrespective of their population size and poverty rate.

Special Autonomy Funds (Otsus)

Three of KOMPAK's provinces receive Special Autonomy Funds or Dana Otsus from the national government: Aceh, West Papua, and Papua. This funding plays a significant role in the provinces' development, and combined (including additional infrastructure funds) amounts to around AUD 2 billion. In 2018, Otsus funding covers more than half of each province's annual budget (53% in Aceh, 55% in West Papua, and 57% in Papua).

As a result of several Otsus reviews requested by the local government, KOMPAK has further influenced Otsus funding for poverty reduction and basic services. In Papua, KOMPAK collaborated with MAHKOTA to design a cash-transfer social protection program aimed at children under four and the elderly, called BANGGA Papua. This will be piloted in the districts of Asmat, Lanny Jaya, and Paniai. In West Papua, KOMPAK assisted in the development of the first Provincial Regulation for Health System Development. Working together with legal experts from the local University of Cendrawasih, the regulation was finalised in the second quarter of 2018. In Aceh, KOMPAK has reviewed financial implementation of Otsus implementation in the province, the recommendations from which were well received by the province and district governments.

A second national policy achievement related to fiscal transfers was KOMPAK's support to the MoF on the revision of the formulation for the Regional Incentive Fund. Assessment results of the performance-based incentive grant (DID) lack transparency, so that local governments are unsure of the areas in which they are performing well and those in which they need to improve. By linking the formulation for DID with local-level compliance with Minimum Service Standards and revision of local government rating indicators, KOMPAK has helped to create a national performance incentive system in Indonesia. Some of these additional DID indicators include stunting, human development index, e-government, and local planning, all of which contribute to the improvement of basic services.

KOMPAK supports local governments to better understand this new formula and the allocation criteria, enabling districts to receive DID (or higher amounts). Using the revised system for DID, 21 provinces, 233 districts, and 63 cities received DID in 2017. While KOMPAK has been successful in working with district governments to increase DID allocations (19 of KOMPAK's 26 focus districts were DID recipients in 2017 and 68.4% of these districts received an increased amount of DID in comparison with 2016), it has been less successful in influencing how the DID funds are spent. This is because the main target of this intervention is the Financial Management and Regional Asset Office (DPKAD); however, the authority of the DPKAD does not extend to cover how the funds are spent. KOMPAK will address this as a focus area in the future.

Examples of improved DID allocations (districts) include:

- Bener Meriah, Aceh (IDR 11 billion for health, education, and water services. Increase of 10 times the allocation between 2016 and 2017 overall, due to their achievements across multiple indicators in this particular year. From 2016 to 2018 the specific allocation for basic services continuously increased by over 100% on the 2016 allocation).
- Brebes, Central Java (75% increase from 2016 to 2017).
- Lombok Utara, NTB (22% increase from 2016 to 2017).
- Pacitan, East Java (22% from 2016 to 2017).

To improve the coordination, efficiency and transparency in managing the DAK, KOMPAK supported the piloting of the **DAK E-planning system** in the KOMPAK target provinces of Aceh, South Sulawesi, and NTB. This system allows local government to submit proposals online, and also training on the DAK E-planning system has enabled all 34 provinces and 514 districts in Indonesia to now use a single integrated system and understand the importance of prioritising allocations for basic services. This new online system has potential to improve coordination, efficiency, and transparency in managing DAK, but KOMPAK recognises that there are still substantial improvements needed to enhance the application and governance process.

The final key achievement in KOMPAK's national policy work related to fiscal transfers and delivery of basic services is the Government Regulation on Minimum Service Standards (*Peraturan Pemerintah tentang Standar Pelayanan Minimal* or PP-SPM), which was signed in January 2018 (PP No. 2/2018). MSS is the primary policy instrument for measuring performance of local governments in delivering basic services. Specifically, the regulation stipulates that local governments (not just the technical ministries) are responsible for guaranteeing that every citizen has access to services that meet MSS. The regulation intends to provide clear benchmarks or standards for local government performance on health, education, public works, housing and social orderliness. KOMPAK provided technical assistance to the Ministry of Home Affairs and Bappenas with policy research and advocacy that contributed to the finalisation of the PP-SPM, including two studies on levelling and costing of MSS. The PP-SPM is especially important for KOMPAK's work to strengthen local government capacities for evidence-based planning and budgeting. With the new regulation in effect, KOMPAK also assisted the sub-national governments in using the MSS to guide plans and budgets at the district level and in the service units. Linkages have also been made with KOMPAK's social accountability initiatives, to ensure that the local service providers are being held accountable for implementing the required MSS.

Key challenges to improving MSS achievement that need to be considered in the design of future interventions include: incomplete basic data to plan the MSS needs; limited capacity of local government staff in planning and budgeting the MSS needs; unavailability of technical guidance from technical ministries; and lack of awareness and commitment from local leaders, due to competing priorities with infrastructure. These challenges are being used as input into the consideration of further KOMPAK interventions.

FIGURE 6. SEPAKAT



In addition to improving the regulatory framework and providing training and specific support to sub-districts and service units, KOMPAK has also supported specific tools to help improve service delivery. One such tool is SEPAKAT (Sistem Perencanaan Penganggaran Analisis dan Evaluasi Kemiskinan Terpadu), *a tool for improved pro-poor planning, budgeting, and monitoring and evaluation*. KOMPAK engaged its strategic partner, Penabulu, and supported Bappenas to develop this tool, which links a newly-developed system for pro-poor planning, budgeting, and monitoring (P3BM) with the existing integrated management system for poverty reduction (*Sistem Informasi Terpadu Penanggulangan Kemiskinan*, SIMPADU), and integrated data on poverty (Basis Data Terpadu, BDT).

The SEPAKAT tool can be used at three levels of government; at the national level, it can be used for policy formulation for the poverty reduction strategy and reference for fiscal transfers policy; at the provincial level, as a tool for provincial governments to coordinate poverty reduction programs within their jurisdictions (across districts); and at the district level, it can be used as a tool for better targeting of pro-poor basic service delivery.

During the initial phase of field testing, SEPAKAT received very positive reviews from both Bappenas and the KOMPAK pilot districts' governments (Bantaeng, South Sulawesi, and Pacitan, East Java). Recently SEPAKAT has been integrated with SNAPA (a Sub-National Poverty Assessment tool). In the future, Bappenas plans to also link SEPAKAT to SLRT (*Sistem Layanan Rujukan Terpadu*), an integrated referrals system operated by the Ministry of Social Affairs).

These supply-side efforts (support to increase capacity in leadership, management, analysis, and problem solving related to basic service delivery) are complemented by KOMPAK collaboration with its strategic partner The Asia Foundation, and local CSOs to increase communities' knowledge regarding their rights to basic services (health, education, and legal identity) and necessary information and tools to participate in planning, budgeting, monitoring, and evaluating service delivery quality. The objective is to generate community pressure for local governments and service providers to respond more efficiently and effectively to the demands for service improvement by the service users themselves.

Local governments and service units have strengthened systems, processes and procedures

Key Results

- Policy advocacy on revision of government regulation on the role of the kecamatan – enshrines in law and enhances the role of kecamatan in administration of Village Law and coordination of basic services.
- 16/26 districts have already translated this into local regulations.
- 388 participants from local government and service units trained in PFM and leadership, planning, and coordination for basic services.
- 223 service units (schools and health centres) have improved their standards and management systems.

One of KOMPAK's key areas of focus is strengthening sub-national systems for service delivery. This includes: the role of the sub-district as a key support for the district government; systems that support delivery of legal identity services; and improvements to health and education services. Key achievements in these areas are outlined below.

A core component of KOMPAK's work to improve basic services at the local level is to enhance the role of the sub-district government and bring services closer to the communities. While providing support to individual service units to improve their planning and budgeting capacity is key, there are many issues that fall outside of the control of service units themselves, such as staff rotations and ensuring that all citizens are covered. The district has authority to oversee and coordinate delivery of basic services, but the sheer number of service units they are responsible for, and the distances that must be covered, create obstacles for the district government. Delegating authority for oversight and coordination of basic services to the sub-district provides a potential solution to this problem. KOMPAK has therefore supported: both national and local regulations that enable the delegation of authority from the district to the sub-district; capacity building for sub-districts on leadership and management; training on public financial management for health centres, schools, and sub-district offices; technical assistance on standard operating procedures; and has also provided tools to support these improvements, such as social accountability mechanisms.

KOMPAK has provided substantial technical support to government in its **revision of Government Regulation No. 19/2008 on the role of the kecamatan**, which is intended to improve local leadership, coordination, and allocation of resources, particularly related to frontline service delivery. The revised regulation (PP No. 17/2018) was signed in May 2018 and assigns authority from the district to the head of the sub-district (Camat) for coordination and consolidation of all efforts regarding basic services, including health, education, social protection, infrastructure, and legal identity. There is also a clause regarding the type of services now under sub-district supervision. In addition to this regulation, KOMPAK has supported 16 out of its 26 district governments to translate this national regulation into local policy, 12 of which have been signed into law, with a further four in process⁵. To complement this regulatory framework, KOMPAK has provided training to 388 participants⁶ across all districts to improve their understanding of PFM (64 participants from schools, health centres, and sub-districts) and leadership, as well as coordination and planning for basic services and Village Law (197 sub-district heads; 127 sub-district secretaries). This means that KOMPAK districts now have the knowledge and authority to improve basic services in their districts, and are in a much stronger position than non-KOMPAK districts in relation to the implementation of this new national level regulation. Nine KOMPAK districts reported that they replicated sub-district strengthening training in additional sub-districts.

⁵ The 10 districts in West Papua and Papua that make up the LANDASAN pilot are still focusing on enhancing local government capacity to implement the basic function and role of the Camat. These districts are therefore not at the stage where they can take on additional delegated responsibilities. This area of work will become a future focus for the LANDASAN districts, once a standard level of sub-district governance has been achieved.

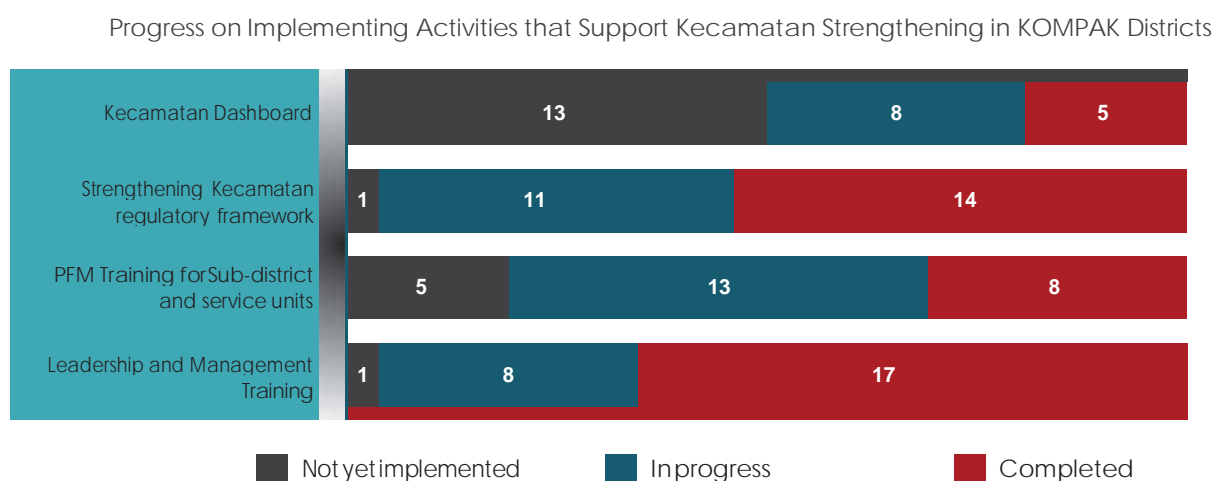
⁶ At the time of writing, participant data from Sorong district is being finalised.

KOMPAK has also provided specific support to schools and health centres to improve services and build social accountability mechanisms, which have been particularly successful in South Sulawesi, Papua, and West Papua. As a result of KOMPAK-supported training, the development of school committees and coordination conducted by the sub-district, 125 village heads across six districts in Papua and West Papua have allocated funding for education purposes. KOMPAK has also assisted 188 elementary schools to develop annual plans and budgets, which will be monitored by school committees. In addition, 85 trained accreditation officers have supported 29 health centres in Papua and West Papua to improve standard operating procedures, six of which have obtained national accreditation. In Pangkajene and Kepulauan in South Sulawesi, KOMPAK has supported a further 16 health centres to obtain national accreditation.

As part of this effort to increase accountability for improved basic service delivery, various interventions commenced field testing in KOMPAK-supported areas in 2017. These interventions include complaints handling, budget analysis capacity, and advocacy related to health, education, and legal identity. There are currently 77 citizen groups, comprising of more than 2,400 people (particularly poor women and people with disabilities) in 30 villages in 12 districts, which have been established and linked together through a network to increase their bargaining position to advocate for better delivery of services. Other initiatives have included training of 310 citizen journalists, who have been actively reporting specific issues relating to access and quality of basic services for the poor and vulnerable. Fourteen policies (at district and village level) were reported to have been directly influenced by this citizen journalism. While many of the social accountability initiatives have shown good individual results, there are questions regarding institutionalisation and sustainability of these results after the completion of KOMPAK support. The benefits of working only with established/existing civil society and community-based organisations (rather than newly-established groups) will be incorporated into future programming, to ensure that learning, tools, and knowledge can be retained, shared, and sustained.

The work on the **Kecamatan Dashboard** (a sub-district level system to collect and manage village-level data on basic services and the administration of Village Law) is still in progress. To date, five districts (Aceh Barat, Sorong, Manokwari Selatan, Kaimana, and Jayapura) have finalised their dashboards, while eight districts are progressing with development. So far, KOMPAK has not collected data on how the sub-districts have used the dashboard for development purposes, as they are all rather new, but the anticipated challenges are related to data accuracy, updating of data, and lack of analytical skills to actually use the data. Currently dashboards are updated based on information from the village-level systems. The challenge will be to tap into health and education data to enable informed coordination and facilitation processes at this level. Going forward, KOMPAK will develop ways to integrate SID (*Sistem Informasi Desa*) and SAIK (*Sistem Administrasi dan Informasi Kampung*) village-level systems to better support rollout of the dashboard in other KOMPAK locations.

FIGURE 7. DISTRICT REPORTS ON IMPLEMENTATION PROGRESS OF FRONTLINE PACKAGES SUPPORTING KECAMATAN STRENGTHENING (DISTRICT SCAN, APRIL 2018; 26 DISTRICTS REPORTING)



Local government and service units utilise evidence and understanding of local contexts to improve basic services

Key Results

- 93,555 legal identity applications facilitated and 67,437 documents issued by innovative service delivery models in 16 districts.
- 1,428 children returned to school across 2 districts.
- 1,313 pregnant women received prenatal advice and support through IT service Bunda TexTalk in East Java.
- Contributed to 37 regulations in 13 districts to support and institutionalise these innovative models.

KOMPAK works with local governments and stakeholders to understand problems and then prioritise issues where change is already happening or likely to happen. Based on this knowledge, KOMPAK then works in one of two main ways: to facilitate a process of developing and testing new ideas (i.e. piloting); and by providing direct technical assistance and facilitation to GoI institutions. Below are some examples of where KOMPAK has worked with local government, service units, and stakeholders to understand problems and develop and test new ideas in: (i) Civil Registration and Vital Statistics, focusing on legal identity; (ii) Education, focusing on service units' (i.e. schools') management capacities; and (iii) Health, focusing on service units' (i.e. Puskesmas's) management capacities and accreditation.

Legal Identity

In relation to **CRVS**, the rationale for focusing on legal identity is to strengthen the capacity and extend civil registration services to enable better access to health, education, and social protection services. In this effort, KOMPAK has partnered with Bappenas, MoHA, the Office of the President, PUSKAPA, The Asia Foundation, and local CSOs.

KOMPAK worked simultaneously on both supply (strengthening civil registry services and cross-sectoral coordination) and demand (increasing awareness to stimulate civil registration-seeking behaviour at community level) with three models, which are tailored to the differing local contexts, institutional arrangements, and the local government targets in each KOMPAK focus district. The models include the:

- **Acceleration model**, which focuses on targeting the obvious options for civil registration improvement – children without birth certificates and parents without marriage certificates.
- **Prevention model**, which focuses on targeting children under five years old, with the purpose of preventing them from being unregistered by the time they enter primary education.
- **Outreach model**, which focuses on targeting remote areas and hidden populations or socially-excluded individuals.

At the national level, KOMPAK has provided support to the draft **CRVS National Strategy**, which is aimed at strengthening coordination of inter-sectoral CRVS planning, programs, and policies, and to improve the quality of vital data produced by the civil registration system and its use for planning and budgeting. It will provide a legal basis for accelerating the attainment of legal identity at the national and sub-national level, and the required inter-sectoral collaboration of government at and between different levels.

The expected results from this initiative are an increase in the number of children with birth certificates, and to learn valuable lessons from the new models for referral systems currently being piloted. The box below highlights some practical achievements to date in relation to CRVS support.

Significant achievements reported in CRVS include the implementation of innovative service delivery models in six districts, mobile registration services (i.e. bringing services to the village level), and through village registrars⁷ (598 village registrars across more than 485 villages and 255 village data (SID) operators from 224 villages), who to date have facilitated legal identity document applications for 93,555 individuals. Out of those, 67,437 legal identity documents have been issued, including: 52,935 birth certificates (able to disaggregate 10,110 birth certificates for male applicants and 10,199 birth certificates for female applicants); 8,531 family cards (able to disaggregate 3,665 family cards for male applicants and 1,231 family cards for female applicants); 1,944 death certificates (965 death certificates for male applicants and 511 death certificates for female applicants); 3,673 ID cards (able to disaggregate 1,120 ID cards for male applicants and 1,165 ID cards for female applicants), and 354 marriage certificates (177 marriage certificates for male applicants and 177 marriage certificates for female applicants). In addition, signed regulations in 12 of 16 KOMPAK focus districts will have a direct impact on access to and quality of CRVS services for all citizens in the district, not just those in KOMPAK-targeted sub-districts. In total the potential reach is 2,875 villages in 16 frontline pilot districts.

In Papua, KOMPAK engaged its strategic partner PUSKAPA to promote the importance of legal identity in the development of the BANGGA Papua Program. KOMPAK and PUSKAPA successfully advocated for the Dukcapil to collect beneficiary data, providing key information on whom and how many residents lack legal identity documents. KOMPAK has also engaged its strategic partner BaKTI through the KOMPAK LANDASAN Program to promote local solutions to address legal identity issues. This activity is still in its infancy, but a task force has been set up to specifically address this pressing issue.

Education

KOMPAK has supported locally-tailored initiatives to prevent school drop-out rates, by providing technical assistance and knowledge sharing at the local level. For example, in Pangkajene Kepulauan district, KOMPAK supports the initiative called 'Boat Class', to accommodate children who have withdrawn from school to help their parents and support the family's livelihood (generally fishing). The school allows children to work on school assignments while they are working on the boat, then submit their assignment to their teacher. The program runs for two to three days a week, with 76 elementary school (sekolah dasar or SD) students, 70 junior high school (sekolah menengah pertama or SMP) students, and 70 senior high school (sekolah menengah atas or SMA) students. Such innovation has demonstrated a potential model to reduce the number of children who drop out who also live in similar circumstances. In Lombok Utara, KOMPAK is supporting the local government's initiative Saber DO (Sapu Bersih Drop Out) to return children to school through integrated efforts by the sub-district head, Family Welfare Movement (*Pembinaan Kesejahteraan Keluarga* or PKK) members, youth boy scouts (*pramuka*), and the district education office, to collect data on drop-outs from village to district level. In addition, KOMPAK is providing support to the development of guidelines for implementing and reporting on Saber DO.

In Brebes, 64,677 children (27% of the 231,875 school-aged children)⁸ between the ages of 7 and 18 from poor families are not in school. The most common reason is that the children are reportedly 'too lazy' to attend, but also due to family economic reasons, early marriage, and their families feeling a few years of school is sufficient. Returning these children to school is a priority in the District Medium-Term Development Plan 2017–2022 (RPJMD), and KOMPAK supports the Bupati's *Gerakan Kembali Sekolah* (Back to School Movement, or GKB) targeting 7,722 school drop-outs. KOMPAK successfully advocated for a regulation to support this initiative through cross-agency planning and district funding; is supporting coordination for better data collection from the sub-district to village level; is partnering with the Village Community Empowerment Office to encourage allocation from village budgets (APBDes 2018) to support local efforts to return children to school; and collaborating with non-government organisations (NGOs), the armed forces (TNI), and the police (POLRI) to

⁷ Village-level civil registration mechanism that has been established by appointing village registrars who help villagers to prepare their applications for legal identity documents and process them at the sub-district (kecamatan) and district levels. These registrars are funded by village budgets.

⁸ Data source: *Pemutakhiran Basis Data Terpadu* – TNP2K, 2015

raise awareness of parents and children about the importance of education. Between August and October 2017, 1,212 children have returned to school.

Health

In addition to supporting the governance improvements and adherence to MSS, KOMPAK has also supported local innovations to improve health services. One example is the use of Bunda TexTalk (BTT) – an SMS application as a communication media between midwives and pregnant woman, which was initiated by Perkumpulan Inisiatif (TAF's CSO partner) in East Java. The BTT application has been adopted by eight health centres that cover 43 villages. To date, Bunda TexTalk has facilitated easy communication and follow-up for 1,313 pregnant women. In Pangkajene and Kepulauan, KOMPAK has supported a health innovation that provides outreach services to island communities. Mobile health services are provided by a boat that visits different islands on a regular schedule and serves approximately 60 residents each time it launches.

KOMPAK has contributed to 37 regulations in 13 districts to support and institutionalise the above initiatives, including the coordination of birth certificate registration, synchronising planning and budgeting for basic services between the district and villages, and implementation of school drop-out prevention initiatives.

Cross outcome theme: The subdistrict's role in improving basic services

An example from Petungkriyono Subdistrict in Central Java

KOMPAK has been piloting an approach that enhances the role of the sub-district to coordinate and oversee the implementation of Village Law and basic services. Since January 2017, Pekalongan district in Central Java and the Sub-district of Petungkriyono has been working with KOMPAK to pilot this approach, with the aim of improving basic services for the poor and vulnerable. The approach combines four elements:

1. **Delegation of Authority** – to formally delegate the authority for coordination of Village Law and basic services to the sub-district. KOMPAK and champions in the Pekalongan District government have succeeded in delegating over 95 tasks to the sub-district, including coordination and oversight of basic services.
2. **Capacity building and coordination** – to enhance the skills and understanding of the Camat to carry out their new roles.
3. **Support to village governments** – training sub-district officials to conduct participatory planning with communities and increasing their understanding of village planning and budgeting.
4. **Social accountability** – KOMPAK CSO partner, FORMASI, began to work with three villages in Petungkriyono, to help them improve community participation in village governance.

This has resulted in some significant changes in the way the local government supports village planning and budgeting and the coordination of basic services, including:

Sub-district government: Oversight and coordination of village funds has been officially delegated and the five trained sub-district staff have set up a Village Clinic, to provide space for village officials and members of the community to ask questions. Recruitment and replacement of health staff is also part of the authority delegated, which will improve delivery of health services in the area. The sub-district has also improved its civil registration and vital statistics service, with a free outreach service called JekDuk (document delivery), enabling local residents to renew or apply for legal identity documents. The *selapanan* team also contributes to this service, going door-to-door to collect information and referring residents to JekDuk.

Village government: According to one Village Head, Pak Cahyono, the biggest change is community participation in village governance. FORMASI has been working with the village to identify the main issues and some of the *selapanan* participants have helped in the planning and budgeting process, resulting in more money being allocated to health and early childhood education in 2017. The data collected by the *selapanan* team is then added to their village information system (SID), which then helps to speed up the administration process when residents require a letter from the Village Head, such as proof of residence or a signature for a marriage application. The village has also started displaying its village budget for the community to see.

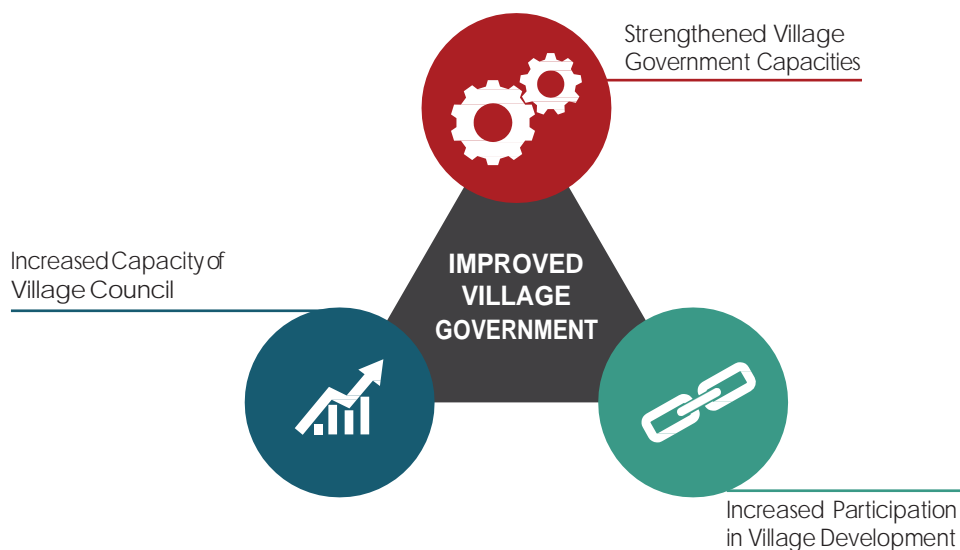
Community: One *selapanan* group member, Ibu Ria, now attends regular community meetings and has become a community journalist, with a number of her stories published in the local news. One such story about the lack of support for people with disabilities resulted in some people receiving wheelchairs and other equipment from the local government. The *selapanan* group she attends also contributes to the annual plan and budget for the village, to ensure that it is in line with community needs. 'To begin with, the Village Government didn't understand the point of citizen journalists and *selapanan* – they didn't want to be criticised. But after we explained to them that we simply want to help improve things for the whole community, and that the government can use us as a resource for information and ideas, they gradually came around. I've shown that even a housewife like myself can play a role and contribute to change in my village', she said.

EOFO 2: The Poor and Vulnerable Benefit from Improved Village Governance

Intermediate Outcomes



FIGURE 8. ASSUMPTIONS OF EOFO 2



If village governments have better systems, and more control combined with clearer guidance, THEN they will be able to absorb more funding and be more confident to make expenditure decisions. If village governments better understand the needs of the poor, women, and marginalised groups AND they are supported through supervision and facilitation, THEN village funds will be increasingly allocated to supporting service delivery and village development that aims to benefit the poor, women, and marginalised groups. If there is increased engagement of the poor, women, and other marginalised or vulnerable groups, and supporting institutions such as CSOs, in village discussions, decision making, and planning, THEN village decisions and plans will be more accountable to the needs and interests of these populations.

Context

A core KOMPAK strategy for improving village governance is support for effective implementation of the Village Law (No. 6/2014), which provides authority, mandate, and responsibility to the village for its own development, including for public services.

Village governments have a larger mandate and substantially more resources to manage under Village Law; yet their management capacities remain weak and the guidance and support they receive is limited. In working towards EOFO 2, KOMPAK aims to effect changes for **village governments** (to become more responsive and accountable to the identified needs of their communities, particularly women and the poor and vulnerable), **village institutions** (so that they are effectively engaging with village government and service units to address needs of women and the poor and vulnerable), and **communities** (to increasingly advocate for their priorities in village development, including access to frontline services).

EOFO 2 Achievements and Approaches

This section summarises high-level outcome achievements to date towards EOFO 2. It describes KOMPAK's approaches, and analyses which have worked well, less well, and why.

Village governments are more responsive and accountable to the identified needs of their communities, particularly those of the poor and vulnerable

Key Results

- Policy support to SKB (Joint Working Letter), Roadmap, Buku Bantu, and four national regulations on Village Law implementation.
- Support to local regulations on village budget allocation for basic services.
- PTPD (Technical Facilitator for Village Governance) training for sub-district officials in seven provinces.
- Officials from 106 KOMPAK villages trained – replicated in a further 191 villages leveraging district funding.
- A total of six SID prototypes developed jointly with village and district governments based on what exists and local needs.
- Village information system and e-tools developed (Ruang Desa, Gapura Desa).

Improved Village Government Capacity to Utilise Funds for Basic Services for Poor Women and the Vulnerable

KOMPAK's Baseline Survey shows that: 40 percent of surveyed governments experience difficulties in preparing and reporting on village budgets; 35 percent surveyed have difficulties managing village finances and assets; and 56 percent experience difficulties in supervising economic activities. If village governments do not have the required management and administrative capacity, resources made available to villages through Village Law cannot be made optimal. KOMPAK's support to strengthen the responsiveness and accountability of village government focuses on strengthening their capacities to fulfil their daily roles and functions, as outlined in the Village Law. The main areas of work are: improved national and local regulatory frameworks to guide implementation of the Village Law; strengthened capacity of village governments to manage village resources for village development, including using resources to address gaps in access to and quality of basic services; and improved collection, management, and analysis of (gender-disaggregated) data for village development. These three areas of work are outlined further below.

Improved Regulatory Frameworks to Support Implementation of the Village Law

A key challenge faced by village governments is making sense of the conflicting and contradictory regulations issued from MoHA, MoF, and MoV on implementation of Village Law. This has led to cases of slow absorption and potential misuse of funds. KOMPAK staff and embedded advisers therefore support policy coordination between MoV, MoF, MoHA, Bappenas, and Kemenko PMK, for clear and consistent guidelines for implementation of Village Law. KOMPAK has focused support on development of 10 national priority regulations under MoHA, MoV, and Kemenko PMK, related to village planning and budgeting, village financial management and reporting, and community participation and facilitation. This was challenging at times, with multiple ministries working on more than one regulation under tight timelines that could often limit opportunities for consultation; and sometimes simultaneously preparing multiple drafts from within the one ministry.

Two key successes were KOMPAK's technical support to the drafting of the Surat Keputusan Bersama (Joint Decree) on implementation of Village Law, signed in December 2017 and influencing MoV's annual guidelines on the use of village funds, advocating for flexibility and bottom-up decision-making in the use of funds, with a focus on basic services.

KOMPAK supported Kemenko PMK's 18-month process to develop a cross-ministry (MoHA, MoV, and MoF) Roadmap for Village Law. While this roadmap was not signed off by Bappenas, components of the work plan are being implemented by respective ministries and the process was a step forward in facilitating sharing of information and coordinated planning between MoHA, MoF, and MoV. The Roadmap was complemented by KOMPAK and the World Bank's joint support to Kemenko PMK's development of a practical *Buku Bantu* in 2016, organising Village Law regulations from various ministries to follow the cycle of the Village Law, and which was endorsed by Bappenas, MoHA, MoF, and MoV as a joint initiative. While the book is widely used and circulated locally, one challenge has been Kemenko PMK's revisions and maintenance of the book. In hindsight, while Echelon 1 and 2 drove the process, Echelon 3 and Echelon 4 staff were needed on the technical *Buku Bantu* drafting team (not just as coordinators), to ensure it was maintained following the exit of KOMPAK advisers.

KOMPAK was less successful in influencing MoHA's development of the Village Representative Councils (*Badan Permusyawaratan Desa* or BPD) regulation, particularly in influencing the regulation to mandate greater representation of women in BPD membership (the final wording was only 'at least one female representative' out of up to 11 members). MoHA remained conservative and despite multiple channels pursued – through strong relations, influential advisers, experts, MAMPU (Empowering Indonesian Women for Poverty Reduction) CSOs – KOMPAK was unable to shift this over a period of months.

As the national regulatory framework progressed and KOMPAK provincial teams became established in late 2016, local policy engagement – primarily focused on Bupati regulations (Perbups) – became a stronger focus for KOMPAK's policy engagement. The aim was to influence village budgeting and planning processes for improved basic services. KOMPAK's high-level achievements include:

- **NTB:** Influencing provincial and district governments in NTB, which contributed to all NTB districts assigning basic services delivery as a priority program (e.g. Bima District Government provided an additional IDR 1 billion from DID to incentivise villages allocating 20% of their APBDes for basic services).
- **Aceh:** KOMPAK supported Bireuen District Government in its development of Perbup No. 6/2018 on technical guidelines for developing the gampong budget for 2018 (*Anggaran Pendapatan dan Belanja Gampong* or APBG). In these guidelines, basic services and economic opportunities are mainstreamed into budget allocation items, to ensure village governments increase public basic services for communities, leading to an increase in budget allocation for basic services in this district. The impact of this increased budget allocation for basic services can be measured post-2019, as the regulation was released in early 2018.
- **South Sulawesi:** KOMPAK supported Bantaeng and Pangkep District Governments to draft Perbups, which included basic services in planning and budgeting to improve access to and the quality of basic services for the poor and vulnerable groups. The impact of this can be measured post-2018, following the planning cycle in 2018.

The national and local policy framework for Village Law is an important foundation, but in itself is not sufficient to ensure responsive and accountable village governments. Effective implementation of these regulations is a result of knowledge, capacity and incentives, and KOMPAK's approach has been to also support government capacity and knowledge gaps driven by an understanding of what incentivises changed behaviour.

Capacity Development of Village Governments in their Roles and Functions under Village Law

The majority of village officials have up to high school level of education, and prior to Village Law managed around AUD 20,000 per year. The introduction of Village Law, allocating eight to ten times this amount, has presented administration and management challenges for village officials in dealing with budgets, plans, financial reports, tax, and procurement. KOMPAK trials a number of approaches and tools to address these capacity gaps and this approach has evolved over time, based on learning.

In 2015, KOMPAK, together with the World Bank, provided technical support for MoHA and MoV for development and delivery of cascade classroom training. This shifted in 2016 to support locally-led capacity development approaches, following national budgets to cascade training and as MoHA learned that one-off cascade training was not effective to address variations in regional capacities.

KOMPAK support shifted to the design of an overarching MoHA strategy, Strengthening the Capacity of Village Government (*Pengembangan Kapasitas Aparatur Desa* or PKAD), as well as training modules for village and sub-district officials operationalising this strategy. In 2017, KOMPAK's national technical advisers (TAs) in MoHA were decentralised to KOMPAK target provinces to support MoHA piloting of PKAD components on village government strengthening (*Pembelajaran Mandiri Aparat Desa* or PBMAD) and sub-district officials' strengthening (*Pembina Teknis Perangkat Desa* or PTPD).⁹

⁹ The PKAD strategy outlines interventions for capacity support from the village up to national level. KOMPAK focused its support on the village and subdistrict levels only.

In all KOMPAK-supported villages, the budget allocation for basic services increased between 2016 and 2017 (for health by 47%, for education by 42%, and for legal identity by 6%). KOMPAK support to PKAD contributed to this increase through the PKAD piloting that was tailored to support village government administrative and management capacities to better manage funds for improved access to basic services for women and the poor. This included gender-sensitive budgeting modules in Aceh Barat, where village registration officers (PRG/*Petugas Registrasi Gampong*) were financed from the village budget, and the coverage of birth certificates increased from 70.25 percent in June 2017 to 87.90 percent in December 2017. This result was achieved, in part, from the village budget allocation towards a village registration officer to provide birth and death certificate management services, as well as 227 local facilitators (28% female) providing legal identity management services for vulnerable groups, including women, children, and people with disabilities. To ensure these allocations better served women and the poor at the local level, KOMPAK leveraged MAMPU networks; for example, in East Lombok, providing technical expertise on budget development to meet needs of women, children, and people with disabilities, to 158 newly-elected village heads.

TABLE 3. VILLAGE BUDGET ANALYSES: FUNDING VILLAGE STRENGTHENING ACTIVITIES

% of Villages Allocating Funds for Village Strengthening Activities (2017)		% of Village Budget Allocated for Village Strengthening Activities (2017)	
*indicates an increase from 2016		*indicates an increase from 2016	
Women's and marginalised groups	95.9*	Women's and marginalised groups	2.4*
SID	61*+	SID	0.5*
BPD	91.1	BPD	0.9*
Capacity building	57.5	Capacity building	0.8

+This number is significantly higher when Papua and Papua Barat villages are removed from the analysis: 74.2 percent.

KOMPAK has learned that district governments are incentivised to strengthen village capacity, because a village's ability to manage and report on funds helps the district to disburse their own funds that are performance-managed. District tranche payments for villages can only be triggered when all villages have reported on use of funds and absorbed a certain percentage (40% for first instalment and 70% for second instalment). Finally, while implementing PKAD via local clinics (a consultation room at sub-district level) was not in the initial plan, the clinics have ended up being one of the most successful strategies in facilitating consultation between village officials and sub-district officials (PTPD). These clinics also became a place for peer-to-peer learning among PTPD, village facilitators (*Pendamping Desa*), and other facilitators at sub-district level.

Innovative Learning Platforms for Capacity Development of Village Governments

Annual cascade training, while important, is not sufficient in itself to provide much-needed guidance to over 250,000 government officials across 75,000 villages. At the government's request, KOMPAK supported Bina Pemdes MoHA to test the use of technology for flexible and scalable learning. The smartphone game *Sekolah Desa*, developed with support from Pulse Lab Jakarta (PLJ), was initially a success, attracting over 500 plays in one month (and a total of 4,000 plays in 2017). Success, however, was short-lived, because the game had limited questions and did not encourage repeat usage. In addition, the piloting occurred before the PKAD platform was in place, making it challenging for KOMPAK to test, refine, and scale the game in a systematic way. However, it did provide evidence of the potential of technology for self-learning. KOMPAK and Bina Pemdes MoHA then revamped the game in 2017, linking it with *Gapura Desa* e-tutorials. *Gapura Desa* has been piloted in all KOMPAK-targeted provinces, surfacing some issues with user-friendly navigation of information. KOMPAK is looking to trim down the content and align it with the PKAD components (PTPD and PBMD) to ensure use and relevance.

Learning from *Sekolah Desa*, KOMPAK took a different approach to supporting MoV to pilot the smartphone application, *Ruang Desa*. The application connects local facilitators with village officials to provide mentoring on village management and administration, it also includes virtual learning resources for capacity development for local facilitators and village officials. It was launched by the Minister for Villages, with Australia's Ambassador to Indonesia, in March 2018. The application dashboard and server is established in MoV, with dedicated staff who have registered 34,016 village facilitators, and 1,586 village officials have downloaded the application across 364 villages. KOMPAK's role has been transitioning out to become back-end support and also mentoring. Despite strong political buy-in and directives from the Secretary General, there have been challenges in motivating MoV staff to maintain and manage it. KOMPAK and MoV underestimated the time and resources required to institutionalise the application, partly due to technical capacity and lack of coordination across directorates. Going forward, a MoV-financed national communication campaign will aim to institutionalise the app through MoV and MoHA local structures.

Improved Collection and Management of Data for Development Purposes

Availability and use of data and information is important for both evidence-based planning and budgeting, as well as for transparency and accountability surrounding use of these funds. KOMPAK's approach to strengthening village information systems was to initially focus on training for systems that can help to capture and manage data (SID and SAIK in Papua and Papua Barat). This was part of a medium-term strategy of encouraging villages to make data and information available, and to use evidence and data to inform use of village funds, particularly for basic services focused on women and the vulnerable. Working on village information systems through the district has meant that in Pacitan, Pematang, Brebes, and Bondowoso, governments are able to connect district systems to village SID. Further, Pematang district is working with the province to connect SID from the village to province through a government program called *Puspindes* (Centre for Empowerment Technology, Information and Village). In Bondowoso, KOMPAK has adopted a different approach to strengthening village information systems and their use, working with the University of Jember under KOMPAK's innovation known as *Universitas Membangun Desa* (UMD or Universities Building Villages) detailed further in section 5 below. In NTB, the KOMPAK team worked with COMBINE to support training and encourage the use of data and information for planning and budgeting.

To track change over time and to help tailor activities to specific situations and needs, KOMPAK designed and carried out a survey of all 106 villages in mid-2017 and again in early 2018. The two surveys tracked an increase in the number of village governments allocating resources to support SID, from 77 percent to 91 percent, and a significant increase in allocation from 0.25 percent in 2016 to 1.58 percent in 2018. In addition, in 2018, 91 percent of KOMPAK target villages now publicly display on notice boards (*baliho*) information about allocation and use of village funds, compared with only 72 percent in 2017, evidencing increased access to information and transparency in KOMPAK target villages.

KOMPAK has also supported the regulatory aspects of information management and use, with two districts putting in place a Bupati regulation on SID, 10 districts currently in the process of finalising theirs, and one province putting in place a regulation from the Governor on SID.

KOMPAK has found that the development of successful systems (especially the non-technical aspects) is a medium-term commitment (around four to five years). In NTB, progress and success has been in part due to KOMPAK building on previous investments under ACCESS. Other KOMPAK target provinces have only had operations on the ground since 2017, so results to date are encouraging, but early in development.

Village institutions and other actors (e.g. private sector CSOs) are effectively engaging with village government and service units to address needs of the poor and marginalised

Key Results

- Capacities and budget transparency mechanism established for BPD.
- Support drafting national and local regulations on BPD.
- Piloting Sekolah Anggaran Desa with Seknas Fitra.
- BPD complaint handling systems established.

The three main roles of the BPD outlined in the Village Law are to: (i) discuss and endorse drafted village regulations with the Village Head; (ii) accommodate and facilitate community aspirations in village planning processes; and (iii) monitor the performance of the village head. However, in reality the BPD remains weak due to members' weak capacity, lack of financial support, and lack of guidance to help them fulfil their role. KOMPAK's strategy to support more effective engagement between village institutions and village government has been to focus on the Village Representative Council. These exist in every village, and therefore offer the possibility of a sustainable engagement strategy with potential for investments in the BPD to be scaled.

KOMPAK adopted a two-pronged approach to strengthening the BPD, focusing on national guidelines and policy, and testing practical solutions locally through strategic partner engagement. At the national level, KOMPAK supported the drafting of the BPD regulation and was requested to support development of operating guidelines for BPD. However, MoHA had no budget for socialising these guidelines or delivering much-needed technical support to BPD, so KOMPAK engaged MoHA in field missions to share and learn from practical and localised approaches.

In the field, KOMPAK engaged the National Secretariat of the Indonesian Forum for Budget Transparency (SEKNAS FITRA) to build on and refine their *Sekolah Anggaran Desa* (Village Budget School). KOMPAK leveraged *Sekolah Anggaran Desa*, previously developed under Program Peduli, which aimed to improve access to and benefits for women and marginalised people in village development. To achieve the same objective, and strengthen BPD staff and institutional capacity, KOMPAK supported SEKNAS FITRA to target BPD in 16 pilot villages in four districts (the frontline pilot districts of Aceh Barat, Bantaeng, and Trenggalek, as well as Jepara). However, as activities have evolved, Fitra has also collaborated with KOMPAK to reach an additional four districts in NTB, three districts in East Java, and two districts in Aceh, and to replicate in two districts that are not KOMPAK focus districts (SEKNAS FITRA-financed), evidencing the ease at which this activity can scale. In 2017, PFM training and mentoring was delivered to 1,032 BPD members and village officials (41% female). In three of the four KOMPAK districts, government has allocated regional budget (APBD) to support BPD operations (Pancur Village received an additional IDR 29 million from the district 2017 budget) and all pilot villages now display village budget allocations for 2017 and 2018.

As part of the same pilot, BPDs have established and are managing complaint-handling mechanisms (*Posko Pengaduan*) in the 16 pilot villages, facilitating engagement between community members and village government, which led to a total allocation of IDR 40 million to RPJMDes 2018 across these villages, from responding to requests voiced through the complaint posts.

Communities are increasingly advocating their priorities in relation to village development, including access to frontline services

Key Results

- 2,524 female village cadres trained in leadership (*Akademi Paradigta*) in 464 villages in 38 districts (PEKKA).
- 262 PEKKA female cadres have taken on higher roles of leadership and responsibility at the village level.
- In 18 target villages, social accountability tools supported an increase in allocations between 2017 and 2018 for education, health, and community empowerment activities (total increase IDR 137 million).
- Social accountability tools engaged a total of 2,400 individuals, connected to 77 groups.

Three years into implementation of Village Law, communities still lack basic information on their rights, the funds available in their village, and how these funds can be used to address their priorities and needs, particularly for poor women and the vulnerable. Further, their needs and aspirations are not yet reflected in decisions on the use of funds. To complement the focus on strengthening local government, KOMPAK invests in CSOs to effect change for citizens – particularly women and people with disabilities – to meaningfully participate in and benefit from village development, and to hold village governments to account. KOMPAK strategic partners have leveraged their networks, field presence, and approaches, to focus on two key areas: strengthening female cadres for pro-poor inclusive village development; and promoting social accountability on use of village funds.

Building on more than a decade of PEKKA's work with poor and vulnerable women, KOMPAK supported their establishment of *Akademi Paradigta*, a village-based training and mentoring program that educates women about Village Law and mentors them to provide technical support to village governments and to communities for pro-poor and inclusive village development. Between 2016 and 2017, 2,524 women graduated from *Akademi Paradigta* and have leveraged IDR 837.6 million from APBDs across 71 villages, to finance activities that address their priorities related to basic services delivery and to support economic opportunities. Within a year, 262 of these women have taken on higher roles of leadership and responsibility in the village, including as village officials, and election monitoring committee members, and also leading village enterprises and working in the community health post. In addition, these women have influenced the development of 50 local regulations (village regulations, Bupati regulations, *Surat Keputusan*, and MOUs) focused on pro-poor and gender-inclusive development.

At the national level, MoV's Secretary General formally endorsed *Akademi Paradigta* in early 2017, and KOMPAK has facilitated the ministry to conduct field missions to better understand PEKKA's model for facilitation of pro-poor and inclusive village development. KOMPAK has learned that these activities need to be integrated into KOMPAK locations to benefit from the supply-side engagement of KOMPAK more broadly.

Akademi Paradigta did not operate in KOMPAK target villages during KOMPAK's first phase, as the initial objective was to run the training in areas where PEKKA had existing mentors and relations to leverage what existed. Upon reflection, this has been viewed as a missed opportunity to link KOMPAK demand-side and supply-side interventions. However, this gap has not compromised expected results at the village level for these women in leveraging resources and policy influence. Going forward, district engagement and influence is important if this facilitation model is to be replicated and sustained, and KOMPAK will explore with PEKKA the opportunities for institutionalising local leadership at the district level to leverage local resources.

Village-level accountability and transparency on the use of funds remains weak. Villagers generally have limited information on funds available and how they are used; there are weak channels for feedback to hold government to account; and interaction with government – particularly for poor women and vulnerable groups – is weak. Complementing SEKNAS FITRA’s work with BPD to strengthen budget transparency, and the work with PEKKA to strengthen female cadres for inclusive planning and use of funds, KOMPAK engages TAF and IRE to test scalable tools and approaches to strengthen local feedback loops for accountability and transparency. Key tools tested include citizen journalism, inclusive planning and budgeting tools, collaborative monitoring, and citizen complaint mechanisms and report cards. Overall, the collaborative monitoring, citizen journalism, and village planning and budgeting initiatives show positive results, particularly in shaping use of village funds. The complaint-handling mechanisms showed mixed results. The mechanism was successful in reaching the poor and obtaining their aspirations and feedback. However, these feedback loops and the ability to follow-up and resolve complaints were weak. This was primarily because village and sub-district government incentives (and financial support) to respond were unclear. Going forward, KOMPAK will refine its design for social accountability-building on the results from the piloting of tools.

To raise awareness on appropriate use of village funds, complementing capacity development work with government officials, KOMPAK partnered with the Australia Indonesia Partnership for Justice (AIPJ) to support content development and piloting of their Village Law transparency and accountability board game. This game was adapted from the successful anti-corruption SPAK (*Saya Perempuan Anti Korupsi*, or I Am a Woman Against Corruption) campaign. Initially, KOMPAK’s primary target groups were PKK and *Karang Taruna*, as part of KOMPAK’s gender equality and social inclusion (GESI) work, and 182 participants (54% female) were trained in KOMPAK target provinces. These participants then went on to train an additional 88 individuals (totalling 270). The pilot evidenced the interest from strategic partners and community facilitators (under MoV) to use the tool as part of broader capacity development initiatives for communities and/or governments, so going forward this game will be integrated as a support tool.

KOMPAK supported Aceh Provincial Government to implement *Musrena Perempuan* (a women’s forum with budget from special autonomy funds within district planning). While the local regulation was in place to support this, local government struggled to implement it effectively. KOMPAK then played the role of facilitator and broker to connect the Aceh and East Java provinces to share models for replication. A champion head official in Trenggalek replicated and adapted to develop a *Musyawaharah Khusus* for women, and was supported by KOMPAK to train 160 villages in this approach. Going forward, opportunities to further explore the potential for replication in other provinces will be investigated.

EOFO 3: The Poor and Vulnerable Benefit from Increased Opportunities for Economic Development



INTERMEDIATE OUTCOME 7

Enabling environment increasingly supports economic development

Context

Poverty in Indonesia is still primarily a rural phenomenon, with 61 percent of the country’s 26.8 million poor living in rural areas (Badan Pusat Statistik [BPS], 2017). Additionally, 40 percent of the Indonesian population are considered to be vulnerable to falling back into poverty due to relatively minor ‘shocks’. The National Statistics Agency reported in September 2017 that, despite an overall decrease, the depth of rural poverty had in fact increased in comparison with the previous year, which placed extra pressure on the government to increase

poverty-reduction efforts in rural areas. Breaking from these trends is crucial and has been a major focus of President Joko Widodo's administration, which in 2014 introduced a new development agenda known as *Nawa Cita*, or 'nine goals'. It places a strong emphasis on improving living standards and increasing productivity and competitiveness.

The majority of Indonesia's rural population are farmers (IFAD, 2015), but research on rural economic growth across the globe shows that as the economy develops there is a shift from agriculture to an intensification of non-agriculture activities. This shift puts labour at the core of poverty reduction, and the challenge of improving the efficiency and competitiveness of Indonesia's labour and product markets critical to poverty reduction efforts.

EOFO 3 was added to the KOMPAK portfolio in the last quarter of 2015, in recognition of the role of income generation and access to finance in comprehensive rural development. However, in the first quarter of 2016, there were key policy and personnel changes within counterpart GoI Ministries, which had an impact on the original strategy¹¹. In addition, AIP-Rural (another Australian Government investment) focuses on supporting development of the agricultural sector, so it was key for KOMPAK to develop an intervention that complemented (rather than duplicated) the work of this existing program. Outcome 3 is relatively small in terms of resourcing, representing 15 percent of KOMPAK's overall budget. Therefore, the key implementing initiatives used to date have revolved around leveraging existing GoI resources and piloting new approaches in GoI priority areas for potential future adoption by GoI, at both local and national levels.

Economic Opportunities Strategy

In analysing possible entry points for economic opportunities, KOMPAK selected initiatives that aligned with the GoI community-based sustainable livelihoods approach, as outlined in the RPJMN 2015–2019. This approach includes targets for reducing the poverty level and decreasing unemployment, as well as for increasing access to financial services and improving the quality and skills of workers through competency based training and improvements at state-run training facilities (Bappenas, 2014).

KOMPAK therefore identified the following GoI initiatives as its focus areas under EOFO 3: market-oriented livelihoods (supporting the Bappenas Sustainable Livelihoods Strategy, P2B); innovations for labour (supporting the President's initiative to revitalise vocational training); and financial inclusion (supporting the National Strategy on Financial Inclusion). This strategy is based on the following assumptions:

- IF rural enterprises have greater market understanding and the design of government initiatives is more user-focused, THEN village-based enterprises and livelihoods will be more successful.
- IF the skills development training is designed in partnership with the private sector and is regionally-focused, THEN the poor will have better access to suitable training.
- IF poor and vulnerable groups have increased access to and knowledge of affordable and convenient financial services and economic opportunities, THEN this may accelerate their path out of poverty.

This strategy focuses on piloting new approaches to existing interventions, in support of the development of an enabling environment for economic opportunities (IO7). That way, KOMPAK supports the GoI in its role as coordinator, promoting market functioning through intermediary institutions, structures, and processes, and aims to provide policy advice on the scale-up of successful initiatives.

¹¹ The initial scheme of work under EOFO 3 included a long-term qualitative and quantitative evaluation of the Ministry of Villages' 'Increasing Welfare through Community Empowerment' (PKKPM) program, which was part of the Ministry of National Development Planning's (Bappenas') Sustainable Livelihoods Strategy grand design (P2B). The three-year monitoring and evaluation began in December 2015, with a baseline survey, followed by intensive qualitative monitoring, which began in January 2016, with an endline survey planned for 2018. The Ministry of Villages announced it would cancel funding for the PKKPM program in March 2016, so the qualitative monitoring was adapted to evaluate other aspects of Bappenas' sustainable livelihoods program, with a focus on the enabling environment for economic opportunities. This occurred at the same time as personnel changes within Bappenas, which impacted upon the overall leadership of the P2B strategy.

The main results of this area of work include: successful piloting in two locations and indicative uptake of the Market Linkages approach by Bappenas; GoI budget allocation of IDR 167 billion to pilot KOMPAK-designed Skills Development Centres; and indicative uptake of a new approach by the Ministry of Labour to design competency standards in collaboration with the private sector.

The following provides an overview of key initiatives, including the market orientation of micro, small, and village-owned enterprises (BUMDes), innovations for labour, and financial inclusion.

Market Linkages

Key Results

- Successful piloting in two locations and indicative update of the market linkages approach by Bappenas.
- Increase in sales for Pacitan women's groups by 812% and 564%.
- Increase in visitors for North Lombok tourism villages by 115% and 26%.

This area of work focuses on supporting the Sustainable Livelihoods Strategy (P2B) developed by Bappenas. There are five ministries responsible for promoting sustainable livelihoods (Ministries of: Villages; Agriculture; Fisheries; Micro, Small and Medium Enterprises and Cooperatives; Labour), as well as other private sector and CSO initiatives that support the poor and vulnerable to create enterprises or working groups. These initiatives tend to provide training and assets for beneficiaries to establish their enterprises. However, once established, many lack the market knowledge and the networks to be able to grow their enterprises by appealing to more profitable markets that lie beyond their local area. This often results in the early failure of new enterprises, or lack of growth.

To address this issue, KOMPAK piloted new approaches to connecting enterprises to markets; one approach focuses on Micro and Small Enterprises run by poor individuals or groups and the other focuses on Village-Owned Enterprises.

FIGURE 9. MARKET LINKAGES APPROACH



a. Micro and Small Enterprises

This approach used Human Centred Design (a creative approach to problem solving, which places the beneficiaries at the centre of design), and assisted local governments to use this process when designing interventions to support local enterprises. Pacitan in East Java and North Lombok in NTB were the two pilot locations to trial this approach, which has three main steps. These are: (1) research; (2) Design Sprint to design interventions with service users; and (3) piloting the design prototype. Step 1 and 2 were conducted with the local government, and Step 3 was contracted to an implementing partner, with the local government (with KOMPAK support) monitoring the progress.

After identifying key sectors for intervention, the design sprint brought together key stakeholders, including producers, market representatives, and local government officials, to interview and observe enterprises and identify possible areas for intervention to support the enabling environment. Although working on two separate sectors (food and beverages in Pacitan and tourism in North Lombok), both districts identified marketing and branding as key areas that require support during the design sprint. The implementing partner, PT Tulodo, therefore selected these areas to test multiple solutions, by working with cassava flour and herbal drink producers in Pacitan and tourism villages in North Lombok.

After a seven-month implementation period, there are already indications of increased productivity and income from sales. This includes an eight-fold increase in sales for cassava flour, a 50 percent increase in sales of herbal drinks, an expanded distribution channel to neighbouring cities (Yogyakarta, Ponorogo, Solo, and Surabaya), as well as increased visitors by double for Kerujuk village tourism from February to April 2018. The two livelihoods groups in Pacitan were able to conduct a paid cooking demonstration in Yogyakarta, which was attended by more than 90 participants. There is also an increase in members of the herbal drink business, from 26 in November 2017 to 33 in March 2018.

Story of Change – Mocaf Bogati, Pacitan

The Market Linkages approach is strategic, not only because it fulfils national priorities, but also because it targets the poor. Increasing income by even a small amount can make a big difference.

In Pacitan, the change in approach was clearly felt by participants: Ibu Nining, the Head of the Mocaf Bogati (cassava flour) group went from being '*korban pelatihan*' (a victim of [government] training) to running a successful women's group that has increased its sales by 812%. 'We're really happy that we joined this activity, because through this process we were able to map out a solution for our business that we had previously been unable to solve,' says Ibu Nining. The change has been felt by the local government too; designing interventions directly with the beneficiaries provided government officials with a new perspective and highlighted previously unmet needs. 'Until now support to MSMEs was always in the form of money or equipment, which actually wasn't effective. The Market Linkages Program offered us something new...and a system that is more sustainable,' says Ibu Eni Setyowati, Head of the Micro, Small and Medium Enterprise and Cooperatives Department of the Pacitan government.

KOMPAK's support was designed to provide evidence-based policy advice for Bappenas and the MoV. It also aims to provide local governments with tools and examples needed to implement programs that support an enabling economic environment at the local level. This will allow the poor and vulnerable greater access to economic opportunities, which will diversify and increase their income. The participatory or co-design and monitoring process proved to be a powerful way to get local government and villages' commitments to support the groups, including financial support, and helps the local government to coordinate and better implement its poverty reduction programs on livelihoods. There has been evidence of uptake of this approach by the local government in Pacitan, which has subsequently used Human Centred Design to tailor initiatives in the district government's poverty reduction program, *Grindulu Mapan*. Bappenas and the MoV have also indicated the desire to incorporate the Market Linkages approach in future iterations of the Sustainable Livelihoods Strategy in the next National Medium-Term Development Plan.

Village-level economy

There were 34 KOMPAK target villages allocating funding for local economic development in 2016, and this increased to 67 villages (57.7% of KOMPAK target villages across five provinces) allocating funding for local economic development in 2017. This indicates that KOMPAK messaging on use of village funds for basic services and local economic development may be having the desired effect.

b. Village Owned Enterprises (BUMDes)

This type of enterprise, acknowledged and promoted under the 2014 Village Law, uses Village Funds to establish an enterprise that supports the village, either through provision of business services such as loans and marketing, or public services such as water or waste management. KOMPAK's approach to strengthening BUMDes has been through peer-to-peer learning, by presenting experts and managers of well-functioning BUMDes to other BUMDes in KOMPAK target areas. This develops valuable networks and facilitates learning to avoid common pitfalls. There are some examples of KOMPAK contributing to well-functioning and effective BUMDes in KOMPAK locations; including supporting establishment of BUMDes to supply clean water to houses in Desa Mutiara (Bener Meriah); and public transport to take children to school and goods to market in Desa Paku (Bireuen); and also supporting six villages in North Lombok to make agreements with a BUMDes consultant, PT Usaha Desa, to develop BUMDesmart, which will supply consumable goods and help to sell local products. However, the issues facing BUMDes are not just links to market, but include identification of business models, legal issues relating to establishing these enterprises, and management issues. Solving these issues would require large-scale investment and a significant capacity increase, which is beyond KOMPAK's current capacity. KOMPAK is currently considering supporting BUMDes on a case-by-case basis in the future, rather than as a specific set of activities.

The commitment from both local governments in target locations is high, and both have expressed enthusiasm to adopt the Market Linkages approach to involve market actors, as well as a willingness to allocate their budget to scale up KOMPAK's approach. The main challenge is how the local government sustains and replicates this approach, as the limited implementation period was not sufficient to provide the local governments with the experience and knowledge required to independently replicate the approach in other groups and sectors. In addition, the government budget cycle does not allow for replications to happen this fiscal year, which risks loss of momentum in the intervening period.

Labour Innovations

Key Results

- 11 skills competency standards developed using KOMPAK's methodology, which involves the private sector.
- TA for design of Skills Development Centres, which has leveraged IDR 167 billion in funding from Bappenas to pilot in seven locations.

Maximising labour potential is a key to poverty reduction and Indonesia's overall economic growth. While there are at least three ministries that manage a large number of vocational education and training institutions – the Ministry of Labour, Ministry of Education, and Ministry of Industry – they generally lack high quality trainers, industry linkages, and coverage for community outreach required for them to play a key role in the enabling environment.

Vocational training is a vital service if the sharp rise in the number of Indonesia's working age adults are to be productively employed. The President issued an instruction (Inpres No. 9/2016) to revitalise vocational education to increase productivity and competitiveness of Indonesian labour. The key messages of this instruction are private sector involvement to accelerate the development of competency standards and the training process, and coordination of work among the related ministries and between national and sub-national governments.

KOMPAK support for workforce development consists of two activities: capacity building for the government to engage with the private sector to accelerate the development of competency standards, and design of a Skills Development Centre for Bappenas, which will be jointly implemented by the Ministry of Education, the Ministry of Labour, and the Ministry of Industry in targeted locations.

a. Competency Standards

The current Ministry of Labour's regulation on competency standards emphasises the government-led process. As a result, only about 500 standards were completed in the last 16 years, and these standards tend to lack industry relevance. In addition, the standards have never been updated to consider current needs. KOMPAK has facilitated the development of competency standards in 11 government priority sectors with innovations. The sectors include: ICT, Telecommunication, Creative animation, Fisheries, Agriculture, Construction, Tourism, Four-wheel Automotive, Power and Electricity, Transportation, and Logistics.

In the approach adopted by KOMPAK, the first step was to work with relevant industry associations in each sector to better understand and have the ability to develop the competency standards. Having the private sector to lead the process aimed to enhance 'buy-in' to accelerate the process, and to keep the standards updated. Second, KOMPAK introduced a new way of viewing competency standards, based on occupations in the sector. This approach was in line with current needs of competency certification, which is based on occupation and makes a clear relationship between an occupation and its remuneration. Using the occupation approach, there are three steps to develop the competency standards: (i) Develop occupation maps; (ii) Develop description for each occupation; and (iii) Develop competency standards for each occupation. To date, 10 sectors have completed the occupation maps with the involvement of relevant private sector organisations. Three sectors have completed the description for each occupation. One sector (ICT) has completed the competency standards.

KOMPAK's new approach in developing the competency standards has been acknowledged by the Ministry of Labour, with indications that it plans to revise the current regulation to promote the role of the private sector in leading the development of competency standards, and also to use the occupation-based approach, key aspects of the approach taken by KOMPAK. Putting the private sector in the lead role of developing the competency standards has been shown to accelerate the process. However, the commitment of industry associations varies among sectors, as does the leadership of the related technical ministries, and this aspect is vital if this approach can be sustainable in the future, as the sectors that lack commitment will require ongoing support and encouragement to complete the standards.

b. Skill Development Centres (SDCs)

Vocational training in Indonesia is available through the school system (where about 13,000 high schools offer vocational courses), through 301 government-run vocational training centres, and through numerous privately-run courses. Unfortunately, many lack quality trainers, industry linkages, and the community outreach required for them to play a key role creating the required enabling environment. Lack of local government commitment to overcome low skills issues is one of the factors thought to contribute to low productivity of labour. Research shows persistent complaints by employers that graduates lack the relevant knowledge and skills, reflecting the urgent need for vocational training centres to develop sector linkages to ensure their courses remain relevant.

To improve training according to local skill development needs, KOMPAK has provided technical assistance to Bappenas to design Skill Development Centres in the provinces of Banten, North Sumatera, East Java, and East Kalimantan, and in the cities of Surakarta, Makassar, and Denpasar. Assessment of priority sectors in each location has been conducted, which is being followed by the provision of strategic advice to local governments and training centres on how to implement skills training programs that meet local needs, as well as how to engage the relevant stakeholders to develop and pilot effective outreach strategies.

The SDC design has been agreed and pilots are currently operating in cooperation with the Ministries of Labour, Education, and Industry, along with the Chamber of Commerce and industry associations, and local governments. As an indicator of support for the initiative, GoI allocated IDR 167 billion to implement

the pilots in seven locations in 2018. This will initiate coordination of all training provider activities under the above three key ministries to address the local need for skilled workers. In each location, an SDC coordination council will be established and managed by an independent executive team. This SDC project again demonstrates how KOMPAK support is able to leverage government funding and also KOMPAK strengths in facilitating the coordination of several ministries' programs.

To date, five local governments (Denpasar, Banten, Surakarta, Denpasar, and East Java) are in the process of implementing the pilots – including the identification of gaps between sector priority needs and training process and outputs; capacity building for training institutions to develop training curricula and processes in accordance with market needs; and training of the unemployed poor. The most rapid progress has occurred in Banten province, which already has job placements for 500 of its graduates in the garment and manufacturing sectors, the majority of whom are women. Bappenas also plans for 14 additional SDC pilots in 2019.

Local elections have influenced the commencement and progress of SDC pilots in some locations (North Sumatera, East Kalimantan, and Makassar). Bappeda and local labour offices (the main local counterparts for the pilot) have decided to wait until the new local leaders are elected in June or July 2018. In this situation, pilot activities are implemented by strengthening the existing skill development coordination forums in the locations.

Financial Inclusion

Key Results

- Provided TA to the Financial Services Authority (OJK) to develop 13 financial literacy modules for disabled and elderly.

Access to finance plays a vital role in the development of sustainable livelihoods. As part of the implementation of National Strategy for Financial Inclusion, KOMPAK has worked with the Indonesian Financial Services Authority (*Otoritas Jasa Keuangan* or OJK) to support the financial literacy and access of poor women in rural areas and people with disabilities. This includes technical assistance to strengthen the existing literacy materials for dissemination by OJK, as well as the provision of strategic recommendations to OJK to increase financial access of people with disabilities.

To date, KOMPAK has supported OJK in developing a total of 13 financial literacy modules and procedures for enhancing financial access of specific target groups (people with disabilities and the elderly). The literacy modules for the elderly can be accessed from the OJK website, which has demonstrated a range of interest, including 1,756 'hits' by the end of 2017. Meanwhile, a total of 228 people with disabilities have received the training led by OJK, using the financial literacy modules in braille format. KOMPAK has also been able to increase OJK attention towards people with disabilities (who represent approximately nine percent of Indonesian population), as evidenced by OJK plan to increase the number of financial literacy training activities for people with disabilities from one event in 2016 and 2017 to six events in 2018.

In addition, KOMPAK and Bappenas are now supporting OJK to develop the technical operational guidelines (*Petunjuk Teknis Operasional* or PTO) that will be used by OJK and financial service institutions in Indonesia to provide better access for people with disabilities. The PTO is expected to be completed in June 2018 and the Ministry of Coordinating Economy, as the National Secretariat for Financial Inclusion, will use the PTO in the pilot of '*Gerakan Jangkau Disabilitas*' (Reaching Disabilities Movement) program.

The scope of Outcome 3 to date has been too broad in relation to its resourcing and many of the interventions are not located in KOMPAK working areas, which has reduced the depth of potential impact. The overall results of Outcome 3 have been with small pilots; however, learning from the Market Linkages approach can provide valuable inputs into Bappenas and the MoV efforts to improve the sustainable livelihoods programs, by encouraging the involvement of market actors and increasing the scale of potential results. There is also an intention from both ministries to use the Market Linkages approach in RPJMN 2020–2024, as part of the Gol's poverty reduction strategy through community-based livelihoods. Establishing linkages between poor livelihoods and markets will support people to enter the formal sector and provide opportunities for them to expand and diversify their business enterprises and, gradually, to increase their incomes. When this occurs, benefits extend to the entire family – children eat more nutritious food and are often able to attend school, a room is added to the house, medicine is provided for an elderly parent, and self-confidence increases.

While there have been key achievements in policy advocacy and strategy design, synergy with the other KOMPAK outcomes and activities under this EOFO has been limited. In some projects, GESI issues are clearly addressed, for example, with 100 percent involvement of women's groups in the Market Linkages pilot in Pacitan, but inclusion remains challenging in many aspects, particularly where there has been no previous support for capacity building or organising for vulnerable groups in the community. In the future, Outcome 3 will have a greater focus on village-level economic development, to better integrate it with other outcome areas and leverage existing investments.



5 | CROSS-CUTTING ISSUES

GENDER EQUALITY AND SOCIAL INCLUSION (GESI)

KOMPAK's GESI Strategy was put in place in late 2016, following the finalisation of the program's Strategic Framework. The GESI Strategy adopts the twin-track approach of both mainstreaming GESI into a range of activities, as well as implementing GESI-specific activities. Implementation of this twin-track approach strengthened as the program activities gained momentum. This was reflected in the 71 percent increase in allocation for GESI activities between 2016 and 2017, from AUD 2.2 million to AUD 8.1 million (AUD 4.2 million for mainstreamed activities and AUD 3.9 million for gender-focused activities).

The main areas of engagement on gender equality and disabilities inclusion were: facilitating the representation and influence of women in village planning and budgeting; building understanding and responding to the needs of women and people with disabilities in accessing basic services; promoting women's leadership and participation in village development; and identifying strategies for promoting economic opportunities and financial inclusion for women and people with disabilities. KOMPAK's main achievements in advancing GESI are found in the village-level work under EOFO 2. An overview of these achievements was provided in section 4. The key contributing factors to these results are outlined below.

- KOMPAK's village-level activities (under EOFO 2) work directly with communities and individuals and have had direct and tangible results for women who were actively involved in designing and directing those activities.
- KOMPAK's village-level demand-side activities are predominantly programmed by strategic partners (PEKKA, IRE, SEKNAS FITRA, and TAF), and in many cases build on previous investments working specifically with women and vulnerable groups.
- For work with partners, KOMPAK required each SP to develop specific GESI components in their initial design, activities, and monitoring frameworks.
- Four of the KOMPAK staff under EOFO 2 who manage the village governance activities have GESI backgrounds. While technical support was provided to EOFO 1 and EOFO 3 activities, having EOFO 2 staff – up to the senior management level – with both program management/implementation skills and GESI expertise meant that activities tended to be better-designed and programmed to address GESI.

KOMPAK has learned the importance of being opportunistic in programming GESI. Paying sufficient attention to GESI within governance activities that predominantly work through government systems and processes is a challenge. It requires flexibility in activity planning and budgeting to be able to respond to and take up opportunities as they arise. For example, KOMPAK's involvement in the OJK and Bappenas's development of financial literacy modules in braille was unplanned, and grew out of KOMPAK's initial involvement in a Bappenas workshop where these relations were established and collaboration to prepare these modules followed.

Collaboration with MAMPU (in NTB, South Sulawesi and Aceh) has emerged as potentially an effective strategy for programming GESI via established CSO networks. This collaboration has linked up supply-side engagement (from KOMPAK provincial teams) and demand-side engagement (from MAMPU CSOs) for more efficient ways of programming for results. This partnership has helped KOMPAK to connect work to strengthen village government capacity for inclusive planning and budgeting processes, with the needs and priorities of women. In future, KOMPAK would aim to pursue more deliberate engagement with MAMPU and Peduli partners, as one strategy to programming GESI for community and village strengthening under EOFO 2 and basic services under EOFO 1, where it builds on common objectives to enhance results for all programs.

National policy has been the most challenging area of GESI engagement. Despite efforts to work politically, identify entry points in regulations, and leverage relationships, results were limited. In 2016 and 2017, at the request of the Secretary General, KOMPAK contracted a gender adviser to MoV to provide technical support to Directorates. However the ability of this adviser to influence policy development and dialogue was limited, in part because Directors had their own advisers on specific implementation and policy issues, resulting in minimal opportunities for influence. A more effective strategy for engaging in policy dialogue related to GESI has been through facilitating engagement between GoI and strategic partners (IRE, PEKKA, and SEKNASFITRA). In a continued phase, KOMPAK would be better placed to influence specific and targeted GESI issues in national dialogue by connecting with CSO networks, including linking to MAMPU's and Program Peduli's agendas.

KOMPAK's IPR concluded more work was needed to mainstream GESI in the team, working culture, and program activities. Staff training was one recommendation. During the first three years, KOMPAK conducted two rounds of GESI training for all staff and conducts GESI inductions for all staff. While training was received well and served to boost enthusiasm for the concepts of gender equality and social inclusion, KOMPAK has found that what is most needed is practical and focused technical support and team mentoring to implement GESI within planned activities. Since 2018, KOMPAK initiates weekly updates on GESI actions across the program. These are shared to raise awareness and share GESI implementation strategies and results.

A team of GESI consultants, together with KOMPAK's GESI experts are focusing in the first half of 2018 on provincial review and planning with individual teams to identify specific GESI issues to focus on and plan for in program continuation. These are based on provincial priorities, as well as feasibility and alignment with KOMPAK priorities. These provincial GESI reviews will inform revisions to the GESI Strategy (2019–2022). Finally, responding to the IPR, in March 2018 the senior GESI position was elevated to a Deputy Director level, reporting to the Team Leader.

INNOVATION AND PRIVATE SECTOR ENGAGEMENT

KOMPAK works as a connector of various stakeholders, by providing incentives for the innovators to try out and experiment with their ideas to contribute to KOMPAK's outcomes. KOMPAK's main achievements in innovation are found in the village-level work across EOFOs. Innovation in KOMPAK applies the Doing Development Differently approach, by engaging non-traditional actors and promoting peer-to-peer learning through the Innovation Hub. To date, these non-traditional actors include:

- (1) **Working with universities**, to help villages with urgent issues affecting their development through *Universitas Membangun Desa*.
- (2) **Engaging private sector** in development, through business incubation for social impact programs to help the poor and vulnerable.

The following briefly tells the story of our experiences to date.

Working with Universities



Universitas Membangun Desa (UMD) was initiated by KOMPAK to pilot approaches to leveraging the existing Community Development Work program (*Kuliah Kerja Nyata* or KKN), a national program involving students from over 3,000 universities and higher education institutes, to maximise benefits for villages, communities, and local governments, as well as the participating students. The pilot round focused on village information systems and data, women's and children's health, and women's economic empowerment. The program has provided students with a focused approach to their learning, and has provided villages with additional support to undertake niche activities. The program has been widely well-received and is being rolled out nationally.

UMD implementation involved 18 villages, four districts, four provinces, and 611 students. To date, the program has noted the following achievements:

- The development and installation of a Village Information System (SID) application addressing poverty for 10 villages initiated together with Bondowoso local governments. The purpose of the SID application is to help village governments identify village potential, as well as challenges, and priorities for planning and budgeting, so the village government can use funds more effectively. Bondowoso is impressed by the results of the UMD model, and has since allocated IDR 500 million for SID replication to another 61 villages to further cover all villages in the district – *Universitas Negeri Jember - East Java*.
- Updated data for three villages in Kabupaten Garut (West Java) has been used in village planning and the targeting and distribution of a government-subsidised rice program. There has since been a commitment from the Parahyangan Catholic University to continue this KKN theme for another five years, involving Kabupaten Garut, and Training of Trainers (ToT) support under the Indonesian Association for Public Administration (IAPA), thus providing potential for another 17 universities in Indonesia that wish to replicate the UMD model in their areas (Universitas Ngurah Rai, Universitas Andalas, Universitas Diponegoro, Universitas Sriwijaya, Universitas Indonesia, Universitas Sebelas Maret, Universitas Brawijaya, Universitas Wijaya Putra, Universitas Sumatera Utara, Universitas Muhammadiyah Makassar, Universitas Tadulako, Universitas Flores, Universitas Nusa Cendana, STISIP Muhammadiyah Rappang, UNISA Yogyakarta, Universitas Aisyiyah Yogyakarta, and Universitas Tanjungpura Pontianak).
- A local university has reached an agreement with the District of West Aceh to continue the UMD model in Aceh Province. LP2M UIN Ar-Raniry has established five *Kelompok Usaha Produktif* (KUP – Productive Enterprise Groups). The local government has allocated a budget of IDR 425 million (from the village allocation fund) to support the sustainability of this UMD-initiated program, which supports economic opportunity creation, particularly for women. Support has also included the establishment of a BUMG (Village-Owned Enterprise), which occurred following the launch of Aceh Barat's Centre of Water Hyacinth Craft. Water Hyacinth Craft is UMD Ar-Raniry University's initiative to convert river water hyacinth into handicrafts, turning what often causes flooding in the area into incomes for village women. UMD activities in West Aceh have increased the skills of 122 women in three villages, and have generated income for their groups.
- Eight community working groups were established to provide continued support, particularly on maternal and child health, helping health clinics to improve their services through better annual planning and budgeting. As a result of the ACCED UIN Alauddin UMD program, Parangloe sub-district in South Sulawesi

has built extended community health services (*Puskesmas Pembantu*). UMD collaboration has also supported the establishment and use of an *Indeks Pelayanan Masyarakat* (Community Services Index), which has been used in surveys on services related to maternal and child health, with the results used as the basis for the interventions by working groups.

KOMPAK played a brokerage role in implementing UMD, by connecting universities, local governments, and communities. Working in 18 villages, four districts, four provinces, and involving more than 600 students and many academics, KOMPAK resources (AUD 250,000) were used as a leverage to stimulate and support the initiative. This is considered a relatively small investment compared with the potential impacts, areas of work, actors involved, and direct contributions from local partners. UMD has since stimulated significant direct contributions from local partners. The model of working is also creating ownership of the program by many actors, and as a result has great potential for future sustainability of the program.

Engaging the Private Sector in Development

Another non-traditional actor with great potential to contribute to poverty reduction is the private sector. GoI has obliged companies to allocate up to three percent of their annual income to support corporate social responsibility (CSR) programs. Every year, approximately IDR 12 trillion CSR funds are available both from private and state-owned companies (Antara News 2015).

KOMPAK has piloted a private engagement model in two pilot programs, the UnLtd Indonesia Incubation Program, and the Impact Accelerator Program. Both programs are aiming to contribute to poverty reduction by creating economic opportunities for the poor (which is addressed in EOFO 3).

The UnLtd Indonesia Incubation program supports the nurturing of selected social enterprises, by providing support for human capacity development in entrepreneurship, whereas the Impact Accelerator program is more advanced. The Impact Accelerator Program tries to minimise the gap of impact financing in Indonesia, with a focus on investment readiness through building capacity of the social enterprises, using a peer learning approach and the Village Capital Curriculum. A total of 25 social enterprises participated in both incubation programs, receiving training in technical and financial assistance instruments, including impact metrics, market mapping, business models, investment, and finance. Mentoring, thematic workshops, group coaching sessions, networking opportunities, seed funding, and loans were available. On completion of the incubation, 11 social businesses were scaled up and provided with investment or grants. By the end of 2017, the Ministry of Villages, Development of Disadvantaged Regions and Transmigration has engaged these start-ups in village development activities in five villages.

Finalising the incubation process, KOMPAK provided grants to four social businesses. *FingerTalk* and *Temu Apps* were selected through KOMPAK's internal selection panel; *Sirtanio* and *Pandawa* were selected using a Peer Review Model. *FingerTalk*, which is working to provide opportunities and work experience for disability groups (people who are deaf), has escalated the business since receiving the grant, involving 400–650 cars/month, and obtaining a database of 100 skilled people with hearing disabilities. *Sirtanio*, the rice organic farms, have achieved a result of an increase of the farmers' income from IDR 4.9 million/100 days to IDR 7.7 million/100 days, as well as an increase in the total number of farmers from 128 to 200 within three months. *Pandawa* has helped with the reduction of use of pesticide doses by 50 percent, to overcome the problem of farmers' dependency on synthetic pesticides. The result of *Pandawa*'s activity has led to an increase in farmers' income and better environmental impacts. The UnLtd incubation model and its curriculum have also been adopted and are further being modified by Bappenas, and the Ministry of Cooperatives for SMEs, for PLUT (Integrated Service Business Centre) to support medium, small, and micro enterprises.

A lesson learned is the importance of early engagement from government, particularly the MoV, for securing the scale-up, even though the Agency for the Assessment and Application of Technology (*Badan Pengkajian dan Penerapan Teknologi*, BPPT) was engaged during some sessions of the incubation, and at later stages the Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*, BKPM), the Ministry of Trade, and Creative Economy Board (*Badan Ekonomi Kreatif*, BEKRAF) were engaged to talent scout for some of the potential social enterprise businesses.

Innovation Hub: Peer-to-Peer Learning

KOMPAK has supported the development and establishment of Innovation Hubs within local government, to assist government and service units to better design local innovations to improve basic services. It is intended that these hubs will provide local governments with the opportunity to connect, and exchange information and knowledge about smart practices and innovations, and also to inspire and support each other to adopt innovative best practices. To date this support has focused on hubs in East Java, Aceh, and Central Java, but the level of government interest has been limited, except in East Java where the activity has supported the province's innovation agenda.

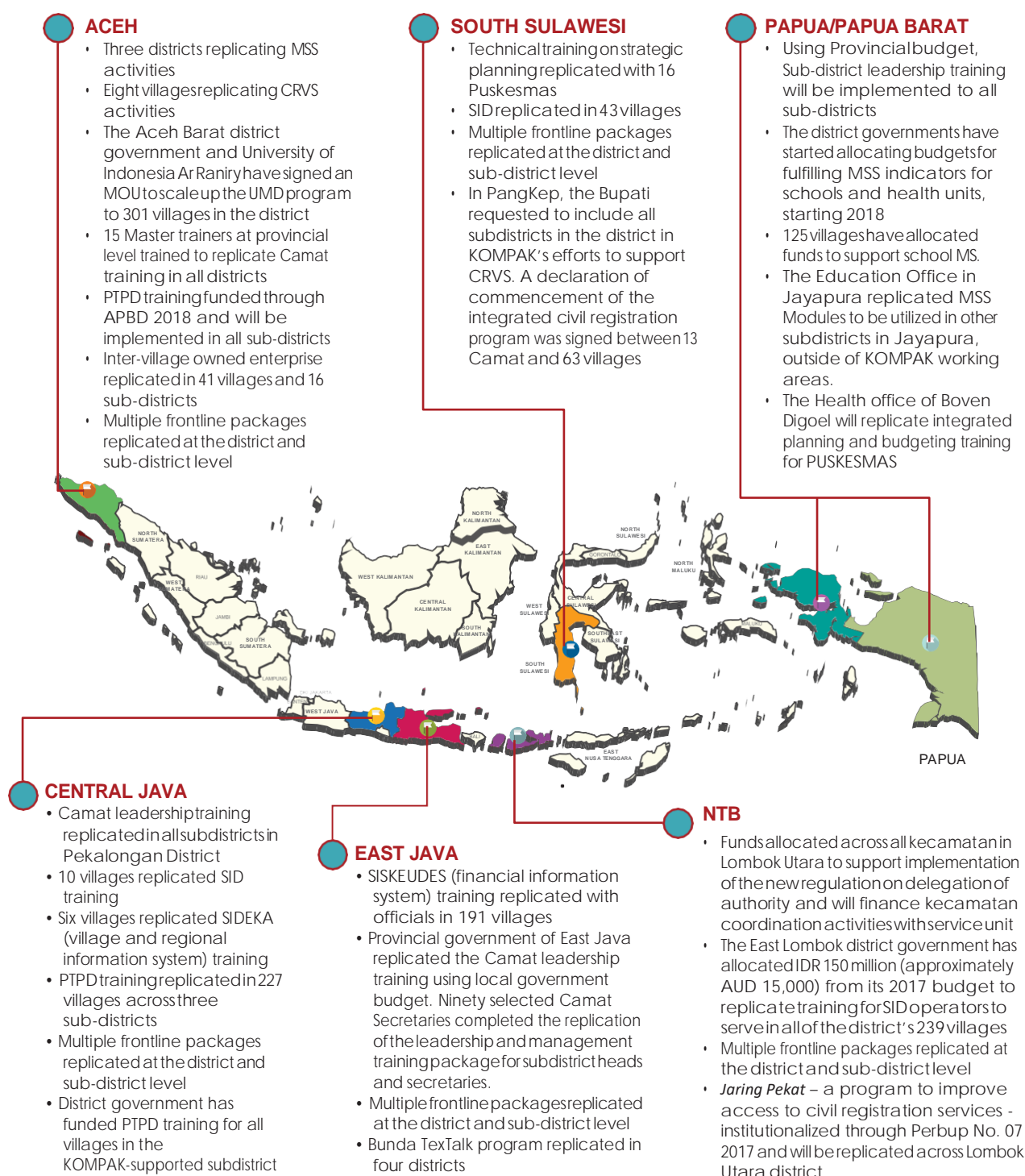
Moving forward, KOMPAK will focus on: (i) Innovation in modality (innovations ecosystem); (ii) Innovation in focus (digital governance), and Innovation in technology (technology innovations for health, education, and legal identity); and is also keen to explore further (iii) Innovative financing schemes for development initiatives, such as social impact investing.



6

PILOTS, REPLICATION AND SCALE UP

FIGURE 10. MAP OF REPLICATIONS ACROSS KOMPAK TARGET PROVINCES



To date, KOMPAK has designed and directly implemented 31 pilots, together with national and/or local government. KOMPAK has also provided technical assistance to 27 government-led pilots. These pilots are provided in Annex 3. KOMPAK defines a ‘pilot’ as ‘the process to test a new or revised approach to address a problem where results and learning are intended to inform larger scale change’.

The pilots (either implemented directly by KOMPAK, or by government or CSO partners with support from KOMPAK), produce results related to KOMPAK’s higher-level results framework: at the IO-level, EOFO-level, and potentially even goal level. However, these results occur on a limited scale, and only in the locations where the piloting process takes place. The piloting process therefore produces descriptive information about the pilot and learning about what has worked (and not worked), for whom, under what circumstances and why.⁶ These help inform larger-scale change, generating interest and motivation among key decision-makers about the pilot approach; while the learning serves as the basis for an increased understanding among government and implementing partners about problems and potential ways to address them. KOMPAK’s role as a facilitator is also important in contributing to these outcomes; partners’ and counterparts’ active involvement in the piloting and learning also generates and reinforces their interest, motivation, and understanding.

The next four years will focus on consolidating these initiatives, while initiating others as needed and identified through an iterative process. Central to this will be to reinforce from the outset that the goal is ‘upstream’ policy impact.¹³

Replication: It is suggested that the bedrock of the strategy for replication should be cloning successful KOMPAK systems, processes, and innovations from existing KOMPAK target districts to other KOMPAK and non-KOMPAK districts, but within the same province. Cloning does not mean adopting wholesale one district’s experience: replication should be model by model, and approach by approach. This would simultaneously facilitate replication and consolidation, as KOMPAK resources already embedded at province level would be used more broadly.

Government commitment to sustaining effective programming is evidenced by allocation of their own resources to replicate KOMPAK activities outside of designated KOMPAK working areas. The map below highlights examples of the replication of KOMPAK-initiated activities in seven provinces.

Scale-up and broader policy impact: When does replication stop and scale-up start? There is no definite answer to this question, and as the terminology suggests it is a progression of expansion and institutionalisation. Scale-up indicates that results of a demonstration activity will be used in the design and implementation of a fully-fledged rollout of an initiative to an entire area; e.g. to all sub-districts in one district, or to all districts in one province, or nationally across Indonesia. Government scale-up is closely linked to policy adoption and institutionalisation across one or more levels of government.

As has been indicated in section 5, scaling up of KOMPAK activities has occurred across KOMPAK’s key focus areas and represents significant investment on the part of the GoI.

It has been proposed that in the future KOMPAK should focus on consolidation and scaling up KOMPAK activities that have demonstrated significant interest and traction to date. The following guiding principles have been developed (for consideration) to support decision-making in relation to KOMPAK’s ongoing support to scale up (or exit) activities.

¹³ The definition used for ‘policy impact’ covers all policies from macro to micro policies.

- Consolidation of initiatives that have proven or have shown initial potential for success in the final stages of KOMPAK. This narrowing of program focus implies focusing on certain initiatives, identification of what may still be 'missing' in these project initiatives, and continued iterations of agreed focus areas.
- Consolidation by deliberate focus on strengthening the capacities of, and the systems and processes related to, national–district–sub-district–village relationships and linkages. This area is closely linked with the issue of coherence and linkages between the various levels of any initiative being implemented, or identifying the 'line of sight' from national to local initiatives and acting accordingly. This will for certain projects imply an added focus on the district level, to ensure all levels of the 'authorising' environment are targeted, considering the important role and mandate of the district in local service delivery in Indonesia.
- Consolidation by applying strict criteria for dropping and adding activities and indeed for 'exiting' districts or provinces. It is recognised that dropping activities or exiting certain locations may be contentious. However, if KOMPAK is to operate as a responsive and adaptive facility it needs to be able to exit initiatives that are not performing as expected. KOMPAK will develop an implementation index to quantify implementation progress and be used as a metric for making decisions about dropping or continuing existing activities. This will need close cooperation with DFAT and the GoI. Considering that KOMPAK needs to remain flexible, such criteria should provide guidance rather than be set in stone.



7

BEING FLEXIBLE AND ADAPTIVE: CHALLENGES AND LESSONS LEARNED

The need to be flexible and adaptive in ways of working to support GoI development objectives is the cornerstone of KOMPAK. Implementation experience to date has demonstrated the agility of the KOMPAK team to adapt to changing circumstances, working with government and non-government partners to address jointly-identified constraints to improve service delivery, and identifying and building on opportunities as they emerge.

This last section looks at some of the challenges and lessons learned in managing this complex, evolving facility. It concludes with an overview and lessons from implementation of 'adaptive management', and ways in which KOMPAK can further enhance its approach in the next phase.

DEVELOPING A COMMON UNDERSTANDING OF THE ROLE OF KOMPAK

Telling the KOMPAK story has been a continuous challenge, given the complexities of the program on multiple fronts. It combines governance and community-driven development approaches to improve people's access to basic services and economic opportunities. It aims to trigger changes at all levels of government, from national to village, in 26 districts across seven provinces, as well as at community level. It involves at least five ministries, the local governments in the aforementioned areas, and eight strategic partners. It delivers support to the government through different modalities, such as technical assistance, capacity building, piloting, and analytics. It tries to bridge between national priorities and local needs and capacities. Consequently, it has been difficult to communicate the KOMPAK narrative in a clear and coherent manner to its various stakeholders.

In future, KOMPAK will address this challenge by:

- Ensuring that government and other stakeholders are engaged in the design process, including the development of the strategic framework, to ensure buy-in and alignment with GoI policies. This will enable KOMPAK's key stakeholders to advocate for the program in a consistent way.
- Developing a narrative that articulates the contribution of KOMPAK to real world development outcomes in health, education, and legal identity. This will help to explain the relevance and significance of KOMPAK's governance and community empowerment activities to these outcomes.
- Tightening and simplifying the theories of change underpinning the EOFOs to better explain the reasoning and pathway to change expected from KOMPAK's interventions. KOMPAK will also ensure a strong and consistent understanding of these theories of change across the program, especially for the MEL, program implementation, and communications teams.
- Ensuring that the criteria used to select initiatives is clear and well-understood, and includes KOMPAK core principles such as GESI.

UNDERSTANDING KOMPAK AS A FACILITY

KOMPAK's overall programmatic modality as a facility was considered beneficial and fit-for-purpose for KOMPAK in the 2017 IPR. This is because the facility modality provides the necessary flexibility to develop and implement new packages of activities over time, with the GoI, including in response to emerging opportunities, changing circumstances, and what is gaining traction. For the 2019 to 2022 period, KOMPAK will continue to work adaptively through a facility modality: both to continue to test new ideas, but also to provide more consolidated support and knowledge base related to promising contextual lessons learned to date.

An example of KOMPAK's ability to adapt is its recent engagement with the provincial government of Papua to design with MAHKOTA a universal child grant program called BANGGA Papua. This activity was unforeseen, but KOMPAK as a facility was able to mobilise resources quickly to pursue this opportunity.

Some important lessons learned from its first three years as a facility:

- A well-defined strategic framework is needed to guide the design and implementation of a facility's activities. Strong understanding of the framework by KOMPAK's stakeholders, including staff, Gol counterparts, and other partners, is critical to ensuring program coherence and alignment to the EOFOs.
- It is important to establish governance mechanisms as early as possible at the start-up phase, to provide strategic direction and oversight of a facility. The Steering Committee and Technical Committee was not put into place for over a year from the start of KOMPAK. Therefore, during this first year, all of the responsibility for selection of activities rested on the KOMPAK team. Once the SC and TC were up and running, DFAT, Gol, and KOMPAK took joint responsibility and decision-making in guiding KOMPAK's programming and aligning it with Gol and GoA priorities.
- Equally important is to follow-up the governance mechanisms with clear criteria, principles, and processes to access KOMPAK's support, especially for a program that has so many Gol counterparts at national and sub-national level. As the strategic framework is pitched at quite a high level, the KOMPAK team then had to develop more focused problem statements. Starting in 2016, these became the criteria for developing work plans and activities with the government, along with the types of support that KOMPAK provides: technical assistance, piloting, analytics, and capacity building. KOMPAK established joint work planning processes with Gol through the Technical Working Group, and TC and SC meetings to consolidate requests for KOMPAK's support, which were previously channelled to KOMPAK on an ad hoc basis and difficult to coordinate.

DEMONSTRATING AND LEVERAGING GREATER IMPACT

Given the breadth of issues and geographic areas that it covers, KOMPAK has been prone to spreading itself too thinly. Moreover, KOMPAK's various activities do not necessarily converge in the same locations. KOMPAK is designed to address locally-specific issues in each district. Therefore, it can become quite challenging to demonstrate the aggregate impact of KOMPAK on a common set of outcomes.

To leverage greater impact from KOMPAK's activities, these are the key lessons learned that KOMPAK proposes should be considered in the future:

- Focus on fewer activities, but aim for national-scale impact. From the first three years, KOMPAK has already identified activities that are generating positive results and are scalable, such as the CRVS models, village and kecamatan strengthening, training of female cadres, social accountability through BPD, market linkages, and others. In the continuation phase, KOMPAK proposes to focus on scaling up and institutionalisation of these interventions on a national scale, through government and civil society systems, capacities, and financing.
- To achieve impact on a national scale, it is important to facilitate the uptake of evidence and lessons learned from sub-national activities by the central government. KOMPAK has trialled a variety of approaches to broker exchanges between central and local governments, such as the Joint Supervision Mission of Gol to the KOMPAK locations, and the Knowledge Sharing forums at national level. KOMPAK will continue these practices and explore other options as well. More importantly, for each of the major activities that KOMPAK will implement in its continuation phase, the design will include clear plans for national policy impact.

- It is important to design evaluation questions and processes for each major activity. The evaluation should capture not only effectiveness, but also the enabling and inhibiting factors to be considered in ensuring sustainability of the activity, and/or the design of new activities. It should also allow documentation of learning, including failures. Activity-focused evaluations are part of KOMPAK's overall MEL framework, so that KOMPAK can demonstrate effectiveness of individual activities and their aggregate impact.

KEY CONSTRAINTS AND LEARNING AS AN ADAPTIVE ORGANIZATION

The process of KOMPAK becoming an adaptive organisation is still ongoing and there are a number of lessons that have emerged. At inception, KOMPAK had no overarching high-level strategic framework. It emerged only over time. It was not until 2016 that a formal strategy was put in place. KOMPAK was planned by DFAT to build on two longstanding and successful Australian-funded programs. This amalgamation resulted in a program that looked a little different than if it had been designed from scratch with an adaptive model in mind. The strategic framework therefore was necessarily broad, to cater for the range of projects that would emerge over time, as they were refined over the first 18 months.

Thus, KOMPAK's functional structure, its incentives and the sheer pressure to 'deliver' constrained its ability to learn in real time, to synthesise knowledge, and to disseminate knowledge and learning effectively, especially in the first 18 months of operation. Clearly there needs to be adequate supervision and oversight in place, but there is undoubtedly a sense that KOMPAK was required to manage against the prescriptive project framework (inputs and activities), rather than managing for results (outputs and outcomes). This is the heart of the problem driven iterative adaptation (PDIA) or 'thinking and working politically' agenda.

There is also a tension between the desire for replicability and scalability, and the adaptive agenda that promotes localised problem-solving. KOMPAK has to balance the needs of the national government to pilot initiatives that can be implemented across multiple locations, while also basing interventions on local needs. Replication is seen as an indicator of success, despite not necessarily being based on strong evidence of the intervention's efficacy. This acts as disincentive for evidence-based decision-making, which is a cornerstone of good governance and adaptive development.

The individuals within KOMPAK also have a key role to play in implementing and promoting adaptive development. Teams with many years' experience working in this field are also most likely used to more traditional ways of working. However frustrating these more traditional ways may be, it does not automatically follow that individuals or teams will have the capability to be reflexive and adaptive when afforded the opportunity. KOMPAK also needs to build consensus around the adaptive development agenda, as well as incentivise and build the capacity to enable learning and reflection, if it is to succeed in becoming a learning organisation.

KOMPAK is currently participating in a comparative study of adaptive programs, conducted by the Overseas Development Institute (ODI) under a partnership with DFAT Canberra. KOMPAK will use this partnership to provide technical assistance and examples of good practice from other adaptive programs to help build on its existing adaptive tools and approaches. At the same time, this engagement will help share KOMPAK experiences with the global development network. ODI engagement will ideally focus on building the provincial review process into its current quarterly review cycle; as well as support for sharing good practice in developing a stronger system for KOMPAK to document learning and decision-making to help track how change has happened; and also developing and testing tools for problem identification.

OUR GOAL – LEARNING AND EVOLVING

There are three broad purposes of the learning agenda in KOMPAK in its extension phase:

- At the **activity or project level**, to improve implementation performance (and mitigate implementation risk as discussed above).
- At the **sub-national level**, for program revision, adjustment, replication, and GoI adoption.
- At the **national level**, for assessing progress towards EOFO outcomes (and to mitigate developmental risk) and the KOMPAK goal.

Looking forward, the team will continue to focus on how adaptive development can be more closely integrated with its existing program cycle – including practical questions such as: Who has delegation for program adjustments? And what qualifies as ‘sufficient data’ to justify program change? This will be assisted by revisions to KOMPAK’s MEL framework and refinement of indicators, particularly those for monitoring by the implementation teams. The process of identifying which tools are best suited to support reflection, and how exactly an activity is adapted, will be further grafted onto the KOMPAK Project Management Cycle, bringing in key stakeholders such as the GoI, strategic partners, and DFAT into the process at key points. These processes will continue to evolve until KOMPAK has become a fully-fledged learning organisation.



8

EXPENDITURE AND FINANCIAL ANALYSIS

BUDGET ALLOCATION EXPENDITURE

Since July 2015, KOMPAK has been able to effectively plan the use of resources, with 100 percent of DFAT's financial year budget allocated, as outlined in Table 3 below:

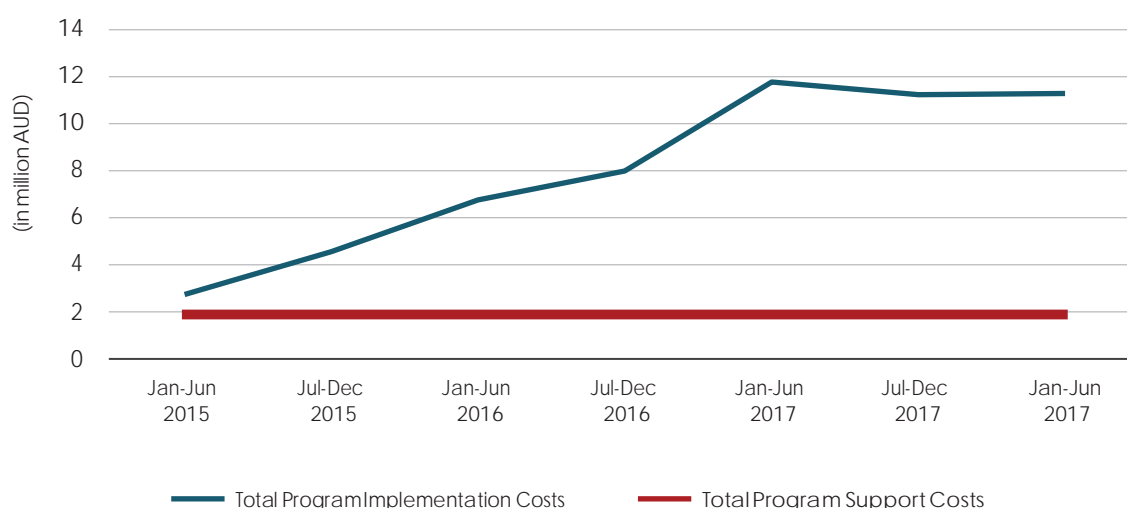
TABLE 4. KOMPAK EXPENDITURE AGAINST DFAT ANNUAL BUDGET ALLOCATION (AUD)

YEAR	ANNUAL DFAT BUDGET ALLOCATION (AUD)	EXPENDITURE (AUD)	VARIANCE (AUD)	BURN RATE
FY14/15		6,200,791,31	(6,200,791,31)	
FY15/16	16,920,000	16,940,132,04	(20,132,04)	100,12%
FY16/17	26,500,000	26,495,345,41	4,654.59	99.98%
FY17/18	28,116,958	28,113,920,24	3,037.76	99.99%

PROGRAM IMPLEMENTATION COSTS VS PROGRAM SUPPORT COSTS

As expected, KOMPAK program implementation expenditure accelerated during the course of the contract. This rose from AUD 2.68 million in the six months from January to June 2015, to AUD 11.77 million at its peak in the six months from January to June 2017. Over the same period, as it can be seen in Figure 11 below, KOMPAK support costs have remained relatively steady throughout the contract period. Since January 2017, program implementation costs have remained over 85 percent of total expenditure. However, this ratio between implementation expenditure vs support costs is expected to change beyond June 2018, due to budget reallocation and restructure.

FIGURE 11. PROGRAM IMPLEMENTATION COSTS VS PROGRAM SUPPORT COSTS



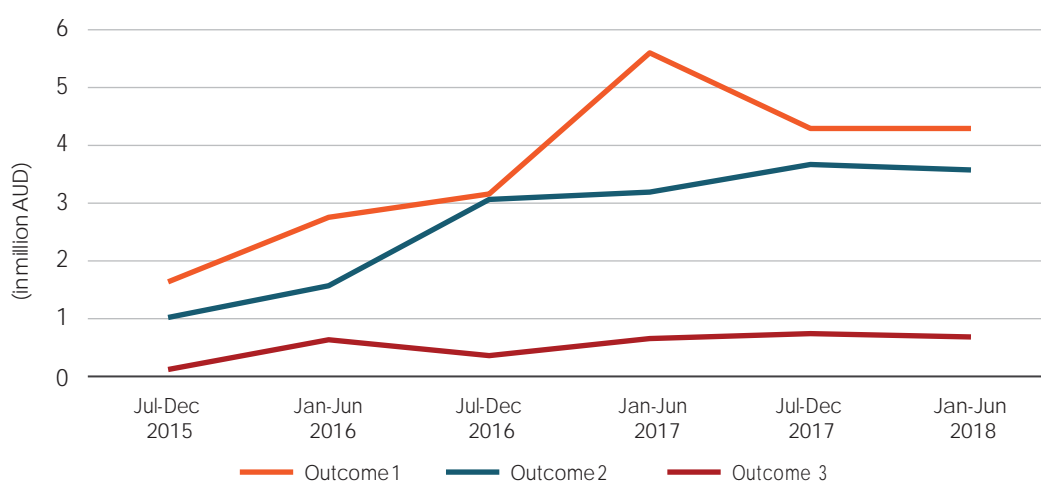
FINANCIAL PLANNING AND REPORTING

KOMPAK structures financial reporting around the three EOFO areas that were defined during the first six months of implementation. KOMPAK further delineates its expenditure by each project that is identified in annual work plans. Given there have been multiple work plans (and consequently multiple sets of projects) during the contract period, this financial report focuses on the outcome level of expenditure only.

EXPENDITURE BY OUTCOME

In line with the acceleration of implementation, KOMPAK expenditure in each of the three outcome areas has grown since July 2015. Figure 12 below demonstrates the growth in expenditure in the three outcome areas over each six-month period.

FIGURE 12. KOMPAK EXPENDITURES BY OUTCOMES BY SIX-MONTH PERIODS



As can be seen, Outcome 1 has had the highest expenditure, followed by Outcome 2. Outcome 3 has had substantially lower expenditure. This reflects the relative emphasis, priority, and maturity of each of the three outcome areas, as determined by the KOMPAK Steering Committee.

FIGURE 13. TOTAL PROJECT EXPENDITURE BY SIX-MONTH PERIOD - NATIONAL VS SUB-NATIONAL

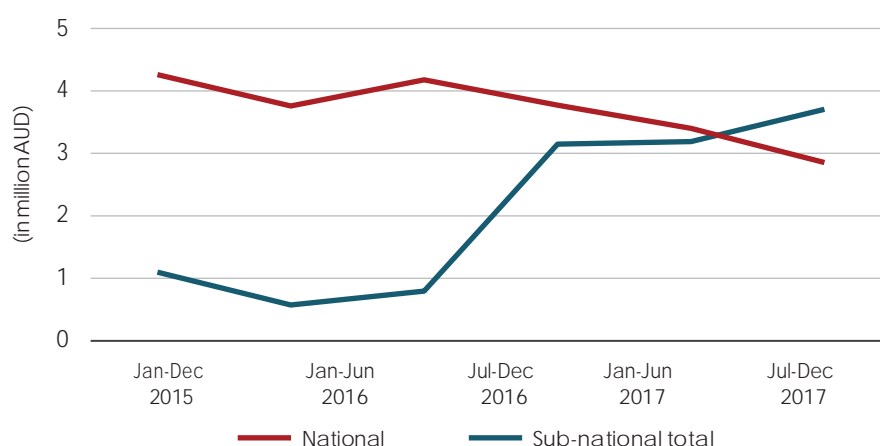
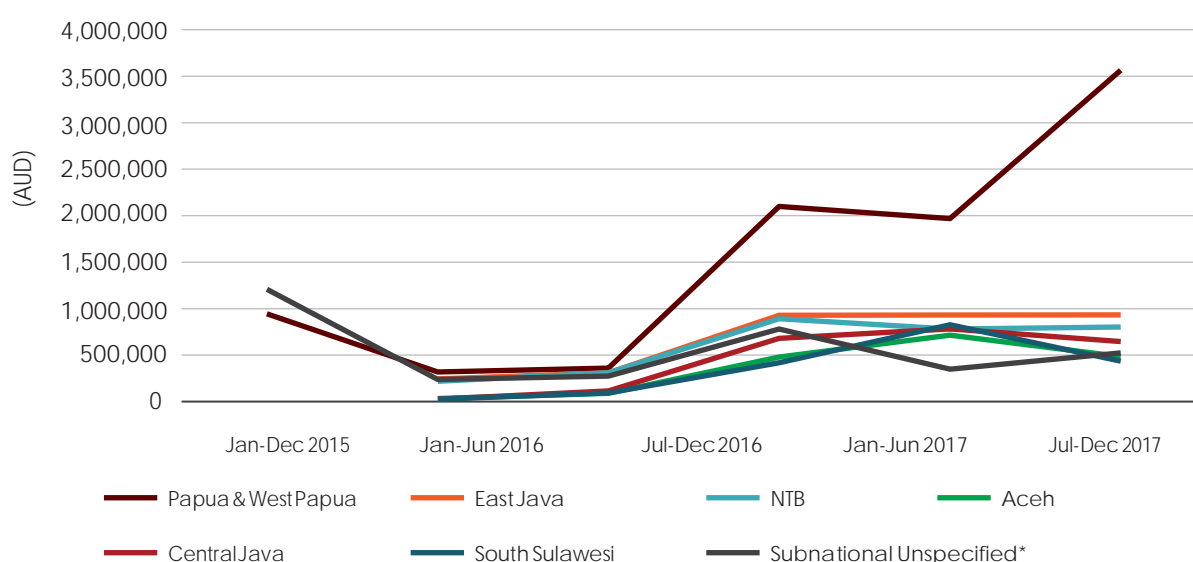


Figure 13 above shows project/activity-related expenditure (i.e. not including operations and staff costs) at both national and sub-national level, by six-month period. It illustrates the significant increase in sub-national related activities during 2017, which surpassed expenditure on national-related activities, and the same trend has continued during 2018.

FIGURE 14. TOTAL PROVINCIAL PROJECT EXPENDITURE BY SIX-MONTH PERIOD



*this represents cross-province related expenditure

Figure 14 above shows the total project/activity-related expenditure (not including operations and staff costs) within the different sub-national regions, by six-month period. It illustrates the respective emphasis of investment in each region, and demonstrates the significant increase in sub-national expenditure during 2017.

RISK MANAGEMENT

Program systems, processes, and internal controls have enabled KOMPAK to effectively identify and mitigate risks related to the operating environment, programming, safeguards, fiduciary aspects, relationships, and reputation. While ultimately the responsibility of the Contractor Representative, the implementation of the Risk Management Plan is led on a day-to-day basis by the Team Leader, with delegated accountability to directors and leads. KOMPAK periodically provides formal updates on risk to DFAT management through the risk register and informally as the need arises. DFAT has also, when necessary, engaged closely with the Gol to maintain a strong bilateral partnership, which has proven a useful approach to mitigating risk.

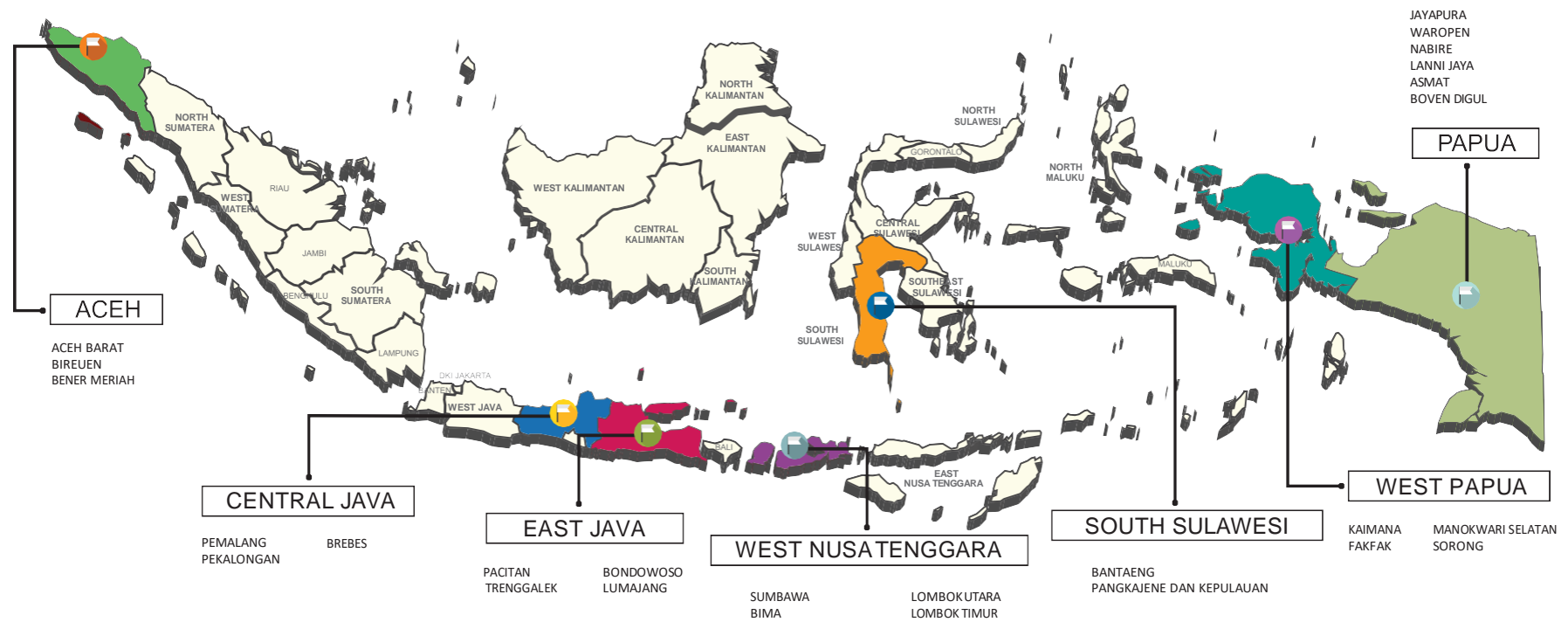
As noted above, KOMPAK is designed to be a flexible facility (within parameters), able to respond to changing contexts and conditions, and remain relevant and on track towards objectives and improved governance. As a governance program, an overarching risk relates to the ongoing difficulty of measuring (and attributing) contributions to improvements in national and local systems, policies, and processes. There are three main ways in which KOMPAK operates to mitigate the risk of not achieving results: (i) KOMPAK governance arrangements (regular technical consultation and advice from partner ministry agencies to ensure the program is on track, relevant and responsive); (ii) the technical focus areas (selective and realistic targets for change that are political priorities and technically feasible); and (iii) working politically (analysing and understanding the political economy at all levels of government to inform approaches, and placing key importance on relationships and trust, particularly with government partners).

KOMPAK strictly applies the zero tolerance policy and implements mandatory fraud awareness and child protection training for all staff and partners (including grant recipients) as part of induction, and provides regular refresher training. Existing controls within the SOP, and strict implementation of these provide strong and effective internal controls, which have proven effective ways in which to mitigate fiduciary risks and safeguard the program against risks.



ANNEXES

ANNEX 1 - KOMPAK WORKING LOCATIONS



ANNEX 2 - FINDINGS FROM THE BASELINE STUDY: ACEH

The KOMPAK Baseline Study serves several purposes. The first is to improve understanding about the strengths and challenges related to basic service delivery and village development in Indonesia. Having valid and reliable data from the perspective of service users, service providers, and government agencies is crucial to understanding what is working for the poor and what still needs to be addressed. The second is that baseline data can be used to design more targeted, efficient and cost-effective intervention strategies. Lastly, baseline data serves as the foundation for measuring change over time and evaluating the effects of KOMPAK.

The baseline consists of three key components: (i) a survey conducted by Survey Meter at the household, service unit, and government (village, subdistrict, and district) levels in April 2017; (ii) a budget analysis of KOMPAK target villages (i.e. APBdesa) including fiscal transfers and district line items, commencing with 2015 budget data; and (iii) quantitative data from the government and administrative sources, such as the National Socio-Economic Survey (Susenas), National Workforce Survey (Sakernas), Village Potential Survey (PODES), and line agencies (Ministry of Health, Ministry of Education, Civil Registration Department etc.).

Baseline findings from Aceh related to each of the End-of-Facility Outcomes are included in this report. In Aceh, the Baseline Survey was conducted in two of KOMPAK's working districts: Aceh Barat and Bener Meriah, and in one comparison district, Gayo Lues. The survey was administered to 189 households and family information was obtained on 810 household members. The survey was also administered to a total of 70 government and service unit representatives in three districts, three kecamatan and 11 villages.¹

EOFO 1: Local Government and Service Units Better Address the Needs of Basic Service Users

TABLE A. PERCENT OF CHILDREN WITH VERIFIED LEGAL IDENTITY DOCUMENTS

	All households % with birth certificate that can be shown (ages 0 to 17) Baseline Survey	All households % with birth certificate that can be shown (ages 0 to 17) Susenas Survey	Poor households % with birth certificate that can be shown (ages 0 to 17) Susenas survey	Non poor households % with birth certificate that can be shown (ages 0 to 17) Susenas Survey	All households % with birth certificate that can be shown (ages 0 to 1) Baseline survey	Poor households % with birth certificate that can be shown (ages 0 to 1) Susenas Survey
District						
Aceh Barat	16.9	65.1	34.7	66.6	0.0	23.4
Bener Meriah	16.2	85.5	78.7	85.8	13.3	8.4
Gayo Lues*	33.3	67.8	45.9	74.5	40.0	21.0
Aceh	21.6	69.4	56.9	72.6	17.1	34.8

Note. *Comparison area; Averages are weighted. Susenas March 2016 provincial estimate includes all districts (N = 23). Poor households are defined by the official poverty line and per capita expenditure, which are below the poverty threshold. For more about how poverty is calculated, see endnoteⁱⁱ.

A key focus area related to EOFO 1 is to improve delivery systems and innovations for basic services in civil registration and vital statistics. Compared to Susenas estimates, the percentage of children with verified birth registration documents is much lower when assessed with the Baseline Survey (see Table 1). This is likely due to the fact most households in the baseline (approximately 80%) were selected for participation because they were considered poor.

Poverty impacts whether children are likely to have birth certificates, with poor children being less likely to have a birth certificate. As illustrated in Table 1, in Aceh, approximately 56.9 percent of children in poor households have birth certificates compared with over 72.6 percent of children from non-poor households (March 2016, Susenas).

There are many reasons reported by parents that explain why children do not have birth certificates. As shown in Table 2, explanations vary greatly and appear to be somewhat area specific (i.e. geographic). Among commonly reported explanations are issues related to costs, location of the population administration office relative to the household, perceived value of the birth certificate, and knowledge about the registration process. Nationally, 31.4 percent of the time, the cost or fee associated with birth registration is the reason given as to why birth registration documents are not obtained, even though birth registration is free of charge. Improved understanding about why children do not have birth certificates

TABLE B. WHY CHILDREN DO NOT HAVE VERIFIED LEGAL IDENTITY DOCUMENTS

District	The reason why child does not have a birth registration (%)							
	Certificate not yet issued	Can not afford the fee	Remote certificate place	Did not know the birth should be recorded	Did not know how to take care of it	Did not feel the need	Lazy/do not want to bother	Other reason
Aceh Barat	41.2	0	6	0	5.5	4.8	6.6	35.9
Bener Meriah	48.5	5.9	0	0	8.1	5.4	0	32.1
Gayo Lues	37.4	13.7	9.5	0	8.6	5.1	1.9	23.7
Aceh	29.5	22.8	12.5	0.6	10.4	5.0	3.9	15.5
Indonesia	22.0	31.4	6.9	1.2	7.5	6.5	6.1	18.4

Note: Weighted average is used for national average. Data derived from March 2016 Susenas.

and the extent to which reasons differ for subgroups of the population is needed. This knowledge can inform strategies designed to improve birth registration rates. Policies that address access and delivery challenges related to birth registration will likely be more effective when they are differentiated based on local context needs, parental attitudes, and the behaviours of government, service providers and citizens. A 'one-size' fits all strategy will not be as effective as a strategy that incorporates features that consider local strengths and challenges.

Attitudes about the Quality, Availability and Access of Key Basic Services

One of the goals of the Baseline Survey was to gather information from basic service users, providers, and government data sources about the quality and availability of basic services. Some of the information collected focused on perceived quality (i.e. subjective) and described more objective characteristics related to access, participation and trends. As illustrated in Table 3, in general, two out of three household participants rated the quality of education and three out of four household participants rated the quality of health services relatively high (i.e. good or very good). Clean water, public transportation, public lighting and roads were the least likely to be rated as having 'good' or 'very good' quality.

TABLE C. PERCENT OF RESPONDENTS THAT CONSIDER KEY SERVICES TO BE GOOD OR VERY GOOD

District	Education services	Health services	Public lighting	Clean water	Roads	Public transport
Aceh Barat	68.1	60.9	23.2	1.4	42.0	14.5
Bener Meriah	72.6	86.3	58.9	23.3	64.4	52.1
Gayo Lues*	55.3	80.9	31.9	55.3	46.8	17.0
Aceh	66.7	75.7	39.2	23.3	51.9	29.6

Note. *Comparison area; Household, household survey (book 6). Household were asked What is the quality of [...] service in this village? Answer choices were: (a) very good, (b) good, (c) not very good, (d) poor, (e) very poor, (f) not applicable, and (g) do not know.

As shown in Table 4, based on administrative data, Aceh, compared to Indonesia as a whole, has: (i) lower participation rates for elementary school (SD) but; (ii) higher participation rates for junior high school (SMP) and senior high school (SMA); (iii) higher accreditation rates (B or A) in SD and SMP; and (iv) higher literacy rates.

TABLE D. KEY MEASURES OF BASIC EDUCATION SERVICES IN 2016

	Net participation rate			Primary schools (SD)		Junior High (SMP)		Senior High (SMA)		Literacy
	SD	SMP	SMA	# of SDs	% With B or A accreditation	# of SMPs	% With B or A accreditation	# of SMAs	% With B or A accreditation	Percent literate, age 15 and above*
Aceh Barat	95.8	85.9	75.5	154	42.8	45	53.4	21	42.8	96.9
Bener Meriah	97.3	92.2	72.6	126	53.2	50	42	2	19.1	99.0
Gayo Lues*	98.2	89.4	71.7	87	20.7	30	26.6	13	15.4	94.2
Aceh	92.4	85.7	66.7	3,400	32.1	1,037	36.1	487	39.2	97.8
Indonesia	96.8	78.0	59.9	148,618	29.3	39,323	31.2	13,563	53.6	95.3

Note. *Comparison area; SD = elementary school; SMP = junior high school; SMA = senior high school. Source information and how participation rates were calculated are provided in the end notes. ■

Data on key measures of basic health services in Aceh is illustrated in Table 5. Compared with the national average, the percentage of households that used an improved water source and the percentage of births attended by a skilled health worker were higher, while the percentage of births that occurred in a health facility and the percentage of toddlers (ages 0 to 5) that were immunised were lower.

TABLE E. KEY MEASURE OF BASIC HEALTH SERVICES

District	Number of inpatient Puskesmas 2015 +	Number of outpatient Puskesmas 2015 +	Puskesmas per 100,000 people	Number of accredited puskesmas	Percent of households that use an improved source 2016 *	Percent of births attended by skilled worker 2016 *	Percent of births that occurred in a health 2016 *	0 to 5 immunisation rate (card can be shown, % 2016 *
Aceh Barat	6	7	9.3	0.0	87.2	98.5	83.6	40.6
Bener Meriah	5	8	1.7	0.0	85.8	100.0	88.6	76.5
Gayo Lues*	6	6	13.5	0	56.6	72.2	38.6	27.9
Aceh	6.2	8.5	7.9	12	82.8	95.4	77.0	40.4
Indonesia	6.6	12.3	7.2	1,479	78.7	93.8	78.7	58.4

Note. + Ministry of Health (see <http://www.depkes.go.id/resources/download/pusdatin/lain-lain/Jumlah%20Puskesmas%2030%20Juni%202015.pdf>); ^ Ministry of Health online geographic information System (see <http://gis.depkes.go.id/map.php>); *Derived from March 2016 Susenas Data. Note. Weighted average is used for national average.

In summary, while many household respondents in Aceh had positive ratings about the quality of education, health and civil registration services, administrative data indicate that many basic service challenges remain. The relatively high ratings for service access and quality for education and health were unexpected, but may be attributed to lower expectations or limited experiences with what is considered access and high quality services. Going forward, a mixed method data collection approach (e.g. semi-structured interviews) that supplement survey and administrative data should yield additional insight and understanding about what is working and what is not.

Funding for Basic Services in Aceh

A key focus of KOMPAK's work is to ensure that budget allocations are directed to poverty reduction policies and that budget allocations address access and service quality challenges for health, education, and civil registration services. Table 6 shows the total district budget allocation (i.e. APBD) and the percentage allocated for key basic services in baseline districts. Total and per capita allocations and the percentage of the budget allocated to key basic services were not equal across Aceh districts and between Aceh and Indonesia as a whole. The per capita allocation in Aceh was 1.76 times that of the average for Indonesia (4,736 versus 2,688).

TABLE F. 2015 APBD ALLOCATION ('000IDR) AND PERCENT ALLOCATED TO KEY BASIC SERVICES CATEGORIES

District	Total allocation	Percentage allocated to:			
		Education	Health	Civil registration	Other
Aceh Barat	1,067,001,012	31.9	16.6	0.24	51.2
Per capita	5,529	--	--	--	--
Bener Meriah	737,400,456	29.0	14.8	0.53	55.7
Per capita	5,417	--	--	--	--
Gayo Lues*	810,018,188	21.0	10.8	0.35	67.8
Per capita	9,192	--	--	--	--
Aceh, average	1,027,818,462	30.5	14.5	0.37	54.6
Per capita	4,736	--	--	--	--
Indonesia, average	1,343,419,427	32.0	11.2	0.46	56.3
Per capita	2,688	--	--	--	--

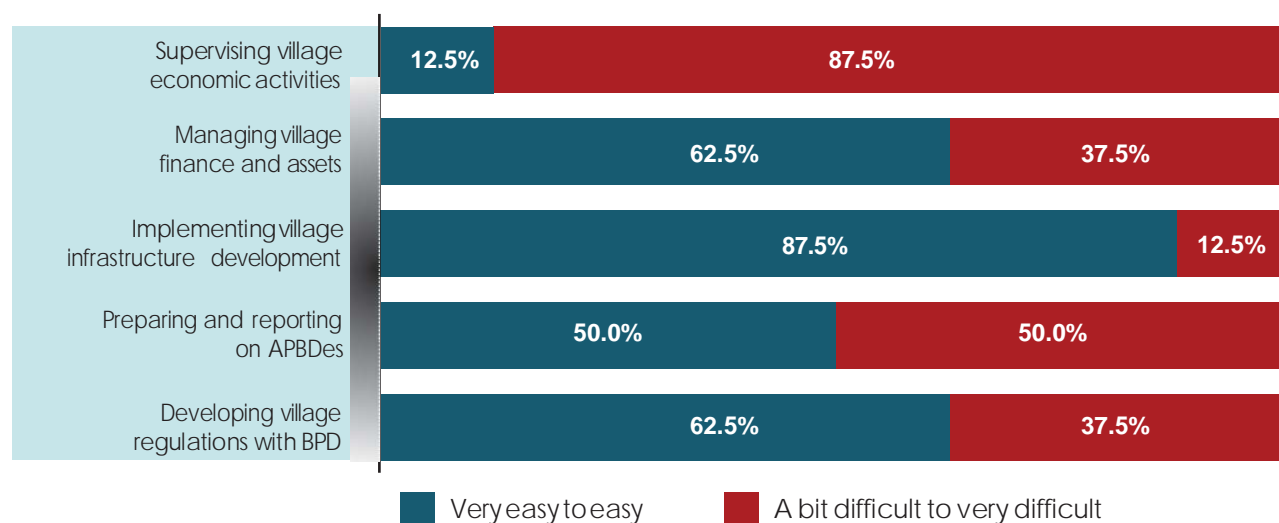
Note. Population estimate based on March 2015 Susenas. Number of districts = 510; Indonesia average district population is 499,797; Aceh = 217,005; Gayo Lues = 88,120; Bener Meriah = 136,136; Aceh Barat = 192,969

EOFO 2: The Poor and Vulnerable Benefit from Improved Village Governance

Village Governance Structures Need to be Responsive to the Needs of Villagers

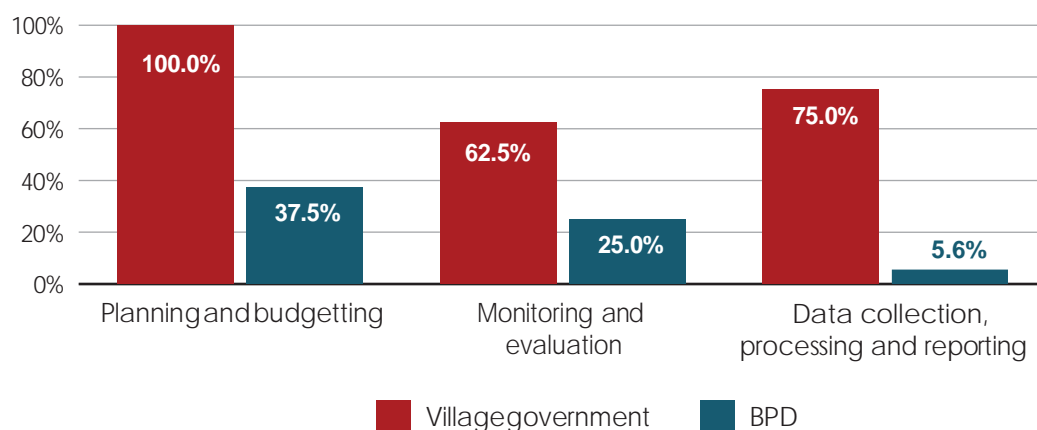
Village Law mandates that resources be made available for villages to manage their own development priorities, including improving access and quality of basic services. While the law provides each village with an annual budget (approximately AUD 100,000), the law does not provide clear guidance or the necessary support to monitor whether resources are used effectively, equitably and ethically. Many village heads are elected because of their status in the community, not necessarily due to their governance ability. In addition, village staff are appointed by the village head and can lack participatory planning, managing and budgeting skills. The fact that many village governments are challenged by core functions associated with planning and budgeting is shown in Figure 1. Seven out of the eight Baseline village governments surveyed in Aceh (87.5 percent) reported having some difficulty supervising village economic activities and 50 percent had difficulty preparing and reporting their village budget (i.e. APBDes). Improving the skills of the village apparatus.

FIGURE A. VILLAGE GOVERNMENTS' SELF-ASSESSMENT OF THE DIFFICULTY EXPERIENCED IN FULFILLING CORE FUNCTIONS



strengthening the role and importance of the village council and developing or strengthening systems that enable villagers to provide input, voice concerns and engage in community decision-making processes is crucial to village development. Figure 2 shows the types of training attended by officials of the village government and the BPD. Based on the challenges identified by government and service unit heads ongoing training on topics related to village development and basic service delivery is warranted.

FIGURE B. TRAINING IN THE LAST 12 MONTHS BY OFFICIALS OF THE VILLAGE GOVERNMENT AND BPD



EOFO 3: The Poor and Vulnerable Benefit from Increased Opportunities for Economic Development

Increasing employment is crucial for improving the economic and social wellbeing of the poor, women and marginalised groups. As indicated in KOMPAK's Baseline Survey (see Table 7), 68.5 percent of working aged people were employed in low paying on-farm jobs, with men in those jobs earning over 5.8 times that of women (IDR 1,064,018 versus IDR 180,873); with a greater than 28 percentage-point difference.

TABLE G. PERCENT OF WORKING AGE HOUSEHOLD MEMBER THAT WORK, SECTOR OF WORK AND AVERAGE MONTHLY EARNINGS

	Male	Female	Total
Percent of people aged 15-64 that work to help support the household			
Aceh Barat	93.8	59.1	77.2
Bener Meriah	90.6	72.4	82.0
Gayo Lues*	91.4	63.4	78.3
Aceh, average	92.1	64.0	78.8
Indonesia, Labour Force participation rate, average*	82.2	51.3	66.8
Income and sector of main work			
Farm-based	68.7	66.7	68.5
Average monthly earnings	1,064,018	180,873	732,838
Industry	10.7	1.3	7.1
Average monthly earnings	1,775,962	650,000	1,695,536
Commerce and supporting sectors	11.5	16.3	13.4
Average monthly earnings	2,068,571	2,792,000	2,409,811
Services and public sectors	8.2	15.6	11.1
Average monthly earnings	1,722,500	1,873,750	1,805,000
Average monthly earnings (all sectors)	1,309,131	879,209	1,143,443

Note. Baseline Survey work choices were grouped into four categories: (i) Farm-based: agriculture, forestry, fisheries: agriculture (crops); horticulture; plantation; capture fishery; aquaculture; animal husbandry; forestry and other agricultural; (ii) Industry: mining and excavation; processing industry; electricity and gas; building and construction; transportation and warehousing; (iii) Commerce and supporting sectors: trade; hotel and restaurant; finance and insurance; information and communication; and (iv) Services and public sector: education services; health services; community, government and individual services. * Estimated from August 2015 Sakernas. (ages 15 and above).

In male and female labour force participation rates in Aceh (92.1 versus 64.0 percent) and 30 percentage-point difference nationally, addressing the low rate of women's employment remains a challenge for Indonesia. It is an area that KOMPAK must ensure is central to its policy engagement. Other areas of concern that need to be addressed are: (i) large disparities between the earnings of men and women; and (ii) low wages and job quality.

Limited opportunities for sustainable non-agricultural employment for men and women in rural areas is a major problem that poses a threat to economic growth. As reported by respondents in the Baseline Survey, village-based economic development activities are valued by household respondents, particularly women. While the baseline included some data and information related to village economic development activities, such as programs available in the district, and allocation of funds to the development of BUMDesa or other village economic enterprises, additional information is needed to evaluate the contribution of KOMPAK and other investments that promote economic opportunities for the poor and vulnerable.

NOTES

- i An executive summary and the complete baseline report is available in draft form upon request. The report is currently in the review process.
- ii Indonesia's poverty rate is based on per capita expenditure and the official poverty line, which are measured and reported by *Badan Pusat Statistik* (BPS). BPS uses what is called the 'basic needs approach' to measure poverty. With this approach, poverty is considered the economic inability to meet basic needs (food and non-food). The poverty line (PL) is calculated by taking the sum of the Food Poverty Line (FPL) and the Non-Food Poverty Line (NFPL). The FPL is the minimum expenditure required to consume 2,100 kilocalories per capita per day based on 52 types of commodities (e.g. grains, tubers, fish, meat, eggs and milk, vegetables, legumes, fruits, oils and fats, etc.). The NFPL is the minimum expenditure required for housing, clothing, education, and health, based on 51 non-food commodities in urban areas and 47 commodities in the rural areas.

Because the cost of food and non-food items that are used to estimate the poverty line differ substantially between urban and rural settings and among provinces, each province has its own rural and urban FPL and NFPL, except DKI Jakarta, which has no rural population. People who have incomes (i.e. per capita expenditure) below the poverty line are classified as poor and considered to be living in poverty. It is important to note that cash transfer subsidies from the government, such as Rice for the Poor (Raskin), Public Health Insurance (*Jamkesmas*), Cash Assistance to Poor Students (*Bantuan Siswa Miskin*) and the Family Hope Programme (*Program Keluarga Harapan*) are counted as income when determining one's per capita expenditure. In March of 2016, the overall urban and rural poverty lines (monthly income/expenditures) for Indonesia were IDR 364,527 and IDR 343,647 respectively. Appendix 1 provides the urban and rural poverty lines (per capita IDR, monthly), number of people, number of poor people, and poverty and unemployment rates by province.

- iii The net school participation ratio (angka partisipasi murni, APM) is the proportion of school children in a certain age group who attend school at levels appropriate to their age group. For how this is calculated by the Central Statistics Agency (BPS), see <https://sirusa.bps.go.id/index.php?r=indikator/view&id=9>; <http://sekolah.data.kemdikbud.go.id/index.php/chome/pencarian/>; <http://npd.data.kemdikbud.go.id/index.php/>; <https://www.bps.go.id/dynamic/table/2015/12/22/1052/angka-partisipasi-murni-apm-menurut-provinsi-2011-2017.html>.

APPENDIX 1. URBAN AND RURAL POVERTY LINES (PER CAPITA RUPIAH, MONTH), POVERTY AND UNEMPLOYMENT RATES BY PROVINCE

Province	Urban Poverty Line (Rp)	Rural Poverty Line (Rp)	Total Number of People	Number of Poor People	Poverty Rate	Unemployment Rate
Aceh	427,970	403,985	5,072,522	848,444	16.73	9.93
Sumatera Utara	398,408	377,748	14,061,486	1,455,948	10.35	6.71
Sumatera Barat	441,523	413,790	5,243,659	371,555	7.09	6.89
Riau	426,346	425,777	6,461,487	515,404	7.98	7.83
Jambi	438,600	342,137	3,444,628	289,803	8.41	4.34
Sumatera Selatan	388,060	331,570	8,133,639	1,101,192	13.54	6.07
Bengkulu	430,572	409,863	1,897,291	328,607	17.32	4.91
Lampung	392,488	354,678	8,183,105	1,169,605	14.29	5.14
Kep. Bangka Belitung	521,773	546,998	1,394,521	72,758	5.22	6.29
Kep. Riau	494,418	466,989	2,014,250	120,412	5.98	6.20
Dki Jakarta	510,359	--	10,252,637	384,302	3.75	7.23
Jawa Barat	325,017	324,937	47,211,164	4,224,325	8.95	8.72
Jawa Tengah	315,269	319,188	33,957,777	4,506,889	13.27	4.99
Di Yogyakarta	364,786	331,308	3,710,443	494,938	13.34	4.07
Jawa Timur	319,662	323,779	39,018,230	4,703,298	12.05	4.47
Banten	377,052	347,765	12,140,725	658,111	5.42	9.55
Bali	348,571	322,660	4,188,221	178,181	4.25	1.99
NTB	343,580	326,656	4,880,957	804,442	16.48	5.69
NTT	386,139	306,721	5,182,537	1,149,919	22.19	3.83
Kalimantan Barat	353,143	345,480	4,843,608	381,351	7.87	5.15
Kalimantan Tengah	348,254	387,202	2,536,295	143,485	5.66	4.54
Kalimantan Selatan	386,462	370,612	4,038,967	195,700	4.85	4.92
Kalimantan Timur	519,653	495,975	3,482,461	212,920	6.11	7.50
Kalimantan Utara	523,914	499,980	660,144	41,123	6.23	5.68
Sulawesi Utara	312,328	321,985	2,430,702	202,816	8.34	9.03
Sulawesi Tengah	391,070	370,392	2,910,400	420,523	14.45	4.10
Sulawesi Selatan	281,676	263,674	8,584,798	807,027	9.4	5.95
Sulawesi Tenggara	289,827	271,961	2,538,048	326,862	12.88	5.55
Gorontalo	284,308	284,190	1,146,361	203,186	17.72	4.65
Sulawesi Barat	273,224	290,340	1,300,359	152,727	11.74	3.35
Maluku	412,980	415,177	1,708,236	327,725	19.18	9.93
Maluku Utara	390,788	371,289	1,179,979	74,679	6.33	6.05
Papua Barat	487,727	466,996	887,850	225,803	25.43	8.08
Papua	466,985	412,991	3,192,835	911,329	28.54	3.99
Average/Total	364,527	343,647	257,890,321	28,005,390	10.86	6.18

Note. March 2016 data from SUSENAS and BPS. The totals are the weighted average across all districts. The Unemployment rates are from August 2015 SAKERNAS and is based on the number of people ages 15 and above in the Labor Force considered economically active (N = 122,379,944) that are working (N = 114,819,122).

ANNEX 3 - LIST OF PILOTS LED AND SUPPORTED BY KOMPAK

KOMPAK-Designed Pilots Implemented with Government

NO.	ACTIVITY	NAME OF PILOT	EOFO	LOCATION	STATUS
1	Village Government Capacity Strengthening	Peningkatan Kapasitas Aparat Desa (PKAD)/ PTPD	2	26 districts in 7 KOMPAK provinces	Implementation in progress; scaled out: all sub-districts in Aceh; 227 villages across 3 sub-districts in Central Java.
2		Sekolah Anggaran	2	Kab. Aceh Barat Kab. Jepara Kab. Trenggalek Kab. Bantaeng	Implementation in progress
3	BANGGA Papua		1,2	Kab. Asmat Kab. Lanny Jaya Kab. Painsai	Implementation in progress
4	LANDASAN		1,2	10 LANDASAN districts	Implementation in progress
5	Data and Information System Development	Sistem Informasi Desa (SID)	2	5 KOMPAK provinces	Implementation in progress; scaled out: 43 villages in South Sulawesi; 239 villages replicated SID training; 10 villages in Central Java replicated SID training.
6		SAIK and SAID	1,2	Papua West Papua	Implementation in progress

NO.	ACTIVITY	NAME OF PILOT	EOFO	LOCATION	STATUS
7	Kecamatan Strengthening	Delegation of Authority from Bupati to Camat	1	7 KOMPAK provinces	Implementation in progress
8		Camat Training on Management and Leadership	1	5 KOMPAK provinces	Completed; scaled out: 3 provinces and 1 district
9		Kecamatan Dashboard	1	Kab. Lombok Timur Kab. Aceh Barat	Implementation in progress; scaled out: in Aceh Tengah
10		Performance-based Incentives for Kecamatan	1	Kab. Lombok Utara	Implementation in progress.
11	E-Learning for Village Apparatus	Sekolah Desa	2	5 KOMPAK provinces	Completed.
12		Ruang Desa	2	Prov. Aceh Prov. NTB Prov. South Sulawesi	Completed.
13		Gapura Desa	2	5 KOMPAK provinces	Completed.
14	Civil Registration and Vital Statistics		1	5 KOMPAK provinces	Implementation in progress; scaled out: 8 villages replicating CRVS activities in Aceh, 13 sub-districts and 63 villages in Kab. PangKep.
15	Akademi Paradigta		2	Prov. Aceh Prov. NTB Prov. NTT Prov. Sulawesi Tenggara Prov. Jawa Tengah Prov. Jawa Barat Prov. Kalimantan Barat Prov. Riau Prov. Maluku Prov. DKI Jakarta	Completed (in 10 provinces); design for scale within and beyond KOMPAK locations being prepared during transition phase.

NO.	ACTIVITY	NAME OF PILOT	EOFO	LOCATION	STATUS
16	Planning and Budgeting	Minimum Service Standard (MSS) – based on RPJMD Development	1	7 KOMPAK provinces	Implementation in progress; scaled out: 3 districts in Aceh replicating MSS activities
17		SEPAKAT	1	Kab. Bantaeng Kab. Pacitan	Completed.
18	Fiscal Transfer	DAK e-planning	1	Prov. Aceh Prov. South Sulawesi, Prov. NTB	Implementation in progress
19	Social Accountability Mechanism	Bunda TexTalk	1	Kab. Trenggalek Kab. Bireuen	Completed (in 2 districts); scaled out: 4 districts in East Java.
20		TRATA	2	7 KOMPAK provinces	Implementation in progress (in 7 provinces); plan in progress to integrate tool into KOMPAK activities (BPD strengthening/female cadre training/PTPD)
21		Jurnalisme Warga (Citizen Journalism)	1	5 KOMPAK provinces	Completed.
22		Collaborative Monitoring	1	5 KOMPAK provinces	Completed.
23	Strengthening Market Linkages	Market Linkage Approach	3	Kab. Lombok Utara Kab. Pacitan	Implementation in progress.
24	Economic Opportunities	PLUT (Pusat Layanan Usaha Terpadu/ Integrated Service Business Centre)	3	National	Completed.
25	BUMDes	BUMDes Roadshow	3	Prov. Aceh Prov. South Sulawesi Prov. NTB	Completed.
26	Financial Inclusion	Development and trailing of Guidelines (PTO) for Financial Inclusion in Braille for those who are visually impaired	3	National	Completed.

NO.	ACTIVITY	NAME OF PILOT	EOFO	LOCATION	STATUS
27	Universitas Membangun Desa	Women's Empowerment through Economic Opportunities for Peace and Sustainability in Aceh (UIN ArRaniry)	3	Kab. Aceh Barat	Completed; university planning for scale up.
		Strengthening the Role of Households in Health Improvement (University Jember)	1	Kab. Gowa	Completed.
		Development of Village Information Systems (University Parahyangan)	1,2	Kab. Bondowoso	Completed; university scaling up.
		Technical Assistance for Updating Village Data	1,2	Kab. Garut	Completed; university scaling up.
	Innovation Hub	Innovation Hub	1,2,3	Prov. Aceh	Implementation in progress.
	Social Young Innovator	Social Young Innovator	1,2,3	National	Completed.
	Business Incubation	Business Incubation (The UnLtd Indonesia Incubation and the Impact Accelerator Program)	1,2,3	National	Completed.
	Development Innovation (DEVI)	Development Innovation (DEVI)	1,2,3	National	Implementation in progress.

Government-initiated pilots with technical support from KOMPAK

NO.	ACTIVITIES	NAME OF PILOT	EOFO	LOCATION	STATUS
1	CRVS	JEKDUK (Ojek Layanan Administrasi Kependudukan)	1	Pekalongan	Implementation in progress
2		GERTAK (Gerakan Tuntas Administrasi Kependudukan)	1	Pangkep and Bantaeng, South Sulawesi	Implementation in progress
3		JARING PEKAT (Penjaringan Kepemilikan Akta Kelahiran melalui Pendidikan, Kesehatan dan Masyarakat)	1	Lombok Utara	Implementation in progress
4		JEMPOLAN (Jemput Berkas ke Lapangan)	1	Lombok Utara	Implementation in progress
5		BAKSO (Bikin Administrasi Kependudukan Secara Online)	1	Lombok Timur	Implementation in progress
6		KABUA NCORE (Bekerja Bersama dalam Kepemilikan Akta Kelahiran)	1	Bima	Implementation in progress
7		GEMAR KOPI (Gerakan Masyarakat Kolaboratif Peduli Identitas)	1	Bener Meriah	Implementation in progress
8		JEMPOL KALIH (Jemput Bola Akta Kelahiran dan KTP di Sekolah)	1	Brebes	Implementation in progress
9		SABA DESA (layanan penerbitan akta kelahiran yang dilaksanakan secara langsung dengan pelayanan keliling di balai desa)	1	Brebes	Implementation in progress
10		JEMARI (Jelas Mantap Sehari Jadi)	1	Pemalang	Implementation in progress (in 1 KOMPAK district in Pekalongan, Central Java)
11		PRG (Petugas Registrasi Gampong)	1	Aceh	Implementation in progress (in 3 KOMPAK districts in Aceh); scaled out in 609 villages in Bireuen and 322 villages in Aceh Barat
12		Night and Weekend Services (layanan administrasi dan kependudukan)	1	Pangkep	Implementation in progress

NO.	ACTIVITIES	NAME OF PILOT	EOFO	LOCATION	STATUS
13	Education	Gerakan Kembali Bersekolah	1	Brebes	Implementation in progress
14		GMB (Gerakan Mari Bersekolah)	1	Pangkep	Implementation in progress
15		GETAR DESA (Gerakan Pendidikan Kesetaraan Berbasia Desa)	1	Bondowoso	Implementation in progress
16		KELAS PERAHU	1	Pangkep	Implementation in progress
17		SABER DO (Sapu Bersih Drop Out)	1	Lombok Utara	Implementation in progress
18	Health	PERAHU SEHAT PULAU BAHAGIA	1	Pangkep	Implementation in progress
19		SABER GEBUK (Sapu Bersih Gizi Buruk)	1	Lombok Utara	Implementation in progress
20		STOP BERDUKA (Sinergi Total Pencegahan Bersalin di Dukun Bayi dan Selamatkan Ibu)	1	Bondowoso	Implementation in progress
21		SUSI (Suami Siaga)	1	Lumajang	Implementation in progress; scaled out: in other 2 Puskesmas in Lumajang
22	PFM	DINDA (Dana Insentif Desa)	1,2	Bima	Implementation in progress
23	Social Accountability	LAPOR! SP4N	1	Aceh Barat	Implementation in progress
24		LAPOR! SP4N	1	Pacitan, Trenggalek	Implementation in progress
25	Poverty	GRINDULU MAPAN (program pengentasan kemiskinan)	1,2,3	Pacitan	Implementation in progress; scaled out: 66 billion allocations for 2017
26		GERTAK DESA (Gerakan Tengok Bawah Masalah Kemiskinan)	1,2,3	Trenggalek	Implementation in progress
27	Innovation Hub/ Networking	JIPP (Jaringan Inovasi Pelayanan Publik)	NA	Jawa Tengah	Implementation in progress

KOMPAK

*Kolaborasi Masyarakat dan Pelayanan untuk Kesejahteraan
Kemitraan Pemerintah Australia - Indonesia*