Australian Government

AusAID

Aceh Recovery Program

Local Governance Innovations for Communities in Aceh

(LOGICA 2)

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Political, social and economic stability in Aceh is fragile despite major advances in post-tsunami reconstruction and a cessation of hostilities since the negotiation of a peace deal more than three years ago. Large fiscal increases to the province have not translated into tangible living standard improvements for the majority of Acehnese. Pronounced regional disparities remain between post-tsunami reconstruction and non-tsunami post-conflict Districts.

As their roles, responsibilities and funding levels have increased, Kabupaten governments have struggled to deliver transparent and effective services to address community need. An increase in *ad hoc* violent crime highlights continuing tensions among groups of former combatants, particularly those who have had not found livelihoods. Politics across Aceh remains factionalised, not just within local parties, but also involving Jakarta-aligned parties. Rifts may widen in the lead up to the 2009 general elections.

Stability and growth in Aceh is critical to safeguarding investments in post-tsunami reconstruction and to sustain regional peace. Continued peace and stability in Aceh is equally important for the rest of Indonesia because it demonstrates that engaging citizens on their grievances through dialogue and democracy results in lasting political compromise without need for violence or repression. Reconciliation in Aceh is potentially an example for the rest of Indonesia.

Continued donor involvement in Aceh can contribute to the reconciliation process and assist governments and communities to work together to achieve equitable growth for all Acehnese, including the most marginalised. Donor interventions should stimulate an environment in which public resources are utilised equitably for economic and social growth and in which all parties can achieve durable compromise.

LOGICA 2 Program Description

LOGICA2 will improve transactions and democratic inter-relationships between Acehnese Gampong communities and Provincial, Kabupaten and Kecamatan governments. It will contribute to stability by equipping Gampong governments, representatives and marginalised groups with the skills and knowledge to influence how Provincial and Kabupaten governments address community need, and to assist government to effectively use public resources for improving living standards. The program will provide solutions for groups frustrated by limited opportunities for participation, by corruption, and by poor governance. By improving Kabupaten government service delivery – based on a clear understanding of village priorities and unmet needs – there will be a reduction in instability caused by the marginalisation of some social groups during the peace and reconstruction processes.

The goal of LOGICA 2 is "*to contribute to a stable and peaceful Aceh by supporting effective governance that addresses priority village needs.*" The program objective is:

> *"In response to community-wide advocacy, Governments deliver services to improve living standards."*

LOGICA 2 will deliver activities under this objective by applying the '*Active communities – Responsive governments*' approach through two program components:

Component 1 - Active Communities, with the Intermediate Outcome that "*Citizens, particularly the marginalised, effectively advocate priority needs to government resulting in services that improve living standards.*"

Component 2 - Responsive Government, with the Intermediate Outcome that "*Governments respond to citizen priorities, including those of the marginalised, by effectively allocating resources and delivering services to improve living standards.*"

Over five years, LOGICA 2 will engage with up to 2,200 villages (*Gampong*) across 12 government districts (*Kabupaten*). Target Gampong will be supported to identify and prioritise needs and to advocate that government deliver services that make tangible improvements to living standards. At the same time, LOGICA 2 will support Kabupaten, Kecamatan and fledgling Gampong governments to adopt effective planning, consultative, budgeting and service delivery approaches to respond directly to Gampong need and that use public resources for the benefit of all citizens, including the marginalised. Gampong and their representatives will provide feedback to Kabupaten government on the impact of these services on living standards and contribute to their ongoing improvement. Service delivery modalities that are effective will be replicated by Kabupaten in other geographical sites across Aceh, and potentially other Provinces in Indonesia.

Program Management

The aid modality of LOGICA 2 will shift as the program progressively engages and disengages with different stakeholders. It will begin with an intensive level of project inputs when first engaging with Gampong and Kabupaten/ Kecamatan stakeholders, and then phase these inputs out over two years as stakeholders gain confidence to undertake service delivery reforms themselves. Throughout this process, LOGICA 2 will facilitate networking and knowledge sharing to highlight significant change and promote replication.

Nine non-negotiable guiding principles will ensure the program remains focused and is sustainable. These principles are: Partnership and Building Local Capacity; Sustainability and Replication; Progressive Engagement; Flexibility and Responsiveness; Gender and Social Inclusion; Community Empowerment; Commitment to Reform; Innovation and Continuous Learning; and Peace-building and Social Cohesion.

A variety of management and coordination mechanisms with local partners (Kabupaten, Kecamatan and Gampong government, village representatives and civil society organisations) will develop, monitor and evaluate the program, and ensure the program is responding to local needs, thereby building local ownership and increasing post-program replicability.

Monitoring and Evaluation will be done by the different partners (government, target communities and Acehnese civil society). The monitoring systems will measure the quality and impact of Gampong action and the contribution of resulting government services to improvements in living standards.

Analysis and Strategic Context

Background

Machinery of government in Aceh:
Aceh, a province of 4 million people, is rich in natural resources, with oil and gas constituting 40 percent of the province's GDP. While it is technically a special region, the government structure in Aceh is similar to that in other provinces of Indonesia. The administration is headed by a Governor and Deputy Governor (elected in 2006), who are accountable to an elected provincial legislature. Aceh is divided into 23 districts (*Kabupaten*) and cities (*Kota*), with fiscal and policy responsibilities devolved to the elected heads (*Bupati*) of each Kabupaten. Kabupaten are divided into Sub-districts (*Kecamatan*), administered by an appointed (non-elected) head (*Camat*), and responsible for provision of services to villages (*Gampong*). [1]

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[1] International Crisis Group (ICG) 2007, Aceh: Post-conflict Complications, Crisis Group Asia Report No 139, 4 October 2007.

Gampong are headed by directly elected leaders (*Geuchik*) and supported by Village Councils (*Tuah Paet*). During the 30-year conflict Gampong governance structures were largely rendered ineffective. Gampong politics was factionalised, communities were divided, and village leaders were pressured to take sides and make decisions that demonstrated loyalty to either the national government or to GAM. From 2009 Gampong governments will begin to receive increasing funds under fiscal decentralisation to provide basic villages services and to maintain public facilities.

Funding flows:
As a result of decentralisation and the 2006 Law on Governing Aceh (LOGA), Aceh's fiscal resources have increased significantly since 1999[2]. Aceh is a major beneficiary of decentralization, with the following funding sources from the central government: general allocation grants (*Dana Alokasi Umum*); special earmarked grants (*Dana Alokasi Khusus* - for health education and infrastructure); special autonomy revenue (*Dana Otonomi Khusus*); and, a 70 per cent share of oil and gas revenue under the terms of LOGA. Aceh's regular revenues - managed by the Provincial and Kabupaten governments - increased by a factor of four from 1999 to 2006[3] and is expected to increase by a further 49 per cent by 2011[4] to Rp16.7 trillion. Additionally, Aceh generates its own-source revenues (*Pendapatan Asli Daerah*) from taxes, levies and licensing. Total annual revenues flowing to Aceh are estimated at US$3.1 billion.

Following the December 2004 tsunami Aceh also received reconstruction funds from donors, the national and international communities, estimated at US1.8 billion in 2006. Kabupaten governments each receive a share of general allocation and special grants, and also benefit from tax-sharing revenue with the Provincial government. Current estimates are that in 2009 each Gampong in Aceh will receive total budgets ranging from Rp 200 - 400 million (Rp 100 million from the Province, a mandatory Kabupaten allocation of at least Rp. 50 million, and around Rp. 50 million, PNPM Mandiri).

Rich in resources and funding – but the fourth poorest province in Indonesia[5].
The relatively high level of fiscal support from the Central government along with the wealth of Aceh's natural resources has led to a perception that Aceh is a rich province (per capita GDP it is the 5th highest in Indonesia). Aceh has the resources to fight poverty but has yet to make significant progress with a sustained level of around 30 per cent of people living below the poverty line, compared to a national average of 16.7 per cent. Kabupaten spending on health has barely increased in real terms since 2002. While reconstruction of some public facilities has progressed well, qualified staffing of both schools and local health clinics remain a major deficit in rural areas.

The control of Aceh's natural resource revenues by the central government until 2001, when the first Special Autonomy legislation for Aceh was introduced, resulted in few tangible benefits for Acehnese citizens and was a driving factor in the conflict. Despite the natural resources, the Aceh provincial economy has lagged behind the rest of Indonesia for most of the past three decades.[6] Structural issues such as low investment levels, low human capital base, infrastructure bottlenecks, and a lack of diversification within the economy have all contributed to poor growth.

The impact of conflict:
The 30-year conflict weakened the Acehnese economy by destroying infrastructure, displacing more than half a million people and taking the lives of 15,000 people. Many of the better educated

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[2] The World Bank, Aceh Expenditure Analysis – Spending for Reconstruction and Poverty Reduction, The World Bank, Jakarta 2006
[3] Regular revenues increased from Rp 2.4 trillion in 1999 to 11.2 trillion in 2006. Revenues are expected to increase to 16.7 trillion in 2011. (Source: Word Bank, Ibid, 2006)
[4] World Bank, Ibid, 2006
[5] World Bank, Op cit, 2006
[6] Aceh has experienced low or negative growth for most of this period. World Bank 2008, *Aceh Poverty Assessment 2008: The Impact of the Conflict, the Tsunami and Reconstruction on Poverty in Aceh,* Jakarta

and skilled Acehnese left the province, leaving it the third poorest province in Indonesia by 2004.[7] There is a strong correlation between conflict and poverty in Aceh. In 2004 conflict affected areas were 30 per cent more likely to be poorer than areas not affected by the conflict. This relative difference increased to 60 per cent by 2005, but declined in 2006. Conflict affected areas continued to be poorer than non-conflict areas.

The 30 year conflict undermined the trust and accountability relationship between all levels of government and the people of Aceh, with high levels of corruption, extremely limited public service delivery, a significant breakdown of governance and law and order structures, and no incentives for appointed officials to be responsive to Gampong communities. Many of these major governance challenges have been inherited by Aceh's new Provincial and Kabupaten governments, which since 2006 have the additional challenge of being subject to direct elections.

The 2006 Law on Governing Aceh (LOGA):
Soon after the tsunami, the Government of Indonesia and the Free Aceh Movement signed a Memorandum of Understanding (MOU) on *Demobilization, Demilitarization and Reintegration* ending their long-running conflict.[8] As agreed in the MOU, the 2006 Law on Governing Aceh (LOGA) has been promulgated providing the Province of Aceh with far reaching autonomy and large budgetary allocations, including a 70 per cent share of oil and gas revenues. As part of the new legal framework, and in direct response to Acehnese demands articulated during peace negotiations, independent candidates were allowed to contest the local elections and local political parties will be allowed to contest the parliamentary elections in 2009. Both concessions are a first for Indonesia and represent a fundamental shift away from centralised political party structures and towards representation of distinct regional groups and identities.

The tsunami:
The tsunami brought unprecedented levels of destruction to Aceh. It is estimated that 167,000 people died, and over 500,000 were made homeless. Roads, ports, schools, health facilities, and water sources were damaged or destroyed. Sources of livelihoods suffered a similar fate – fishing boats were lost, aquaculture ponds were destroyed and 3,000 ha of land were lost permanently due to subsidence following the earthquake.[9] Women were hit particularly hard by the tsunami, forming the majority of its victims; female survivors who had lost male guardians in the disaster were also left vulnerable to exploitation.[10] The destruction led to an enormous national and international response and billions of dollars were committed by NGOs, international donors and the Government of Indonesia. The reconstruction efforts are widely perceived as successful and most programs have started to wind down. But Aceh remains fragile in both development and political contexts.

The capacity of local government:
While the roles, responsibilities and workloads of Kabupaten and Kecamatan governments have increased dramatically over the past five years, most have had difficulty managing increased funding flows[11] and the corresponding provision of public services that could enhance living standards and reduce poverty. The skills mix and incentives for Kabupaten and Kecamatan officials to carry out their duties has not kept pace with an increased load in responsibilities. Since decentralisation, spending on personnel, government apparatus, buildings, vehicles and equipment has overshadowed more urgently needed investments in human resource development, training, service delivery reforms and improved access by Gampong communities

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[7] World Bank. Op cit, 2006.

[8] Some have argued (see eg A Burke; E Aspinall) that the tsunami was not decisive in bringing peace to Aceh; third party negotiated peace talks had already been agreed pre-tsunami (though these were not public knowledge until after the tsunami).

[9] World Bank with International Donor Community. 2005. "Rebuilding a Better Aceh and Nias: Preliminary Stocktaking of the Reconstruction Effort Six Months after the Earthquake and Tsunami," p. xiii.

[10] According to an Oxfam analysis in March 2005 women constituted up to 80 percent of victims in some villages, *Oxfam Briefing Note: The Tsunami's Impact on Women*, March 26 2005, p. 4.

[11] World Bank, Op cit, 2006.

to public resources. Kabupaten government planning and budgeting processes require significant improvement, including more timely preparation of budgets and better alignment between actual budgets and actual needs, particularly in the health and education sectors[12].

Remaining Challenges[13]

Aceh is recovering from disaster and conflict but considerable challenges to the province's long term stability and growth remain. The OECD defines a fragile state as one which is "unable to provide physical security, legitimate political institutions, sound economic management and services for the benefit of its population."[14] By most indicators, the Province of Aceh fits this definition. The International Crisis Group (ICG) suggests that the strengthening of rule of law alongside tackling corruption are two key considerations to guide interventions in fragile states.[15] ICG also recommends that donor interventions in fragile states must have a "'field-based understanding of the history, culture, political dynamics" of the region.[16] In addition to committing the necessary political, financial and security resources, governments and donors should recognise "that prevention is better than cure, and that prevention does work."[17] With these considerations in mind, this section briefly explores the most important challenges and potential driving factors of future instability in Aceh.

Community expectations for living standard improvements:
There are high expectations among Acehnese that their living standards will improve as a result of the peace deal and the large inflow of resources from tsunami reconstruction efforts, fiscal decentralisation, and from the LOGA. Newly elected governments, many comprising former GAM leaders, hold out the promise that Acehnese self-government will be qualitatively different from the corrupt and ineffectual governments in power throughout the conflict period. Distrust of government remains high and there is much work to be done at Provincial and Kabupaten levels to demonstrate integrity and competence. Community expectations are particularly high in light of the estimated US$3.1 billion in annual revenues flowing into the province.[18] There is significant concern that if Aceh's new governments fail to translate these resources into sustainable economic growth and improved living standards for the majority of Acehnese, political stability will be jeopardised.[19]

Improving local government capacity:
While community expectations for improved development outcomes are high, the capacity of governments to deliver on these expectations is limited. Provincial and Kabupaten governments are burdened by the extensive bureaucracy around decentralisation[20], the continuing impacts of

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[12] World Bank, Op cit, 2006

[13] For a more elaborate discussion of the remaining challenges refer the Australia Indonesia Partnership Aceh Program Framework 2008 – 2013

[14] World Bank definition of a fragile state, as citied in International Crisis Group, Fragile States: Searching for Effective Approaches and the Right Mix of Instruments, presentation by Nick Grono, Vice President of the International Crisis Group, Copenhagen 29 January 2007 – available at www.crisisgroup.org/home/index.cfm?id=4672

[15] International Crisis Group, "Fragile States: Searching for Effective Approaches and the Right Mix of Instruments", presentation by Nick Grono, Vice President of the International Crisis Group, Copenhagen 29 January 2007 – available at www.crisisgroup.org/home/index.cfm?id=4672

[16] International Crisis Group, Ibid, Copenhagen 2007

[17] International Crisis Group, Op cit, Copenhagen 2007

[18] World Bank, *Aceh Public Expenditure Analysis: Spending for Reconstruction and Poverty Reduction,* World Bank, Jakarta, 2006, p. xiii

19 See Barron, Patrick and Clark, Samuel, 'Decentralizing Inequality? Center-Periphery Relations, Local Governance and Conflict in Aceh' (Social Development Paper No. 39, World Bank, 2006);

[20] The transition to this operating state has been difficult and issues such as lack of clarity regarding responsibilities of different levels of government, insufficient capacity within local government and low levels of civic participations still inhibit the broader success of the process, however it should eventually promote better administration. See website of the Decentralisation Support Facility, www.dsfindonesia.org.au

the tsunami[21], and the lingering effects of the former conflict, including demands from factional constituencies and alliances. Weak institutional capacities across governments, the inexperience of many newly elected officials and the massive increase in budgeting, planning and service delivery responsibilities as a result of decentralisation and the LOGA mean that most governments in Aceh are struggling to deliver core services to their citizens. The International Crisis Group (ICG) recommends that Provincial and Kabupaten governments develop and apply concrete performance goals for public spending and service delivery. Similarly, ICG stresses a need to put in place transparent procedures for procurement and the awarding of government contracts.[22]

Asset management and maintenance:
The transfer of reconstructed assets and incomplete activities from the BRR to the Provincial government will place further pressure on administrators. The BRR is developing a strategy for the transition, but the capacity of the provincial government to take on this role is a concern. Meanwhile, donors continue to withdraw from Aceh as their reconstruction efforts wind down. The Kecamatan Development Program (KDP) 2006 Village Survey covering 5,698 Gampong in Aceh found that damage to infrastructure (bridges, water, sanitation, electricity, irrigation and residential structures) is extensive with over 50 percent of the main infrastructure types damaged. While on average conflict caused 19.5 per cent of damage and natural disasters 38.6 per cent, a lack of maintenance by Kabupaten and Gampong governments caused 41.9 per cent of the total damage. The estimated repair bill based on KDP costings is nearly US$2.3 billion across both tsunami-affected and post-conflict areas.

Balancing the distribution of resources across the Province:
Inequities in the distribution of resources flowing into the province also risk exacerbating existing social tensions in Aceh. Reconstruction efforts have generally been regarded as successful but have focused on tsunami-affected areas leaving a feeling of exclusion in the rest of the province. The geographic disparity in reconstruction activities ignores the fact that the entire province suffered from the effects of the conflict, earthquake and tsunami. Conflict-affected Kabupaten suffered from destruction of key infrastructure (homes, schools, etc), economic stagnation and massive displacement of people. The huge influx of tsunami-related donor funds has also had a province-wide impact, bringing increased inflation, reduced demand for traditional produce, logistical bottlenecks and new opportunities for corruption. All Acehnese citizens expect improved living standards from the peace process. These basic outcomes should be delivered in ways that build, rather than undermine, social cohesion across the province.

Peace-building and conflict resolution:
Demilitarisation and demobilisation of TNI and GAM combatants was achieved with minimal controversy, however the failure to reintegrate former combatants successfully into Gampong communities, particularly with limited access to sustainable livelihoods, continues to threaten stability and seed horizontal conflict. In most rural Gampong, both former combatants and communities are struggling to meet basic daily needs. This limits the capacity of vulnerable groups, including former combatants, IDPs, women and other victims to make productive investments in livelihoods and small-scale public infrastructure. While access to capital remains a major need, it also needs to be supplemented with skills training and mentoring and distributed through community-based decision making to ensure benefits are allocated fairly and transparently.[23]

Other key priorities for the reintegration of former combatants and survivors of the conflict include: repairing or rebuilding destroyed housing; access to affordable health care; and, programs that

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[21] Infrastructure and Civil Servants were lost. *Aceh Public Expenditure Analysis: Spending for Reconstruction and Poverty Reduction,* p.90
[22] International Crisis Group, Aceh: Post Conflict Complications, Asia Report No 39, October 2007.
[23] World Bank, GAM Reintegration Needs Assessment – Enhancing Peace through Community-level Development Programming, Jakarta 2006.

reintegrate former combatants and political prisoners into the civil and political life of Gampong through leadership and political training.[24] For Gampong affected by conflict, an immediate need remains the construction of small and medium scale infrastructure. Reforms to government licensing and regulation, small private sector industry development and access to credit will help ensure local economies are capable of absorbing extra people into the workforce.[25]

Political instability:
Political instability within the province could result as newly elected political elites balance the competing demands of constituents for more equitable resource distribution against pressures for favorable treatment from former GAM associates. ICG estimates that at September 2007, 49.6 per cent of Aceh was under GAM governance at the Kabupaten level, even though the organisation was far from united. Disunity characterises politics at the Kabupaten level, and top GAM leaders have obtained contracts and jobs while the rank-and-file feel they have often been short-changed.[26] Similarly, some elected Kabupaten heads (*Bupati*) who have publicly committed to public sector reform have expressed frustration at a lack of cooperation and resistance by the bureaucracy and its apparatus in implementing such reforms.

Splits within GAM and resulting competition amongst factions vying for election in 2009 also pose threats to stability in the province. Critical issues in the 2009 elections will focus on: full implementation of the principles of the Helsinki Memorandum of Understanding (which elements of GAM believe were diluted in LOGA); the role of the military and intelligence bodies in promoting parties seen as loyal to Jakarta; the extent of recognition by Jakarta of the authority of the Aceh government; human rights; the release of remaining GAM prisoners; and, central government funding for reintegration programs following the demobilisation of the Aceh Reintegration Board (BRA).[27] ICG proposes that GAM leadership "need less money for new projects and more donor pressure to attend to governance, work on development strategies and control of its rank-and-file. Officials in Jakarta, supported by the donor community, also need to end the tsunami/conflict bifurcation and work towards policies that address Aceh's needs as a whole."[28]

While GOI-GAM conflict has largely ceased due to the formal conclusion of hostilities, violent incidents challenge the rule of law and are continuing to trend upwards.[29] This includes extortion and armed robberies by former combatants operating outside any command structure.[30] Furthermore, studies of women's experience of the conflict in Aceh show that as with other conflict-affected areas, gender based violence is a significant problem.[31]

Participation of women:
Women in Aceh face many of the inequities and challenges found more broadly in Indonesia, but implementation of *Syari'ah* and special autonomy legislation pose further challenges by potentially facilitating a revival of conservative religious interpretations of gender roles and discriminatory local customary laws.[32] Conversely, the tsunami reconstruction provided an unprecedented

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[24] World Bank, Ibid, 2006

[25] World Bank, Op cit, 2006

[26] International Crisis Group, Op cit, October 2007.

[27] International Crisis Group, Op cit, October 2007.

[28] International Crisis Group, Op cit, October 2007 – page 15.

[29] The World Bank defines violent incidents as including murders, shootings, kidnappings and terror attacks. Aceh Conflict Monitoring Update, 1st January – 29th February 2008, www.conflictanddevelopment.org, p.1

[30] International Crisis Group, Op cit, October 2007.

[31] A psychosocial needs assessment conducted by the IOM found that along the Southwest Coast 79 percent of women experienced combat, 56 percent had to flee, 52 percent were forced to witness a physical punishment and 36 percent had a family member killed. See IOM, *A Psychosocial Needs Assessment of Communities in 14 Conflict-Affected Districts in Aceh*, IOM, Indonesia, 2007, p. 30

[32] While *Syari'ah* law was already being implemented in Aceh prior to the LOGA, it is seen as extending its reach in ways that are highly disadvantageous to women. For example rape victims who are presumed guilty of illicit sex until they can prove otherwise, or for whom rape by a spouse is not a crime. See International Crisis Group, *Islamic Law and Criminal Justice in Aceh*, Asia Report No 117 – 31 July 2006, pp. 12-13.

opportunity for many women to assume positions of leadership within their communities, including some who have been elected into Gampong government positions. These women, and the community networks who support them, have a strong expectation of increasing involvement of women in the growth and development of Aceh, including within business and formal leadership roles.

National implications of stability and peace in Aceh:
The success of the Aceh peace process has broader ramifications for conflict resolution and democracy in Indonesia. Peace in Aceh is potentially a test case on several fronts – for negotiated processes as a means of resolving secessionist conflicts; for allowing independent candidates to run for election as regional government leaders; for permitting local political parties to contest parliamentary elections (this will happen for the first time in Indonesia in 2009); and ultimately for how special autonomy arrangements can be used as a means of addressing the demands of secessionist movements. These represent power shifts within Indonesia, in particular between the national government and regional political powerbrokers.[33]

Future trends

Despite the challenges, it remains unlikely that Aceh will revert to GOI-GAM related conflict in the future. There is support within the central Government for the sustainable resolution of the conflict, and GAM and the Acehnese people remain committed to the peace process. The period immediately after the 2009 general elections will be critical to the status of peace and stability in Aceh. All parties will require political tact, with sensitivity to a achieving a balance between the interests of Indonesia as a unified sovereign nation versus the distinct regional interests of the Province of Aceh, as largely expressed within the LOGA.

Implementing the MOU and LOGA will continue to be a challenge as there will be winners and losers if these instruments are fully realised; there are also significant threats to stability if core elements of the peace deal are not fully implemented.[34] It is within this context that threats to peace in Aceh should be viewed: future instability would not be a resurgence of armed struggle between the security forces and an armed independence movement; rather it would likely be short bursts of violence caused by smaller *ad hoc* groups, usually against local elites, or instability caused by disagreements between the Acehnese and Indonesian governments over the terms of the peace deal. These tensions would be detrimental to Aceh's long term stability and economic growth, particularly from outside investment. The following types of tension could lead to violence:

Elite competition:
The peace agreement has laid intra-group tensions bare. These tensions will tend to peak when one group is perceived to have captured resources at the expense or exclusion of another group. A current proposal to break-up Aceh into three provinces is possibly an example of a resource dispute between Acehnese elites with national backing. The recent violence in Central Aceh is also thought to be linked to local elites competing for political and economic influence in a newly democratised environment.

Direct international involvement in reconciling these elite disputes is risky and can be counterproductive. The political processes are complicated and sensitive. Sub-optimal political compromises may be necessary to keep all parties engaged in the process. International agencies often do not have the capacity to fully understand the local political and cultural dynamics, let alone suggest acceptable solutions. Strategic interventions are possible at a diplomatic level and to some extent on the ground. These avenues would not focus on governance as suggested in this design. Such interventions would be based on a thorough analysis of the observed situation and a careful review of the risks involved in each intervention. In a situation where economic opportunities are often used to demand loyalty, alternative

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[33] International Crisis Group, *Aceh: Post-Conflict Complications.* Asia Report N°139 – 4 October 2007
[34] Ibid.

livelihoods can be introduced, particularly in the local transport, construction, agricultural, aquaculture, small manufacturing and service sectors.

Criminal violence:
Fire arms remain readily available in Aceh. Police are yet to establish control and credibility in some areas of Aceh. A history of violent conflict has desensitised people to violence. In this environment disgruntled elements may resort to violent crime. Rule of Law continues to be challenged, especially where such violence is sanctioned by law enforcement agencies or linked to larger political interests. It is unlikely that LOGICA 2 with a primary focus on governance would significantly reduce tensions resulting from these incidents. However, where cases of violent crime are not part of a larger motive or network, governance and anti-corruption programs can increase equitable access to resources and influence, thereby de-escalating community tension. This will also strengthen community capacity to work together against criminal elements and open up alternative opportunities for those engaged in criminality.

Communal tension related to poor governance and skewed resource distribution:
Most interviewees consulted during the design of LOGICA 2 link the current residual frustration of many Acehnese citizens to an inequitable division of resources and development outcomes, a lack of transparency and participation in governance processes, and deficient government regulations and procedures. Failure to deliver tangible improvements in the living standards of most Acehnese has the potential to destabilise the delicate political transition currently underway in Aceh. This is the type of tension LOGICA 2 will address. Reducing frustration at the Gampong level through greater citizen participation and improving the capacity of Kabupaten governments to meet community expectations will make it more difficult for elite groups to manipulate community frustration for their own purposes. LOGICA 2 will also improve the capacity of governments to deliver development outcomes, thereby improving the legitimacy of these authorities and the trust communities have in government.

Rationale for AusAID Involvement

Building on Australia's continuing contribution to Aceh:
The Australian Government contributed over $250 million to the reconstruction of Aceh; however this was more than matched by the Australian people who privately donated $380 million. This unprecedented generosity led to a high level of public focus on Australian aid generally. Against this backdrop of public interest, any resurgence of armed conflict in Aceh may not only reverse development gains but also diminish public perceptions of Australia's contribution to Aceh's reconstruction and, possibly, undermine public support for the aid program *per se.* Australia has a strong interest in ensuring our contribution to Aceh's reconstruction effort is lasting and recognised as effective.

Australia's post-tsunami reconstruction effort, led by AusAID, has successfully reconstructed public infrastructure (schools, village halls, health facilities, etc), helped to rebuild livelihoods, and strengthened government service delivery. Our post-tsunami reconstruction efforts will wind down from 2008, but Australia remains committed to Aceh's recovery and long-term stability and development.

Maintaining peace within the region:
Supporting the consolidation of peace in Aceh is also consistent with Australia's broader security interests in the region. The peace process in Aceh is an example of how a long-standing separatist conflict can be successfully resolved through a negotiated peace process. This provides a very persuasive model for other parts of Indonesia as well as other countries in the region struggling with separatist challenges. Consolidating peace in Aceh will also help deepen Indonesia's democratic transition, while also impacting positively on security and economic conditions in the country. Moreover, stable conditions in Aceh will have a positive impact on the security situation in the Malacca straits, one of the world's most important maritime trading routes.

Contributing to Australia-Indonesia Development Cooperation:

Recognising Aceh's particular stability and development pressures, the Australia Indonesia Partnership (AIP) Country Strategy 2008-2013 identifies Aceh as one of five priority provinces for comprehensive cross-sectoral Australian Government engagement to support better public expenditure management and service delivery. Under the new Aceh Program Framework, programming will shift from post-tsunami assistance to a post-conflict program focused on improving local governance, basic services, community participation and creating an enabling environment for economic growth.

The Aceh Program Framework

The Aceh Program Framework responds to priorities identified by the Aceh Government. All initiatives within the Aceh Program are designed to support the government in improving livelihoods and development needs across the Province, and will encourage a sustainable approach to engagement appropriate for Aceh's post-conflict environment. The Aceh Program incorporates four pillars that address the needs of the Province and link directly with the Country Strategy: 1. sustainable economic opportunities for the people of Aceh; 2. investing in the people of Aceh; 3. demand for and supply of better governance in Aceh; and, 4. a safe and peaceful Aceh.

The Aceh Program also identifies eight key principles for engagement that will act as a guide to ensuring that all assistance to Aceh directly contributes to stability. The principles, which are aligned with international best practice for engagement in fragile environments[35], are:

> (i)   Rebuild the relationship of trust between citizens and government;
> (ii)   Focus on achieving immediate visible results;
> (iii)   Avoid socially and politically controversial reforms;
> (iv)   Ensure that reforms are affordable and not overly ambitious;
> (v)   Even if not perfect, use existing systems;
> (vi)   Build government legitimacy;
> (vii) Promote gender equality; and
> (viii) Harmonise efforts with other donors.

Adherence by LOGICA 2 to these eight Aceh Program principles will ensure that it contributes to stability, gains maximum ownership from community and government stakeholders, and does not harm the complex process of building social cohesion and peace in Aceh.

Proposed Approach for a Governance Program

The Aceh Program Framework recommends that, as programming moves away from post-tsunami assistance, new programs build on existing, conflict-sensitive activities with the aim of achieving immediate results that offer Acehnese citizens tangible living standards improvements. The current AIP governance program – *Local Governance and Infrastructure (LOGICA)* - serves as a starting point to develop stability-related activities in Aceh.

LOGICA:

LOGICA was initiated as a post-tsunami governance rehabilitation program focused at the Kecamatan and Gampong levels. It strengthened Gampong and Kecamatan government capability in three Kabupaten to manage the reconstruction process in tsunami-affected areas. Initially its emphasis was on delivering crucial and tangible inputs to the reconstruction process: community land mapping in 400 Gampong; village spatial planning in 203 of the worst tsunami-affected Gampong; and construction of 175 village halls for a diverse range of planning, social and cultural activities. As LOGICA progressed, it extended its geographic coverage to an additional four non-tsunami affected, post-conflict Kabupaten, delivering activities that aligned community demand for improved living standards with the capacity of governments to deliver

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[35] OECD 2007, Principles for Good International Engagement in Fragile States and Situations, cited in the Aceh Program Framework, AusAID 2008.

improved services. This became known as the "*Active Communities – Responsive Government*" model.

Active Communities
LOGICA equipped citizens with skills to advocate for improved services by government to meet priority needs and to improve living standards. LOGICA engaged over 2,300 Gampong representatives (over 50% women) and through training, village forums, technical assistance and mentoring, supported them to prioritise Gampong needs, articulate minimum expectations for how these should be addressed, and link with potential government and donor resources. Village representatives implemented over 600 action plans that resulted in tangible outputs – water and power supplies; access roads; health services; livelihoods; agricultural projects; and, democratic elections of village leaders. Of equal significance, three years of active involvement in LOGICA activities equipped Gampong representatives with skills and strategies to pursue action on future priority issues. LOGICA has documented over 150 follow-up action plans independently initiated by former LOGICA Gampong representatives to address new priority issues.

Gampong action plans were supplemented by small infrastructure grants that provided 204 Gampong development committees with the opportunity to practice project management skills and demonstrate participative planning and transparency in decision making. LOGICA also supported 19 local micro-finance groups to develop livelihoods and small business initiatives, particularly for women and other marginalised groups.

Leveraging resources
Small, tangible gains were used by communities to leverage additional assistance and support from governments and donors in other areas of priority need. The construction of a small water treatment by Australia, for example, was used by one community to leverage a commitment from government to construct access paths and piping to surrounding houses. The construction of a permanent village hall by Australia in a village technically defined by BRR as a temporary 'relocation community' provided the imprimatur for other donors to construct more permanent facilities, thereby supporting the villagers' aspiration to stay in their current location. Eighteen months after the completion of the village hall, the Gampong gained other permanent infrastructure including sealed roads, an ocean retaining wall, a fresh water treatment plant, health clinic and a sustainable aquaculture industry. It has an elected Gampong leader and village council, and will receive funds under fiscal decentralisation in 2009.

Responsive government
LOGICA demonstrated that community pressure can generate incentive for elected public officials to deliver improved governance outcomes. Enhanced capacity within government institutions enabled them to meet the pressure of increased demand from Gampong citizens. LOGICA worked with over 700 Kabupaten and Kecamatan government officials to improve their skills in participatory planning, transparent budgeting, and development of new services for Gampong. LOGICA intervention resulted in clearer role definitions, more effective delegations of responsibilities between layers of officials, improved transparency in planning and budgeting, and the revision of administrative regulations and guidelines.

In many documented instances, responsive civil servants were recognised and promoted. For example, five Camats in Aceh Besar were promoted after introducing a suite of reforms to streamline service delivery and enhance public access, now referred to as the 'Single Window Service' (SWS) approach. SWS has since been replicated across a further two Kabupaten and 18 Kecamatan in Aceh, and the Indonesian Ministry of Home Affairs proposes to implement the approach in other Indonesian provinces.

Influencing whole-of-government policy development and reform
The effectiveness of LOGICA activities at the Kecamatan level built a strong relationship of trust between Kabupaten governments and LOGICA. This opened up new opportunities to engage with all layers of government to improve planning, policy development and service delivery. It also

enabled LOGICA to assist Gampong and Kabupaten government counterparts to engage with and influence high-level, province-wide policy considerations. Some of the reforms supported by LOGICA included: clarification of role delineations betweens layers of government (for example in licensing and business development); support for the implementation of fiscal decentralisation and training for village councils (skilling-up Gampong officials in financial and resource management); the shifting of delegations for key areas of service delivery from Kabupaten to Kecamatan and village governments (eg identity documentation, some licensing and budget planning); dissemination of government regulations (ensuring that kecamatan and Gampong officials understood the responsibilities of new regulations); increased transparency (eg published standard service fees, budget transparency for gampong communities); support for women to take leadership roles in village government; and support for election councils to organise village leader elections.

Complementary objectives - peace building and post-tsunami construction
Even though a primary objective of LOGICA was to contribute to post-tsunami reconstruction outcomes, most of the LOGICA tsunami-affected Gampong had also been subject to conflict. Many of the community engagement tools developed by LOGICA were directly applicable in post-conflict settings. These included conflict resolution training, participative needs assessment fora, community mapping and advocacy training. An underlying emphasis on peace-building, conflict resolution and social cohesion was further consolidated as LOGICA broadened its scope to non-tsunami affected Kabupaten, By LOGICA's second year of operation, many governance institutions had been re-established across Aceh and there was an emerging need to strengthen the capacity of Kecamatan and Gampong governments to undertake planning and manage increasing levels of funding from Provincial and Kabupaten governments.

Continuing the response - LOGICA Phase 2:

LOGICA made a considerable contribution through applying the "*Active Communities - Responsive Governments*" model in seven Kabupaten (3 tsunami, 4 non-tsunami/post conflict). Considering the remaining challenges Aceh is facing, building on this approach can make an important contribution to stability in Aceh by providing immediate, tangible results.

The new Governance Program, LOGICA 2, will maintain the name LOGICA as it has developed into a reliable brand name for governance reform. Consistent with the Aceh Program Framework, the new program will continue the work begun by LOGICA with a focus on promoting political stability, peace and social cohesion through improved governance[36] and better service delivery outcomes at the Gampong level. It will support Gampong communities and their representatives to advocate priority needs to government so that services can be delivered that result in tangible living standards improvements. In parallel, it will support primarily Kabupaten and Kecamatan governments to understand and deliver services that respond to Gampong needs through more efficient and transparent use of public resources.

The proposed focus of LOGICA 2 aims to address two key challenges to future stability in the province: high community expectations for tangible improvements in living standards; and, weak capabilities of Kabupaten level governments to deliver on these expectations. Australia can make a significant contribution to stability in Aceh by addressing these two drivers of instability, including by extending application of the "*Active Communities - Responsive Governments*". This approach draws on Australia's comparative advantage by building on LOGICA's achievements and ensures that LOGICA 2 remains focused on addressing challenges that have the potential to spark future instability.

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36 LOGICA 2 uses AusAID's definition of governance as "the way through which citizens and groups in society voice their interests, mediate their differences, and exercise their legal rights and obligations"; see AusAID "Good Governance: Guiding Principles for Implementation", Commonwealth of Australia, 2000.

A common and wide-spread source of citizen frustration is a lack of involvement in and control over decisions that impact on their lives.[37] Slow progress in improving living standards in housing, health, education, small infrastructure and livelihoods is a major source of community discontent. Despite a rich resource base, improved fiscal flows, and post-tsunami inputs, many Acehnese have yet to experience tangible living standard improvements. For marginalised people – youth, former combatants, IDPs, the disabled and many women – there is a perception that living standards have diminished. Unless governments are able to use public resources to improve development outcomes, social divisions and tensions may increase resulting in further alienation of demographic blocks and, at worst, escalating horizontal conflict.

Active Communities:
LOGICA 2 will work with Gampong and their representatives to critically examine priorities and identify resources and services needed to resolve them. Community engagement will ensure that Gampong representatives have the confidence to advocate for services that will address problems and improve living standards. Marginalised groups will be supported to participate in the identification and prioritisation of needs, and to engage governments in delivering services that respond to priority needs. .

This process aims to not only reduce community frustration but also to increase social cohesion. Marginalised people will be supported to communicate effectively among themselves (including between men and women), and also to communicate across competing groups within society to achieve their goals. They will also be empowered to improve communication with village leadership and elites to make their voice heard and to build alliances on various issues. LOGICA experience demonstrated that clusters of concerned citizens form around specific issues of their concern, and from each group champions emerge who are eager to take issues forward. LOGICA 2 will identify and mentor these champions, and where appropriate, link them with regional CSOs who can support them into the longer term.

There is ample evidence that higher levels of social cohesion correlate with increased capacity to resolve conflicts without resort to violence.[38] LOGICA 2 will build on the large body of literature that suggests that social cohesion is essential to a well functioning democracy at every level of society.

Responsive government:
LOGICA 2 will improve governance by working with Kabupaten and Kecamatan counterparts to improve service delivery in response to community demand, including through the promotion of anti-corruption measures. Governments across Aceh now control significant resources which have not yet been fully used to deliver public services that impact on the lives of the average citizen. While limited capacities are a major impediment in translating resources into development outcomes, lack of transparency in the allocation and expenditure of resources has caused suspicion amongst citizens who do not understand government decision-making processes and who do not have access to information about decisions made.

Anti-corruption
LOGICA 2 will reduce opportunities for corruption by ensuring that citizens demand, and government transparently allocates, resources to Gampong priorities, and that communities then demonstrate tangible and equitable outcomes from the use of these resources. LOGICA 2 will focus on strengthening local systems to channel citizen demands, including those of marginalised people. Such systems will have overt rules, guidelines and criteria which will be adhered to. Citizens will be supported to demand good quality in service provision. LOGICA 2 will therefore

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[37] Control consists of: a better understanding of their living environment, rights and responsibilities as citizens; overcoming a lack of experience and therefore confidence to independently assess their problems and formulate solutions; access to effective channels to express aspirations; and finally, the resources to act or demand action from their government.

[38] See M Mann - American Sociological Review, 1970; SP Heyneman - Educational Evaluation and Policy Analysis, 2000; NJ Colletta, ML Cullen , 2000; J Ritzen, 2001; Mizruchi, 1992; Bollen 1990; etc.

work with local government counterparts to develop citizens' charters, budget transparency processes and effective complaint and feedback mechanisms through which all citizens can demand enforcement of the agreed rules.

Strengthening democracy:
LOGICA 2 will also support democratisation in Aceh. The Province is in a unique situation after the direct elections of Provincial and Kabupaten governments. For the first time in Indonesia, independent political candidates were allowed to run in local elections and many of them won. This has opened up political competition for office and provided the means for communities to hold their governments accountable through the ballot box. By empowering Gampong communities to identify and articulate their needs to Provincial and Kabupaten governments, and to better understand government processes, LOGICA 2 will assist Gampong communities take advantage of these opportunities.

Strengthening public institutions:
Another challenge associated with the political transition in Aceh is the creation of policy and administrative systems within the bureaucracy that result in improved living standards for the broader community. LOGICA has already assisted local and village governments with the development and implementation of better systems of administration. LOGICA 2 will build on this experience and will go further by creating better quality monitoring systems to enable political leaders to obtain the necessary management information to apply rewards and sanctions.

Consistency with Existing AusAID Programs

Australia's response to the tsunami was pragmatic, responsive and focused on meeting priority needs. This approach was valued by partner government agencies at the national and sub-national levels, and led to broad sectoral coverage, including health, education, governance, infrastructure, livelihoods, support for shelter reconstruction, and technical advice. The approach placed emphasis on a broad, strategic framework of objectives and principles, including working across the whole of government and its service oriented institutions and apparatus.

As previously discussed, LOGICA produced substantial achievements, with the Governor recently requesting that governments and donors replicate its reforms. The Community and Education for Peace in Aceh program (CEPA) has adopted a similar approach and is now delivering both education and stability outcomes.[39] CEPA has been operating from Bireun (one of the most conflict-affected Kabupaten in Aceh) for more than 18 months and utilises innovative conflict assessment tools such as the village dynamics analysis, which may be of particular use to LOGICA 2 in determining target Gampong during the first year of operation. Australia's ongoing work in Aceh will learn from and continue to build on LOGICA and CEPA approaches and outcomes, considered to be central to promoting stability.

Linkages with other Donor Programs

The EU, GTZ, IOM, UNDP, USAID, CIDA, JICA and the Asia Foundation are all implementing governance programs in Aceh.[40] A key factor in the achievement of outcomes by LOGICA was its collaboration with other donor programs to share resources, knowledge and to minimise duplications in the delivery of program activities, particularly at the Gampong level. LOGICA would cooperate with other donors operating within its target areas to deliver joint programs (eg training for community representatives or public officials), delineate areas of responsibility and expertise (eg in disbursement of small infrastructure grants and building the capacity of village development committees), and to monitor program effectiveness. It is essential that LOGICA 2 continue to coordinate and align with other governance programs in Aceh as a key operating principle. Three programs in particular which have objectives complimentary to LOGICA 2 and are working in similar geographic coverage areas are briefly outlined below:

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[39] For example the CEPA program is reporting reductions in both student and teacher absenteeism.
[40] For more details about the programs under implementation please see annex 1.

PNPM Mandiri:

PNPM Mandiri Daerah Tertinggal is a community-driven development program that is part of the GOI's National Program for Community Empowerment (PNPM). Funded through the Decentralisation Support Facility, the Post-conflict Fund and the British Department for International Development, the program integrates other successful community development projects such as Support for Poor and Disadvantaged Areas Project (SPADA) which focuses on local government capacity building, and the Kecamatan Development Program (KDP) which aligns bottom-up planning procedures with Kabupaten government processes across Aceh. The program already has in place a network of facilitators in a majority of Gampong across Aceh and includes both Kabupaten block grants and community block grants components. Importantly, the program provides conflict mediation training for its PNPM Mandiri facilitators, other development workers, local government officials and civil society representatives[41].

LOGICA 2 is essentially different from PNPM Mandiri in that it is not a GOI program delivered through GOI government structures and processes. LOGICA 2 is a Gampong-centred program, and while a key LOGICA 2 outcome will be to support its stakeholders to maximise gains from PNPM (among other available resources), LOGICA 2 will initially achieve this from its own resource and funding base. This will enable LOGICA 2 to respond rapidly and flexibly to a broader scope of stakeholder needs (ie not only infrastructure) and to tailor interventions to the circumstances of each target Gampong. A key influence in all LOGICA 2 activities will be determining the most effective and fastest ways of supporting stakeholders to achieve outcomes against unmet priorities and to improve living standards. Most of these rapid responses will over time be mainstreamed and sustained by government funds, including through PNPM.

Even though both programs have different delivery mechanisms, LOGICA 2 should draw on the established community facilitator and training networks of PNPM Mandiri to engage with LOGICA 2 target Gampong and to enhance common objectives between the two programs, This includes strengthening Gampong-level participatory planning processes and mechanisms, and linking community efforts and plans to the supply side, to Kabupaten development programming and budgeting, and to Kabupaten and Kecamatan service delivery. PNPM Mandiri village and Kecamatan facilitators will provide LOGICA 2 with a source of local information to assist in determining target Gampong for program activities, and in engaging with new Gampong communities. Conversely, as LOGICA 2 progresses through its implementation phases, it will contribute knowledge to PNPM Mandiri about its impact on village government dynamics, the effectiveness and timelines of its planning and resource-allocation systems, the engagement of women and other vulnerable groups in local decision-making processes, and verification of community priorities. LOGICA 2 village facilitators will collaborate closely with PNPM facilitators in delivering all program activities within target Gampong. Specific details of continuing inter-program linkages will be documented in a Donor Coordination Plan which will be updated in each 6-monthly work plan.

Local Governance Support Program (LGSP):

USAID's LGSP offers technical assistance and training to enhance the capabilities of local governments, CSOs and the media in the areas of integrated planning and budgeting, local government management, citizen-focused service delivery, and participatory governance through local councils and civil society. It also strengthens the capacity of local legislatures and civil society to perform the roles of legislative representation and oversight, promoting citizen participation and improved communications between government and communities through a strengthened local media.[42] While the objectives of LGSP are closely aligned with those of LOGICA 2, a crucial difference is that LGSP largely works at reforming the government supply side while LOGICA 2 will also support citizens and marginalised groups in the community to more

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[41] PNPM Mandiri Daerah Tertinggal Support for Poor and Disadvantaged Areas Project (SPADA/P2DTK) – Quarterly Update No. 1 available at http://siteresources.worldbank.org/INTINDONESIA/Resources/Projects/288973-1216282164277/SPADA.April.2008.Newsletter.en.pdf

[42] USAID LGSP program overview updated at 3 September 2008, available at www.lgsp.or.id

effectively demand that governments respond to their most important needs. There is significant scope for the sharing of resources and coordination of activities between the two programs, particularly in the areas of technical assistance, mentoring and training for local government institutions.

The Canada/Aceh Local Government Assistance Program (CALGAP):
CALGAP, funded by the Canadian International Development Agency (CIDA), works to rebuild and strengthen local governance by supporting municipal governments, including via cooperation partnerships with the Federation of Canadian Municipalities (FCM). CALGAP is working with municipal departments in three focus Kabupaten (Banda Aceh, Pidie and Aceh Jaya) to restore core services, including waste management, municipal planning, budgetary and priority setting, and human resource management. Although CALGAP has a Community Support Facility that provides grants to community organisations, its focus is more weighted towards strengthening the capabilities of municipal bodies, with less of a focus on building demand from Gampong for improved services to meet priority needs. As occurred during the first phase of LOGICA, It is imperative that LOGICA 2 assess areas for collaboration and partnership with CALGAP for any activities proposed within the three existing CALGAP focus districts.

Links with Civil Society

To maximise long-term sustainable benefits and ownership, LOGICA 2 will establish collaborative relationships, knowledge sharing and coordinated planning with Acehnese civil society groups and community based organisations. Civil society in Aceh has flourished since the cessation of conflict, and also partially as a result of engagement with the international donor community through the post-tsunami reconstruction phase. Civil society groups currently operating in Aceh focus on wide range of governance and community related issues and in many cases have become capable service providers in training, technical assistance, monitoring and evaluation, and support of community representatives. Acehnese civil society groups have grown from organic community responses to specific regional needs and have solid links with Acehnese cultural, linguistic and social mores. LOGICA frequently used Acehnese civil society groups as service providers both to extend the operating capabilities of the groups, and to build community acceptance and trust of program activities.

Some examples of potential civil society partners include:

Focus	Organisation
Anti Corruption and Budget Transparency	o Institute for Development and Economic Analysis (IDEA) o Mataradja, Aceh Jaya o Solidaritas Untuk Anti Korupsi (SUAK) o Solidaritas Anti Korupsi (SORAK) o The Aceh Institute
Elections and village democracy	o IMPACT o Lembaga Pembinaan dan Pengembangan Masyarakat (LPPM) o Institute for Research and Empowerment (IRE)
Strengthening village governance	o LPPM o IRE o Lembaga Studi dan Pengembangan Sumber Daya (LUGAS) o Consortium for Village Strengthening in Aceh (Convis) o Institut Pemerintaan Desa (IPD) o Bina Swagiri, East Java

	o The Aceh Indigenous Network (JKMA)
Citizen charters and public service reforms	o LUGAS o L-Espena, Biruen-Aceh o BIMA, Biruen-Aceh
Gender equity and women in development	o Flower Aceh o MISPI o Acehnese Women's Village Council Forum o Centre for Community Development and Empowerment (CCDE)
Micro Finance and livelihoods	o Forum Bangun Aceh (FBA)
Policy studies and public policy development	o University of Syiah Kuala, Banda Aceh o The Aceh Institute

Links with Provincial Government Village Development Plans

Since 2007, LOGICA has worked with Kabupaten governments to allocate money to Gampong under fiscal decentralisation to support village development goals, especially in the area of poverty reduction. LOGICA has recommended that the provincial government also adopt a similar response to village development across Aceh. The Governor of Aceh recently announced that all 6,385 Gampong in Aceh would receive Rp 100 million from the provincial government in 2009, and requested LOGICA to assist in implementing this measure, initially by providing training and mentoring of 800 'development' facilitators to be directly employed by Gampong governments. Continuing discussions between LOGICA and the provincial government are focusing on a proposal to link provincial funding to some of the poverty reduction targets in the Millennium Development Goals.

Under such an arrangement, Gampong would be required to achieve minimum performance targets in order to be eligible for further financial assistance from the Province in 2010. These targets could include: Education (eg 100% school attendance by children aged 7-15 years); maternal health (eg a 0% village maternal and neonatal mortality rate); infrastructure (eg 100% of main reticular roads in the village are surfaced); and, household income (eg a 30% reduction in the rate of households whose income is less than Rp. 200 thousand (US 2) per month). There is an opportunity for LOGICA 2 to consider pursuing longer term support for this work within its first 2-3 years of operation, and subject to further requests from the Provincial government.

LOGICA 2 – Facilitating the Linkages

LOGICA 2 is a Gampong-centred program that will support Acehnese citizens to prioritise their needs and advocate for services that produce tangible improvements in living standards. In order to build the confidence and skills of Gampong communities to generate demand from government, LOGICA 2 will facilitate dynamic partnerships between its stakeholders and other national government programs, donors and CSOs. Given the under-utilised but significant financial base available to Kabupaten governments in Aceh (both through APBD and potentially PNPM), LOGICA 2 will focus on Kabupaten funding sources and service delivery, although other donor and community-based resources may be configured into a comprehensive solution. Part of this process will be equipping communities with knowledge of resources and the means for accessing them. Gampong communities define their needs; through improved knowledge and action planning they then pursue available sources to address these needs. LOGICA 2 provides the skills and support to undertake this process, and will over time demonstrate how Gampong communities have interacted with governments and other resources to gain improvements in living standards.

Program Description

Goal:

> *"To contribute to a stable and peaceful Aceh by supporting effective governance to address priority community needs and improve living standards."*

LOGICA 2 will facilitate effective transactions between Gampong communities and governments resulting in citizens accessing, and government delivering, resources and services to improve living standards. LOGICA2 will achieve this by building the capacity of citizens to identify and advocate their needs to District and Provincial government and demand better services. At the same time, LOGICA 2 will strengthen the capacity of local government to respond to community need through transparent and appropriate planning and budget allocation, and better service delivery.

Objective:

> *"In response to community-wide advocacy, Governments deliver services to improve living standards."*

LOGICA 2 will deliver activities under this objective by applying the '*Active communities – Responsive governments*' approach through two program components:

Component 1: Active Communities

Intermediate Outcome 1: Citizens, particularly the marginalised, effectively advocate priority needs to government resulting in services that improve living standards.

Activities under this objective will equip Gampong communities and their representatives with a skills such as community profiling, needs assessment and analysis; participative consultation; conflict mapping and resolution; an understanding of government processes and resourcing; identifying and engaging marginalised groups; community organising; action planning; and representation and advocacy. Key outcomes under this objective will include:

> Outcome 1(a): Gampong communities identify, analyse and prioritise their needs.

> Outcome 1(b): Communities represent their priorities to government and effectively advocate for improved services

> Outcome 1(c): Communities measure the impact of services on living standards and contribute to service delivery reform

Component 2: Responsive Government

Intermediate Outcome 2: Governments respond to citizen priorities, including those of the marginalised, by effectively allocating resources and delivering services to improve living standards.

As demand from Gampong communities for improved governance increases, LOGICA 2 will in parallel support government counterparts to effectively respond to these demands by supplying effective government services to improve living standards. This will involve governments understanding the nature of citizen demands and modifying policies and services based on this input, or from a robust assessment and analysis of the strengths and weaknesses of existing policies and services. Key outcomes under this objective will include:

Outcome 2(a): Governments understand community priorities and the needs of the marginalised

Outcome 2(b): Governments deliver services and allocate resources to address the priority needs of communities

Outcome 2(c): Governments improve and replicate services in response to community feedback

LOGICA 2 methodology:

Through the '*Active Communities – Responsive Governments' model, LOGICA 2* will engage with target Gampong communities to support them in identifying and prioritising needs. Community representatives will then advocate these needs to government both directly, and through participation in existing government planning and budgeting processes. Simultaneously, local governments will be supported to better understand and act on community priorities through improved administrative systems, consultative planning, transparent budget allocations, and service delivery reforms.

Lessons learnt from the first phase of LOGICA demonstrated some key considerations essential to the application of the '*Active Communities – Responsive Government*' model.

In relation to community engagement with Gampong:

- The delivery of multiple parallel program activities (training, action planning, forums, small grants and livelihoods initiatives) provided access points for a wide cross section of stakeholders and maximised participation across the suite of program activities.

- While it was important for the program to work with Gampong communities to achieve immediate and visible results (clean water, housing, small infrastructure etc), the processes and skills used by villagers to achieve these results were equally important and could be applied to future emerging needs.

- Small, tangible gains could be used by Gampong communities to leverage assistance from governments and donors on other and often larger areas of priority unmet need.

- Community profiling and participative needs assessment through community forums, coupled with conflict resolution training, had direct and flow-on benefits to building and strengthening peace and social cohesion within post-conflict Gampong communities.

- Sustained targeted training and mentoring of women and marginalised groups (eg leadership training and confidence building) resulted in significantly higher participation by these groups in community forums and local decision-making processes.

- Establishing or strengthening existing community forums (including KDP planning mechanisms) as the vehicle for community profiling and needs assessment facilitated the identification of informal leaders and representatives who were keen to take action to achieve gains for their communities.

- Local village facilitators permanently located within or near to target Gampong provided a highly effective means of engaging with Gampong communities, building trust, and initiating project activities. For LOGICA 2, it is recommended that an optimal ratio of facilitator to village is 1:3, but no lower than 1:5.

- Over time, community representatives who had been trained, mentored and supported to implement action plans to address priority needs, tended to voluntarily move towards active association with existing CSOs and regional networks, and in some case establish new organisations.

- Linkages with other donor activities at the village level enhanced the effectiveness of each collaborating program, provided economies of scale and more effective resource utilisation.

In relation to supporting governments to become more responsive to community need:

- Establishing new or strengthening existing Kabupaten and Kecamatan consultative and planning fora, with explicit encouragement for participation by community representatives, broke down barriers between government officials and citizens and promoted new alliances that generated new solutions. In some instances, these alliances went on to influence higher level policy considerations at the Kabupaten and provincial government levels.

- Government leaders and officials welcomed opportunities to critically examine and streamline administrative systems if such a process was framed in non-threatening terms and incentives were highlighted (eg career advancement, lighter workloads, better use of time and reduced customer aggression). Similarly, there was generally a high level of voluntary participation in training and mentoring programs aimed at improving work place skills and knowledge.

- Service delivery reforms were most effective when engineered in a whole-of-government context and implementation identified roles and responsibilities for layers of government from the outset. For example, streamlined service delivery by Kecamatan offices in some cases required new regulations, delegations and funding from Kabupaten offices, and would be unsustainable if officials from all levels of government had not been engaged from the beginning of the reform process.

- The placement of full-time project facilitators within Kabupaten and Kecamatan offices and agencies enabled rapid engagement of government stakeholders in project activities and established high levels of trust in the project. In many cases, LOGICA facilitators became *de facto* policy advisers to senior officials. A critical link here was that these facilitators also maintained close liaison with their LOGICA community engagement colleagues, thereby enabling an easier flow of communication between community representatives and government officials.

Implementation:

LOGICA 2 will extend the *Active Communities – Responsive Governments* model by deploying facilitators into both local government offices (Kabupaten in all cases, and Kecamatan depending on initial assessments), and into target Gampong within the local government consistency. Both components of the program will facilitate a suite of parallel activities and processes within the target Gampong communities and the government municipalities responsible for service provision to these communities.

Program activities under both components have been arranged into a cycle of five progressive stages, with each cycle of five stages taking around two years to complete. Table 1 outlines the five stages across both components:

Active Communities Component (*Component 1*)	Responsive Government Component (*Component 2*)
Stage 1: Preparation and Research (both components) – 3 months	
Stage 1(a): Determine target Kabupaten Kecamatan and Gampong	
Stage 1(b): Engage with other donor programs	
Stage 2: Stakeholder Engagement - 3 months	
Stage 2(a): Engage with target Gampong	Stage 2(b): Engage with Kabupaten/ Kecamatan offices
Stage 3: Participative Needs Assessment and Action Planning – 6 months	
Stage 3(a): Gampong communities identify, analyse and prioritise their needs through participative consultation (*Intermediate Outcome 1, Outcome 1(a)*)	Stage 3(b): Governments understand community priorities and identify possible improvements in existing consultative, administrative, planning and service delivery systems. (*Intermediate Outcome 2, Outcome 2(a)*)
Stage 4: Advocacy, Service Reforms and Performance Monitoring – 12 months	
Stage 4 (a): Gampong communities represent their needs to government and advocate for improved services (*Intermediate Outcome 1, Outcome 1(b)*)	Stage 4(b): Governments implement service delivery reforms to address community priorities (*Intermediate Outcome 2, Outcome 2(b)*)
Stage 4(c): Gampong communities monitor and measure the performance of services and contribute to service delivery reforms and replication by government (*Intermediate Outcome 1, Outcome 1(c)*)	Stage 4(d): Governments continuously improve and replicate services in response to community feedback (*Intermediate Outcome 2, Outcome 2(c)*)
Stage 5: Consolidation and replication - ongoing	
Stage 5(a): Gampong communities seek reforms in other areas of unmet meet (*Intermediate Outcome 1, Outcomes 1(a)-(c)*)	Stage 5(b): Governments engage with Gampong communities to implement reforms in other priority areas (*Intermediate Outcome 2, Outcomes 1(a)-(c)*)

Table 1: The Five Stages of LOGICA 2 program implementation

The following section provides a broad description of the primary focus and likely outputs from each of the five implementation stages.

Stage 1: Preparation and Research (3 months):

LOGICA 2 will undertake research and consultations to identify target Gampong communities and the best approach to engaging with them and their corresponding local governments. While this design provides notional recommendations of target Kabupaten over 5 years based on a preliminary analysis of four conflict and economic indicators (refer below to *Geographic Coverage*

and Selection of Target Areas), a high level of flexibility is allowed in the design to determine exact locations and numbers of Gampong communities based on research during Stage 1. A major task during this stage will be to verify those Kabupaten identified as high needs against available research and data. Gampong communities may be selected on the basis of geographical proximity or on the basis of their relationship to service delivery issues.

Key outputs from Stage 1 should include:

- A indication of target Gampong communities and partner government institutions, based on community and government consultations, evidence from available research, and verified by the Program Coordinating Committee and other donor partners.

- Detailed background information on target Gampong communities including conflict dynamics, other donor activities, village governance institutions, economic and social needs, marginalised groups, and key local industry and livelihoods types.

Stage 2: Stakeholder Engagement (3 months):

LOGICA 2 will mobilise facilitators into target Gampong communities and Kabupaten/ Kecamatan counterpart offices. This stage will be essential for disseminating information about the program and building stakeholder relationships. Initial processes for documenting aspects of institutional procedures, decision making mechanisms, leadership structures in both target Gampong and government institutions, along with the identification of marginalised groups will begin at this stage and be developed over the next three stages through further analysis.

A further key element of this stage is the preparation of a donor coordination plan which will be based on consultations with major programs operating in the target areas, including PNPM Mandiri and LGSP. The donor coordination plan will propose possible collaborations and complementarities with other donors and highlight processes to avoid duplications.

Key outputs from Stage 2 should include:

- The mobilisation of LOGICA 2 facilitators into target Gampong communities and government institutions

- Dissemination and socialisation of LOGICA 2 objectives and methodology

- Detailed documentation of: local counterparts; demographics and conflict dynamics of target Gampong; existing planning fora and mechanisms; budgets; vulnerable groups; and, other local donor activity.

Stage 3: Participative Needs Assessment and Action Planning (6 months):

LOGICA 2 will support stakeholders to use existing mechanisms and establish new ones to complete detailed assessments of needs and priorities. A major emphasis will be on inclusive processes that maximise the involvement of women and other marginalised groups. Tools such as community profiling, needs assessment through participative fora, and action planning will be used to support Gampong communities in prioritising unmet or under-serviced needs. Community representatives will be supported to target one to three priority issues on which they will engage government in advocating for improved service delivery to improve living standards. This will be supplemented by training in advocacy, representation and conflict resolution.

In parallel, LOGICA 2 facilitators will support government leaders and officials to identify existing administrative, planning and budgetary systems that could be reformed, and to highlight

opportunities for staff development and training. Initial phases of transparency and gender awareness training will commence during this stage.

Key outputs from the 'Active Communities' component of Stage 3 should include:

- Establishment of new (or engagement with existing) village-based fora and planning mechanisms by LOGICA 2 facilitators..

- Introductory training and mentoring for village leaders, representatives and fora members in conflict resolution, advocacy, participative needs-assessment, gender awareness, transparency, action planning, proposal writing, meeting procedures, government systems and budgets.

- Community profiles on target Gampong.

- Detailed needs assessments of village needs and unmet priorities based on participative consultation involving marginalised groups

- Action plans developed by individual community representatives (or clusters of representatives) targeting a priority need (eg no village health clinic, poor sanitation, unsafe housing, low school attendance rates, damaged farm land, an absence of child care or other family support services etc).

- Village government capacity building plans for village government officials, detailing professional development needs and the resources (including from LOGICA 2 and other donors) to be deployed to respond to these needs.

Key outputs from the 'Responsive Governments' component of Stage 3 should include:

- Administrative reform plans, identifying administrative systems and procedures that could be reformed to enhance efficiency, effectiveness and transparency
- Human resource development plans, based on the professional development needs of public officials assessed during Stage 2

- Engagement with government planning processes and consultative fora, (eg musrembang, PNPM Mandiri, Kecamatan fora).

- Gender awareness and transparency training

- Minimum performance standards, benchmarks and performance measures for government service delivery

Stage 4: Advocacy, Service Reforms and Performance Monitoring (12 months)

During this twelve-month window Gampong communities will implement action plans on the priority issue/s identified in Stage 3, engage with government to express aspirations, and undertake a suite of initiatives to build social cohesion and strengthen local institutions. It is during this stage that local government will be supported to pilot new service delivery modalities to improve living standards.

A major emphasis will be placed on the sustainability of new reforms, including the allocation of APBD funding for continuance and replication and legislative review and revisions to enabling instruments. Specific administrative systems will undergo reform, including through technical assistance, and staff training needs will continue to be addressed. Gender awareness and transparency will be continuing education and training themes throughout this stage.

Key outputs from the 'Active Communities' component of Stage 4 should include:

- Support for the implementation of action plans, including training, mentoring and linking to CSOs and other donors.

- Mechanisms to link community representatives to appropriate government officials, in relation to specific problems identified through action plans.

- Tracking of the engagement of marginalised groups in needs assessment and action planning**.**

- Networking of community representatives across geographic areas and/or on regional issues, including building linkages to existing regional CSOs.

- Small grants to initiate local governance, livelihoods, infrastructure or village-development activities.

Key outputs from the 'Responsive Governments' component of Stage 4 could include:

- Service delivery pilot projects, targeting specific priorities identified through Stage 3.

- Citizen charters, based on participative public consultation and affirming the government's commitment to improve transparent service delivery.

- Professional development for public officials, continuing from Stage 3,

- Budget transparency awareness for Gampong communities

- Documentation and publication of reformed administrative procedures commenced during Stage 3.

- Performance measurement and reporting, of selected government service delivery areas,.

- Small grants to support the initial establishment of pilot service delivery projects, with a view to transitioning to full government funding in Stage 5.

Stage 5: Consolidation and replication (ongoing):

During this stage LOGICA 2 engagement is fully scaled back and governments continue to implement service delivery reforms from their own funding sources, supported by enabling legislation. It is also the stage during which governments would replicate services developed through stages 1-4 in other geographical areas. Critical to this stage are examples of most significant change and 'champions of reform' identified from both target Gampong communities and government counterparts. Given the phasing of the LOGICA 2 implementation, previous implementation phases will provide a pool of mentors and expertise that can be drawn on in subsequent roll-out phases in other target areas. By the commencement of this stage, new government administrative and funding arrangements should be in place to fully and independently sustain activities developed and implemented during previous stages.

Key outputs from the 'Active Communities' component of Stage 5 could include:

- Documentation of outcomes from action plans, including links with new service delivery pilots being undertaken by local government.

- Documentation of enhancements to village government processes, including new procedures for participative planning, budget allocations, and asset and resource management.

- Linking existing target Gampong communities with new target Gampong communities to establish mentoring and knowledge sharing relationships during the next phase of implementation.

- Documentation of outcomes from the donor cooperation plan, highlighting where LOGICA 2 has collaborated to strengthen other donor activity in target areas

Key outputs from the 'Responsive Governments' component of Stage 4 could include:

- New service delivery modalities able to be replicated in other Kabupaten or Kecamatan.

- Documentation of reformed administrative procedures, consultative mechanisms, budget allocations for new service based on community needs, citizens charters and complaints mechanisms.

- Mentoring and knowledge sharing between stakeholders from the current and next roll-out phase.

- Evidence of performance monitoring and reporting.

Phased roll-out and Geographic Coverage:

Based on the experience of LOGICA, it is realistic that LOGICA 2 can work in up to six Kabupaten at any one time. As previously discussed, flexibility in the program design allows LOGICA 2 to determine and vary the most effective and efficient number of target Gampong communities and government counterparts, based on assessments of local conditions, emerging issues and logistical considerations at the time of implementation. Table 2 provides a recommended roll-out schedule covering 12 Kabupaten over the five year life of the program. This is based on a preliminary assessment of sample conflict and development indicators, and broad geographic overage over the life of the program. The example provides target ranges for each phase, with a minimum number of Gampong and Kecamatan that should be engaged in each phase.

The recommended selection of Kabupaten in each phase is based on several criteria:

- Immediate continuation of work currently being undertaken in high needs districts (Aceh Jaya and Pidie) and offering upfront access to established LOGICA networks in these Kabupaten during the initial phases of implementation;

- New high-need post-conflict Kabupaten that are under-resourced based on a preliminary assessment of four World Bank and KDP poverty, damage and conflict indicators, as summarised in Table 3.

- Kabupaten which have received limited donor support to date;

- A mix of population densities across to avoid work overload for the project in any one phase; and

- A thorough geographical spread of Kabupaten across Aceh over the life of the program, taking into account logistical deployment issues based on the experience of LOGICA.

A detailed verification of the recommended geographic roll-out and minimum targets should be undertaken by the MC within the first three months of program mobilisation, and recommendations made for a reconfiguration of target Kabupaten based on current trends and issues. This analysis should take into account and document advice from the PCC, other donor partners (including PNPM Mandiri) and government counterparts.

Existing LOGICA Kabupaten

The Kabupaten of Aceh Besar and Aceh Barat have not been included in the recommended geographic phasing of LOGICA 2. While these two Kabupaten still have ongoing governance needs and fit many of the criteria above, they continue to benefit from a high level of donor and NGO input that began under post-tsunami reconstruction programs. Similarly, Australia invested heavily over three years through LOGICA in assisting both Kabupaten to undertake governance reforms, the results of which are now evident in self-funded initiatives such as the Single Window Service, Citizens' Charters and village health clinic reforms. For these reasons neither Kabupaten is considered among the highest needs Kabupaten, although the MC could argue for their re-inclusion in the geographical phasing if the political or social circumstances of either were to change.

Aceh Jaya on the other hand is a Kabupaten which has always been lagging behind on most social and economic indicators and its communities were heavily impacted both by conflict and tsunami. These factors were compounded by the logistical difficulties experienced by many donors in accessing remote Gampong within the district. While LOGICA has worked intensively with Gampong and Kecamatan government across Aceh Jaya, gains are less evident than in Aceh Barat and Aceh Besar. These views are supported by the 2007 PMSG review of LOGICA , along with a recommendation that Australia continue support for the Kabupaten to achieve higher levels of economic parity against other districts. The Bupati of Aceh Jaya has also made strong public statements supporting governance reform, but reports that his efforts are stifled by a public sector largely resistant to change. For these reasons the Kabupaten is included in the recommended geographic phasing.
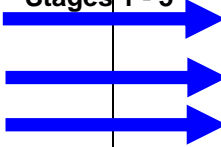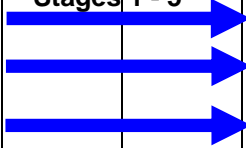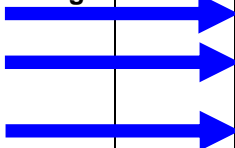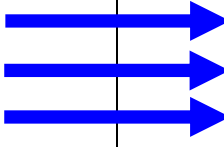
Kabupaten	Yr 1	Yr 2	Yr 3	Yr4	Yr 5	No. Target SDs	No. Target Gampong
Phase 1:							
1. Aceh Jaya	Stages 1 - 5 →					2-3	34-86
2. Pidie	→					5-12	146-366
3. Aceh Singkil	→					2-5	23-58
						Range = 9-20 SD	Range = 203-510 V
Phase 2:							
1. Aceh Timur		Stages 1 - 5 →				4-11	97-242
2. Aceh Selatan		→				3-8	49-123
3. Nagan Raya		→				1-3	44-111
						Range = 8-22 SD	Range = 190-476 V
Phase 3:							
1. Aceh Utara			Stages 1 - 5 →			5-14	171-427
2. Bireun			→			3-9	122-305
3. Aceh Tengah			→			3-7	54-134
						Range = 11-30 SD	Range = 347-866 V
Phase 4:							
1. Aceh Tamiang				→		2-6	43-107
2. Aceh Tenggara				→		3-8	77-193
3. Aceh Barat Daya				→		2-5	26-66
						Range = 7-19 SD	Range = 146-366 SD
Totals						35 – 91 Kecamatan	886-2,218 Gampong

Table 2: Proposed Geographic Roll-out and target Kabupaten.

Kabupaten	Percentage of Poor Households (%)	Average Damage Index (1)	Damage by Conflict Index (2)	Fiscal Disparity & Inequality Ranking (3)	Financing to Needs Gap (4)
Nagan Raya	30.5	7.5	2.11	5	4
Pidie	30.1	6.24	1.65	17	4
Aceh Tenggara	29.7	7.09	0.87	8	n/a
Aceh Tamiang	28.1	5.52	0.69	16	5
Aceh Tengah	28.1	6.12	0.46	15	n/a
Aceh Utara	25.9	6.74	1.64	3	4
Aceh Timur	25.7	7.31	3.36	14	5
Singkil	25.6	6.77	0.8	n/a	2
Bireuen	25.5	7.32	1.04	18	4
Aceh Barat Daya	24	5.97	0.56	6	5
Aceh Jaya	23	8.88	1.75	11	4
Aceh Selatan	22.3	7.55	1.56	9	5

Notes:

(1) All causes (natural disaster and conflict) across all infrastructure types. Higher index indicates a higher extent of damage (Source: World Bank, Aceh PEA, 2006)

(2) Higher index indicates higher levels of damage due to conflict (Source: KDP Aceh Village Survey 2006)

(3) Ranked across 18 Kabupaten. A higher rating means that the Kabupaten has a ratio of revenue per capita (Source: World Bank, Aceh PEA, 2006)

(4) Financing to Needs Gap ranked 1-6. A higher index indicates the least adequate level of finance to address needs. (Source: World Bank, Aceh PEA, 2006)

Table 3: Examples of Poverty, Damage and Conflict Indicators for twelve Possible LOGICA target Kabupaten.

Expected Outcomes:

The program objective describes a system where demand for better governance creates the pressure on political leaders to improve living standards through better governance and service delivery. This will best be achieved by ensuring that demand for better governance reaches those with the willingness, power and resources to improve governance. When citizens realize that their demand has actually resulted in improved living standards, demand will grow stronger with even better services as a result.

As described earlier, LOGICA 2 will be implemented through 5 stages taking around 2 years to complete each cycle, and geographic roll-out will occur across four phases covering a minimum of twelve Kabupaten 35 to 91 Kecamatan and from 900 to 2,220 Gampong over the 5-year life of the program (refer Table 2). In this context, LOGICA 2 will demonstrate outcomes against the program objective for all stakeholders, both at the end of each phase of geographic roll-out (ie at the completion of the five stages of implementation over two years), and accumulated systemic changes at the five-year end point of the program.

Expected outcomes at the end of each phase of geographic roll-out:

"Active Communities" component outcomes that can be demonstrated at the end of each roll-out phase will include:

- o Gampong communities are accessing new services and resources and these are impacting on livening standards

- o Gampong communities have identified and analysed priority unmet needs through inclusive processes that have involved marginalised groups. These are clearly documented and able to be updated and used in planning processes;

- o Community representatives have implemented action plans targeting key priorities and unmet needs, and are actively engaging government to represent and respond to these needs through pilot programs that can be expanded and replicated over time;

- o Women and other marginalised groups are actively participating in community planning and decision making activities, and women are operating in community leadership roles;

- o Community leaders and representatives are utilising skills of conflict resolution, advocacy, participative planning, and are aware of government processes and financial allocations for services in their Gampong;

- o New livelihoods and small business development opportunities are occurring within target Gampong;

- o Target Gampong are represented by regional and local CSOs; and

- Village governments are functioning well against objective performance benchmarks in key areas such as financial and asset management, participative planning and democratic decision-making.

'Responsive Government' component outcomes that can be demonstrated at the end of each roll-out phase will include:

- Tangible evidence of Kabupaten resources allocated to priority Gampong needs and services being delivered to improve living standards;

- Improved administrative procedures in that are documented and made available to the public and other government institutions;

- Evidence of participative planning outcomes and continuing consultative processes between government agencies and target constituent Gampong communities;

- Evidence of clear links between community priorities and Kabupaten/ Kecamatan budget allocations (APBD), and a willingness to expose budgets to the scrutiny of constituent Gampong communities;

- New pilot service delivery modalities, targeting priorities identified through the 'Active Communities' component, and including citizen charters, feedback and complaints mechanisms and performance benchmarks;

- Demonstrated knowledge of transparency principles; and

- Demonstrated knowledge and application of skills and knowledge in core workplace competency areas.

Expected outcomes at end of LOGICA 2:

- Enhanced living standards of Acehnese citizens, including the marginalized, (against benchmarks set in first stage of L2, such as some MDG indicators, as used by the DAG)

- Resources and services provided to Gampong communities, and utilised to benefit communities

- Gampong communities are using inclusive needs assessment and prioritisation to engage with governments in planning and budgeting;

- Evidence of increased government spending across all 12 Kabupaten on services to address priority Gampong needs

- Governments across 12 Kabupaten have in place improved administrative, participative planning, budgeting and service delivery processes that are fully funded under Kabupaten government budgets and supported by enabling legislation;

- o Evidence of the application of transparency and gender equity principles within government services;

- o Reporting by government against performance benchmarks;

- o Evidence that knowledge and skills in conflict resolution and participative planning are contributing to social cohesion and local stability in Gampong communities;

- o Replication of new service delivery modalities beyond LOGICA 2 target areas;

- o The emergence of reform 'champions' and leaders, both from target Gampong communities and within government institutions, who can offer expertise to other stakeholders undertaking reforms;

- o Documentation of incentives and benefits for government leaders and officials undertaking service delivery reforms – eg career advancement, cost efficiencies, improved working conditions and social recognition;

- o Evidence of engagement of new and existing regional CSOs by representatives of LOGICA 2 target Gampong communities;

- o Evidence of an increase in livelihoods and small enterprises, supported by transparent government licensing.

Forms of Aid Proposed:

Partnership Strategy and Aid Modality:
In general assistance to the Indonesian Government is largely delivered through partner institutions and systems. By necessity a different approach will be taken with governments in Aceh. As stated in the Aceh Program Framework, government in Aceh is in flux. The focus and energy of the political leadership is primarily directed toward resolving issues related to the implementation of the peace accord and the special autonomy law. This limits the available time and attention that senior government officials and leaders have to improving public service delivery, despite an evident public commitment to reform. Developing sector-wide reforms demands a large upfront investment of time and policy imperative from political leaders, along with a considerable degree of perceived political risk-taking. The current political climate in Aceh means there will be limited enthusiasm for this approach.

It is therefore proposed to implement LOGICA 2 through government systems but using an approach that will not place excessive demand on or generate risk for the political leadership. At the start of the program, political leaders will be introduced to the approach and asked to commit to replication of the reforms if and when they have been demonstrated to work at a reasonable cost. Once this commitment has been agreed, Stage 1 of implementation can commence and the involvement of high-level political leaders will be limited to reviewing and re-committing to additional reforms after they have been tested and are ready for replication in other areas. This approach will also allow the program to assess capacity within local and village governments and ways in which this capacity can be harnessed to support the roll-out of proposed reforms.

World Bank research suggests that the capacity of partner governments in Aceh is weak and hobbled by institutional corruption.[43] Within a post-conflict environment it is nevertheless essential to work through government to create a relationship of trust between the citizens and the government. Establishing new public services that replicate or abrogate government responsibilities would be counterproductive and potentially undermine government capacity and accountability. Similarly, it is too large a task to improve government across the board through a single program response. LOGICA 2 will therefore work on specific priorities identified by Gampong representatives and improve transparency and capacity in the services related to that issue.

Resources will not however be channeled through local governments. Not only is national legislation prohibitively complicated, but local governments already have available a sufficient resource base, including through PNPM Mandiri. The capacity to develop and implement effective systems for public service delivery is a higher priority than additional fiscal resources. An investment by Australia to build demand for better governance through Gampong communities and civil society will enhance access to resources available through existing local government systems.

Delivery Organization:
Since the program combines various aid modalities, the most appropriate aid delivery mechanism is a managing contractor (MC). The MC will contract Acehnese service providers, will assist local CSOs and will hire technical assistance to support local and village governments. The involvement of the MC will be considerable during the first four stages of implementation, but as the roll-out progresses, its contribution should diminish and phase out during Stage 5.

Financing Arrangement:
As demonstrated through LOGICA, an imprest account will enable the MC to rapidly respond to the identified needs of target communities and to deliver program activities with the flexibility needed to maximise stakeholder involvement and ownership. Activities and program directions to be financed under the imprest account will be detailed in six-monthly workplans approved in advance by AusAID, and outcomes and acquitables against the imprest account will be reported against in 6-monthly reports. The MC will contract service providers on a competitive basis through commercial procurement. TA to support local and village governments will either be employed directly by LOGICA 2 as technical staff or they will be commercially procured. Based on the experience of LOGICA over three years, expenditure from the imprest account is likely to occur in the following proportions:

-     Field personnel to implement the program objective   50%
-     Small grants program   25%
-     Technical assistance, training and travel   25%

Flexible small grants program:
Provision has been made within the budget of up to AUD 5 M for a flexible small grants program that can be targeted to village, Kecamatan or Kabupaten governance reform

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[43] World Bank. 2006. "Aceh Public Expenditure Analysis"
http://siteresources.worldbank.org/INTINDONESIA/Resources/226271-1113558711510/986166-1119884224676/APEA.pdf

activities, filling resource gaps in building the capabilities of CSOs and networks, small infrastructure projects delivered through a community-based contracting methodology or support for small business and livelihoods initiatives, including micro-finance schemes. Based on the experience of LOGICA, around 450 grants of up to $15,000 each could be directed to initiatives that:

- strengthen community consultation mechanisms and build CSO capacity to engage with Gampong communities, including through consultative fora and action research;

- support the emergence and growth of livelihoods, including through micro-credit institutions;

- Provide bridge or seed funding for the establishment of innovative Kecamatan service delivery reforms pending longer term funding under APBD

- Strengthen the project management capacity of village Gampong administrations (including village development committees) by addressing small infrastructure projects not funded through other sources (eg PNPM Mandiri or APBD)

The delivery parameters of the grants program should be developed by the MC to in line with emerging Gampong priorities as assessed during the first year of implementation, and in consultation with key stakeholders and the PCC. Accordingly, the MC should propose an operational framework, guidelines and clear parameters for the administration of the grants program in the third workplan, including objectives, guidelines and operating procedures, selection criteria, payment disbursement schedules and monitoring and evaluation mechanisms.

Estimated Program Budget

Based on the experience of LOGICA, a broad notional budget of approximately $30 million is envisaged over a five year period.. An underlying assumption in the overall funding of LOGICA 2 is that Gampong communities and governments will increasingly contribute financially to reforms as the program progresses

Program Management

The program will be governed under the existing AIPRD agreement between the Australian and Indonesian Governments. The national level Government counterpart will be Bappenas, with the Provincial and Kabupaten counterparts determined by the Governor's and Bupatis' offices respectively.

The development of collaborative relationships with local stakeholders will be crucial to the success of LOGICA 2. During the inception period of three months the MC will develop, in consultation with key local partners, detailed Operating Guidelines. The guidelines, based on the guiding principles (below), should outline management arrangements and roles and responsibilities of different parties and levels of Government. They should include overviews of the program strategy, particularly in relation to engagement of marginalised people, participatory M/E, roles and responsibilities of different parties, and strategies for replication and sharing lessons learned at provincial, Kabupaten and Gampong levels.

The draft Operating Guidelines should be provided to Government representatives on the PCC for comment prior to broader socialisation and distribution. The Guidelines should be reviewed periodically following analysis of M/E results and input from partner meetings, with proposed changes to guidelines detailed in relevant six monthly reports.

Guiding Principles

Implementation of LOGICA 2 will be guided by nine core, non negotiable, guiding principles. The principles must be integrated into all program activities and processes, including staff recruitment, development of guidelines and strategies, partner interactions, as well as contractor performance evaluations (both Managing Contractor and Service Providers).

These guiding principles are:

1. Partnership and Building Local Capacity: Mutually beneficial and dynamic partnerships with local organisations, along with transparency in decision making, will help to ensure that these partnerships grow through trust, respect and shared learning. LOGICA 2 program staff will work alongside local organisations (government, and CSOs) as partners throughout the program to maximise systemic and institutional reforms.

2. Sustainability and Replication: LOGICA 2 will support approaches to improving living standards through better governance which, with sufficient capacity building support, can be adopted, maintained and replicated after project conclusion. Sufficient time and resources should be allocated to preparatory work to ensure that key community and government partners understand and commit to the longer term aim of replication. This should also influence program resourcing decisions – activities should be affordable enough to be replicated by local institutions post-AusAID support.

3. Progressive Engagement: The focus and geographical area of the program is progressively expanded over time based on results from previous phases of implementation. In order for supply (*Responsive Government*) to be based on demand (*Active Communities*), it is anticipated that initially greater time and resources will be allocated to developing strategies and capacity to support the community engagement aspects of the program and should be reflected in implementation work plans and resource schedules.

4. Flexibility and Responsiveness: The program should adapt to emerging needs and opportunities during implementation. It is important that there is flexibility in programming to ensure that external demands to replicate do not result in compromise to quality or negative impact on longer-term sustainability.

5. Gender and Social Inclusion: The program will develop strategies to ensure that aspirations of traditionally marginalised people are prioritised in program activities. Aside from women, this is likely to also include the economically disadvantaged, young people, former combatants, internally displaced persons, people who have recently permanently relocated to Gampong, and people with disabilities. Program resources should be allocated to local capacity building and support for implementation of affirmative action strategies/actions..

6. <u>Community Empowerment:</u> Sufficient time and resources should be allocated to supporting the community (particularly the marginalised) to better understand their rights and responsibilities as citizens, and their capacity to access available government, community and CSO services. This includes capacity and confidence to analyse and prioritise needs and to influence policies which impact on their living standards.

7. <u>Commitment to Reform:</u> Initial partner discussions should clearly explain that demonstrated commitment to reform will be the basis for the selection of locations, activities and partners. Decisions to engage with counterparts should be made on clear and measurable commitments to reform and social change.

8. <u>Innovation and Continuous Learning:</u> The program will support and highlight innovation, particularly in relation to increasing stability resulting from reduced corruption and improved access to services and resources by the marginalised. The program should have robust MIS systems to support a process of continuous local learning through a cycle of measuring, testing, analysing and improving.

9. <u>Peace-building and Social Cohesion:</u> LOGICA 2 will actively promote social cohesion both within and between Gampong communities. This will contribute to broader peace-building and reconciliation efforts across Aceh. LOGICA 2 will promote effective dialogue, identification of common interests and capacity to accommodate different priorities amongst community members and between Gampong communities.

Counterpart Coordination Arrangements

Management and coordination mechanisms with local partners (government and CSOs) will be in place to develop, monitor and evaluate the program. This will ensure the program is being implemented in accordance with local needs based on the nine guiding principles. These coordination mechanisms will play an important role in building local ownership and responsibility and therefore increase the potential for post-program replicability. These mechanisms should include:

1. **Program Coordinating Committee (PCC)**: This is a multi-stakeholder forum in which AusAID, the Provincial and Kabupaten governments are represented. Ideally there will also be representation from local CSO forum/s.

   The PCC, convened every six months, will:

   (i) Agree on strategic directions for 6-monthly work plans;

   (ii) Review Program progress against the Monitoring and Evaluation Framework;

   (iii) Ensure that proposed activities and programs are consistent with the nine guiding principles, the Aceh Program Framework, and the current policies and objectives of the Provincial Government of Aceh;

(iv)   Assist in negotiating sign-off for any financial contributions from government agencies to the LOGICA 2 activities, for example for the longer-term funding of Kecamatan service delivery reforms.

As the central government winds down its involvement in Aceh through the Agency for Reconstruction and Rehabilitation, there is a deal of political uncertainty as to counterpart arrangements. PCC representation will be further considered as LOGICA2 is implemented, and may change over the life of the program to provide better, stronger direction.

2.   **Kabupaten Working Groups (DWG):** The PCC will also convene DWGs comprising representatives from local partners and organisations involved in the Program and community representatives. The DWG will meet as required to provide feedback and/or key recommendations to the PCC in considering 6-monhly workplans. The objectives of the DWGs are to discuss progress of activities and obtain feedback from partners on implementation progress, achievement, obstacles, and required technical support and capacity building assistance. This information will be presented at the PCC meetings. Gender balance in representation will be emphasised for each partner meeting.

Internal Program Management:

Details of management arrangements will be left to the Managing Contractor, based on allocations for management costs (including short term advisors) included in approved Program budgets. It is anticipated that other than the Team Leader, there will be the following indicative permanent positions:

-     Deputy Team Leader/ Program Manager: to oversee administrative, human resource and financial management systems required to effectively deliver the program;

-     Permanent advisers for each of: community engagement; governance reform; gender equity; conflict & peace-building; and Monitoring and Evaluation (TORs attached). These roles will be supported by specialist Kabupaten coordinators located in the target Kabupaten

The main program office will be in Banda Aceh with satellite offices in each of the target Kabupaten as required. To ensure day-to-day communication and collaboration, program field staff should be located in counterpart Government offices (at the Kabupaten and/or Kecamatan Level depending on the phase of replication). The Kabupaten coordinator will play a key role in coordinating local partner engagement, monitoring and evaluation and ensuring implementation is based on guiding principles.

Key Stakeholders

The following matrix provides a broad outline of key stakeholder groups, their proposed role and mechanism for engagement.

Stakeholder	Mechanism for Engagement

Village communities	Key stakeholder and primary beneficiary. Engagement will be based on CE strategy developed during the inception phase

Gampong will be selected on basis of discussions with Kabupaten Governments, and commitment of village government to provide necessary support during CE and follow up actions.

Service providers and CSOs will directly support CE processes and all related community capacity building activities, with the program team working to support relevant community representatives /CSOs undertaking ongoing learning needs assessments, providing community capacity building, and monitoring impact of capacity building

Community representatives will be actively involved in monitoring and evaluation to revise and improve implementation strategy.

There will be a male and female community representatives at PCC and DWG meetings. |
Service Providers	Key partner, provider of local capacity building (and recipient of capacity building support from the program). The SP will be subcontracted – with contracts detailing clearly roles and responsibilities, agreed outputs and resourcing.
Civil Society Organisations	Primary local stakeholders, beneficiary of capacity building support (through local SP), identified during initial area assessments
Village Government	Role and responsibility of village government detailed in Operating Guidelines.
Kabupaten Government	Primary local stakeholder, selected on the basis of commitment to reform, with roles and responsibilities detailed in Kabupaten cooperation agreements. Responsibility likely to include allocating appropriate human resources to be actively involved in program implementation, assistance with identifying and delivering service reforms (based on/following CE process), coordinating dissemination of learning throughout Kabupaten,

Allocates necessary financial resourcing to support Government involvement and practical means for collaboration (eg office space for program staff, any necessary "transport" costs for Government staff), |

	Member of PCC and Kabupaten working groups
Provincial Government	Primary stakeholder.
	Details of roles and responsibilities will be defined during inception period, included in operating guidelines (and program agreement document). It is envisaged the role will encompass Provincial level coordination, including assistance in facilitating initial Kabupaten assessment, Kabupaten briefings,
	Member of PCC
Other donors/projects	Engagement through donor coordination plan and through implementation of Gampong and Kabupaten activities.
Local media	Encouraged to participate in, monitor and report on program activities

Critical Path of Activities

A three month inception period will precede the four implementation phases. It is expected that any nominated STA should be in-country/actively involved during this period. Key activities in the inception period will include:

1. Staff recruitment – clear and transparent recruitment processes based on staff TORs and selection drawing on relevant experience in and commitment to guiding principles. The staffing profile for LOGICA 2 should be gender balanced

2. Socialisation/building counterpart ownership – Orientation workshops with key Government and CSO partners so that stakeholders are clear on the Program objective and are able to provide input into implementation.

3. Area Assessments – As discussed above in the section on Geographic Coverage and Selection of Target Areas, a clear and transparent process and selection criteria should be developed on which to select geographic locations for piloting. These criteria could include issues such as local social/political and conflict dynamics (tension) commitment to social change/reform, poverty data, capacity of local CSOs, and identification of key partners (Government, CSO, other donor etc) in relation to possibilities for collaboration during implementation and networks for sharing learning.

4. Gauging counterpart commitment - The program will work with Kabupaten governments based on demand and commitment to reform. Criteria to gauge commitment must first be developed with provincial Government, documented, and made publicly available. It is expected that the program will work in two of the current Kabupaten, capitalising on the good will created during the LOGICA phase. The program will also begin piloting in an additional "non tsunami" Kabupaten.

5. <u>Monitoring Evaluation strategy</u> – should be developed with partners during the inception phase. This will involve discussion and final agreement on indicators for measuring success/impact of program activities, the strategy and roles and responsibilities in relation to M/E, and collaboration in the collection and analysis of baseline disaggregated data on which to measure impact.

6. <u>Capacity Building strategy</u> – A replication/exit strategy should be developed during inception period and linked to capacity building strategies. Indicators and systems should be developed to measure impact of capacity building activities with community, CSO and Government, who should be actively involved in periodic monitoring and capacity building needs assessment of different local stakeholders

7. <u>Community Engagement</u> strategy – Mapping of engagement strategies being used, lessons learned and potential for adoption, and working with key partners to developing/refine the community engagement strategy.

8. <u>Gender and Social Inclusion strategy</u> – Development of a clear social and gender inclusion strategy should cover processes, objective outputs and activities, and anticipated resourcing. It should include strategies to increase partner capacity in relation to social and gender inclusion, and staff and partner capacity relating to developing indicators to monitor progress and impacts, and identify and obstacles.

Following these initial inception activities, the program will commence the four phases of implementation. The program has a strong focus on engagement of marginalised people, who by definition have had little or no experience in community planning processes or advocating for their rights. Substantial time and resources may be required to ensure they have the skills and confidence to engage in situation analysis, priorities setting, understanding of their rights and responsibilities in relation to these priorities, and to work within their Gampong communities to develop advocacy strategies/action plans to achieve priorities. For example, small ad-hoc coalitions of community representatives might receive coaching on how to advocate for support from local organisations or from government for achieving their priorities.

Monitoring and Evaluation

As LOGICA 2 is based on facilitating new approaches to service delivery for future take-up by local partners, monitoring and evaluation indicators and tools, as well as roles and responsibilities in relation to M&E, should be developed collaboratively with counterparts partners during the initial inception phase. The LOGICA 2 M&E system will measure the quality and impact of the program's assistance and support to Gampong communities in advocating for responses to priority needs, and impact that resulting improved government services have on living standards. The M&E system will also measure the extent to which these services are able to be replicated by other local partners. The sustainability of impact should be seen not solely in terms of the adoption and replication of service delivery reforms *per se*, but also in relation to the role of community engagement in policy development by government, needs assessment and participative planning within Gampong communities, and the application of gender awareness and transparency principles.

Annex 2 details a broad M&E framework for LOGICA 2 which is based on the Janssen CICPI (2008) methodology. This approach proposes five tools – contributional analysis, impact assessment, citizens surveys, player analysis, and institutional analysis – which will be developed by MC in collaboration with the PCC and project stakeholders to measure improve performance against LOGICA 2 objectives through the life of the program. Resources should be allocated to improving team and partner capacity in monitoring and evaluation, including a full time adviser dedicated to M&E and knowledge management. The prime responsibilities of the adviser include: enhancing quality, equity, sustainability and scaling up of LOGICA 2 M&E activities through strategic advice and guidance to LOGICA 2 management and stakeholders, dissemination of lessons learnt, and advocacy to the broader Acehnese development community. A Mid-Term Review will be conducted to assess LOGICA2 progress in achieving its objectives, including the success of the approach to M&E.

M&E results will form the basis of a continuing learning strategy within LOGICA 2. A practical and user-friendly Management Information System (MIS) should be developed to capture M&E results and to disseminate key lessons learned for AusAID, different levels of GOI, CSOs, Gampong communities and the broader development community. It should also promote the uptake of those program approaches and tools that have been demonstrated to significantly impact on gains against program objectives. The roles of different partners in relation to LOGICA 2 M&E will be developed during the program inception period, based around the following considerations:

1. The government will be supported (MIS STA) at appropriate levels as identified during implementation to develop an affordable but robust MIS and M&E system to ensure that the government has reliable data about the quality of service delivery, based on input from the public. This data can be used for planning and target setting for service quality reforms. This data will also be available for political leaders to publicise their achievements or to reward performance of the public officials.

2. Civil Society organisations will be provided with support to improve their capacity to independently measure service quality and to enable them to speak with an independent voice based on objective information. They will also be supported to enhance skills in analysing data from Government M&E and performance measurement systems, better enabling them to hold dialogue with Government around issues and obstacles, and to lobby for reforms as required.

3. Gampong communities will be provided with necessary support to strengthen their capacity in monitoring and evaluating the impact of program activities. This will also encourage the documentation of lessons learned for future community engagement and advocacy activities. The LOGICA 2 M&E system will support Gampong communities in the initial development of progress indicators for their action plans, tools for monitoring achievements, gaps and obstacles (including those related to gender and social inclusion), and to use this information to amend their strategies accordingly.

4. A mechanism should be developed to enable individual members of the PCC to define small M&E tasks that independently review specific aspects of program implementation (focusing on their area of specialisation) and to advise on potential improvements.

5. Program progress against indicators will be measured by the contractor and independently verified by AusAID. This process should be harmonised with any other whole-of-program performance assessment measures initiated by the provincial government through the AusAID Aceh Program Framework. Indicators should cover quality of governance improvements based on qualitative and quantitative indicators, and wherever possible disaggregate data to report against gender equity outcomes.

Sustainability

Sustainability of LOGICA 2 program outcomes will be strengthened by the development of program approaches and 6-monthly work plans based on the nine guiding principles. In order to promote sustainability, LOGICA 2 must be flexible and able to respond over time to new emerging needs, and able to adopt lessons learned into iterative program implementation.

Local commitment and demand will be crucial for sustainability. There is widespread support in the current Acehnese development environment for programs that will lead to improved governance, both within community and government. There is also a clear political incentive among many of the newly elected democratic Provincial and Kabupaten governments to improve responsiveness. The program should identify the reform champions within different levels of government and support them to build on this commitment to social and political change. Substantial financial resources are now available within Government to respond to community need, including for the support of village-level development efforts. Concerns about low levels of existing capacity to effectively and transparently manage these funds will be mitigated as new administrative procedures and service delivery modalities emerge and are replicated, producing tangible living standard outcomes for Acehnese citizens.

At the community level, there is widespread frustration in relation to lack of understanding of, and transparency in, local decision-making processes, particularly in relation to resource allocations. This is a potential cause of instability. LOGICA 2 can respond to demand within Gampong communities for better access to and influence on local decision-making about the use of public resources. A continuing and underlying focus across all program activities on community empowerment, gender equity and poverty reduction principles will ensure that the marginalised are included, are satisfied with the process, and committed to future replication.

LOGICA demonstrated a range of approaches to enhancing the long-term sustainability of its program outcomes which can be integrated into the design of activities under both program components of LOGICA 2. These include:

- *Strengthening the capacity and credibility of local NGOs and civil society groups* by engaging them as service partners to deliver elements of training, technical assistance and mentoring support to Gampong communities and government agencies on issues such as transparency, gender awareness, participative planning and village elections.

- *Stakeholders assume ownership of program outputs*, and are skilled to carry these forward into the future – for example, community representatives develop action plans to address specific village priority issues (clean water, livelihoods,

housing or infrastructure), and are equipped with skills to pursue action on these issues (proposal writing, representation, negotiation skills, public campaigning, advocating resource allocations from government or donors);

- *Stakeholders consolidate their networks* to form issue-specific organic civil society groups or NGOs to represent and advocate for their priorities; and

- *Activities originally initiated with program support become mainstreamed* into the day-to-day business of Provincial, Kabupaten, Kecamatan and village governments, backed up by procedures and models disseminated through workshops, mentoring and technical assistance.

Overarching Policy Issues

Anti-corruption

A key source of frustration and possible instability for Aceh is the lack of transparency in decision making around resource allocation. Increased community understanding of systems and processes, and improved civil society capacity to effectively engage, analyse and advocate will reduce these frustrations and the opportunities to engage in corruption behavior. Outcomes from both the active communities and responsive governments components will also contribute to reduced corruption.

On the demand side, active and empowered Gampong communities, supported by effective and accountable civil society organisations and networks, will have a greater understanding of the government system, how it should work, how to influence it and where and how to complain or provide feedback, including in cases where there is suspicion of corruption. On the supply side, Governments have improved understanding of their roles and responsibilities, how and in what form to engage with Gampong communities to ensure that systems and decision making processes are open and transparent, and have created and are responsive to clear and easily accessible complaints mechanisms.

There are a number of well established and well regarded CSOs in Aceh working towards increasing transparency and reducing corruption. Some have links to national level anticorruption CSOs and/or semi Government bodies (eg anti-corruption commission). The program should look at opportunities to link with these organisations, for example through involvement in local CSO capacity building programs, the PCC, and through creating opportunities for quality dialogue between these and other program partners.

Gender issues

Gender and social inclusion is a key guiding principle, and commitment to and practical application of supporting strategies will be vital to program success. An overview of the gender and social inclusion strategy/action plan should be included in tender documents, and further developed during the inception phase of the program.

Aceh is in a period of change, with newly emerging systems of governance at the village, Kabupaten and provincial levels. This provides great opportunities to focus attention and

resources towards improving gender equity. The program should adopt affirmative action strategies to actively and consistently support improved gender equity in all areas where it has influence, for example in staff recruitment, selection of service providers, local CSO partners, the capacity building strategy and individual capacity building activities, and integrated into all action learning/planning activities.

As a cross cutting issue, gender should be the responsibility of all staff and clearly reflected in job descriptions and staff recruitment, not placed within a single gender unit. Short term technical assistance maybe required to assist the larger implementation team and partners in the developing GSI strategies during the inception period, and monitoring and assisting with problem solving during implementation. Progress in promoting gender equity should be a key performance indicator of the managing contractor, included in staff appraisals and agreements with local contractors.

There are a number of established and well regarded CSOs, and multi-stakeholder gender working groups, working towards promoting gender equity. The program team should develop a process for systematic engagement with these organizations, including for example as members of PCC, and the on ground implementation and M/E of program activities.

Environment

Given that LOGICA 2 workplans will be formulated around counterpart priorities, the program will only directly address environmental issues if these emerge as a priority during initial needs assessment/planning activities. Nevertheless, the impact of improved governance will flow through to improved transparency and accountability in government decision making around natural resource management. The program development and implementation should also remain consistent with current AusAID Guidelines, including the "Environmental Management Guide for Australia's Aid program".

Partnerships

Local partnerships will be a key to success of LOGICA 2, and program management mechanisms place importance on the role of local partners, and mechanism to promote their involvement in key decision making and monitoring forums. Consultation and collaboration with program counterparts is important for reinforcing and modeling approaches to good governance that will continue beyond LOGICA 2.

Donor harmonization

LOGICA 2 should collaborate with other donor programs to share resources, knowledge and to minimise duplications in the delivery of program activities, particularly at the Gampong level. The development by the MC of Donor Cooperation Plan will highlight how LOGICA 2 will synchronise with other programs, reinforce common messages and avoid overlaps. The Plan will also provide details on proposals by LOGICA 2 to deliver joint programs (eg training for community representatives or public officials), delineate areas of responsibility and expertise (eg in disbursement of small infrastructure grants and building the capacity of village development committees), and to monitor program effectiveness.

Harmonization with other AusAID Activities

Systematic efforts should be made to develop and maintain close communication with other AusAID funded activities both within Aceh (eg CEPA) and elsewhere in Indonesia, for example ACCESS 2 and Civic Education. The program should also proactively draw on the expertise available within AusAID in relation to cross cutting issues of HIV/AIDS and environment.

Risks

The main risks in the design relate to ensuring active participation of marginalised groups, balancing and sequencing of community/government engagement and related capacity building, ensuring the program interventions are locally driven and progressively handed over, and the possible risk around the deterioration in the general security situation. The following provides a brief outline of major risks and ways these can begin to be addressed. These risks should be reviewed with partners during the inception phase and revised and updated every six months.

Stakeholder ownership.

While necessary to promote and sustain good governance, the process of supporting active communities (particularly marginalised citizens) and responsive governments is still relatively new in Aceh (as it is elsewhere in Indonesia), and will not be quick and easy. The development and piloting of the model will be a time consuming process. Sufficient time must be allocated in the initial phases of implementation to building local community capacity and empowering marginalised groups to become key drivers of the program's directions and activities over its 5-year lifespan.

There is a risk that targets in terms of geographic coverage within limited/prescribed timeframes will mean that replication takes place without the requisite local ownership, capacity, and commitment to post program replication, impacting negatively on short term outcomes and longer term sustainability.

The risks related to implementation could be mitigated by:

1. Ensuring coverage and replication targets are practical and not too ambitious

2. Careful planning and constant monitoring to ensure that activities aimed at promoting active communities are given enough time prior to moving into other areas of the cycle, and that unrealistic community expectations of government are not reinforced.

3. Tasking the MTR with assessing timeframe along with progress and performance, and make recommendations regarding quality of implementation and feasibility of timeframes to meet objectives

Elite Domination.

This relates to the time issue above. As programs aimed at community empowerment, especially those working with broader community, not just with community elites, are time and resource consuming. Given this, there is a risk that in order to see quick results, the process will be short circuited, the traditional elites/power holders within Gampong communities will continue to be the key actors on the AC part of the equation,

therefore reinforcing traditional gender and social inequality. If this occurs, the program objectives are likely to be substantially compromised.

There is also the risk that insufficient attention and capacity building for local CSOs to be able to effectively engage with and represent their members. This relates also to the issue of longer term resourcing (sustainability) for organisations representing the aspirations of the marginalised or for the organisations building capacity of the marginalised and their Gampong communities

The risks relating to insufficient attention to ensuring inclusive processes can be addressed by -

1. The tendering process should ensure that bidding teams and key personnel clearly demonstrate their understanding of the program, detailing for example their monitoring and evaluation, gender and social inclusion, strategies for capacity building of different local stakeholders.

2. A clear and practical gender and social inclusion strategy is developed and regularly reviewed with partners.

3. All monitoring and evaluation must measure who is involved in what processes and decision making points, and quickly intervene to address issues/areas where marginalised are not actively involved.

Government Ownership, Commitment and Capacity.

Another major risk is that local partners, in particular government, are unclear and/or not committed to program objectives and principles, insufficient, inappropriate and/or poor quality capacity building results in situation where local partners do not have the capacity (or interest) to continue roll out post program. Similarly, there is a risk that community expectations of government are built but not adequately met through policies and service provision. There is also a risk that governments will not be adequately committed or positioned within the timing of budget cycles to fully fund the development ad replication of new service delivery modalities.

The risks related to lack of local ownership, capacity and community expectations may be reduced by ensuring -

1. Ensuring sufficient time is allocated to the inception/preparation phase

2. A clear and well resourced capacity building strategy developed based on comprehensive, periodic learning needs assessments. The LNA should separate needs of for example men and women, and strategies developed to suit differing needs

3. Developing (adapting) a participatory monitoring and evaluation tool to measure impact of capacity building support on individuals and/or organizations, with the results discussed, "gaps" or weaknesses identified, and remedial strategy adopted.

4. Ensuring that Gampong communities gain knowledge about the obligations, responsibilities, functions and limitations of government, and are able to realistically delineate between government and community responsibilities.

The risks related to a lack of government commitment to long term funding of new service delivery modalities can be mitigated by:

1. Early engagement and socialisation of key government officials to the process of service delivery reforms on specific pilot issues identified during Stage 2 of implementation.

2. Ensuring that the machinery of government processes required to establish enabling legislation and allocate government funds for new service delivery modalities commence as early as possible within Stage 3 of project implementation.

3. Canvassing and widely publicising statements of support from high level government officials (eg Governor and Bupatis) for the benefits of service delivery reforms and the ways in which they will be delivered.

Security Situation

The final risk, largely external to the program, relates to the possibility of a worsening security situation, which could make working in Aceh dangerous/not possible.

The impact of this security risk can be addressed by -

1. Security plan developed during inception and update regularly.

2. Options for continued implementation in event of worsening security situation addressed in plan.

ANNEXES

Annex 1: LOGICA 2 Implementation Stages, Timing and Output Documentation

Active Communities Component	Responsive Government Component

Stage 1: Preparation and Research

Implementation	Notional timing	Outputs
Stage 1(a): Determine target Kabupaten and Gampong: Activities: • Based on advice from PCC, Governor's Office, PNPM Mandiri, LGSP ad other relevant donors • **Conflict analysis** • **Economic and social analysis** based on world bank assessments and PEA per Kabupaten and other relevant sources **Stage 1(b): Engage with other donor programs** Activities: • **Project briefing** through bilateral and multilateral fora • **Identification of common target areas** and existing programs within those • **Analysis of PNPM** activity in targets Kabupaten • Development of **donor partner collaboration plan**	3 Months	• Project inception plan • Collated assessments, analysis and justification for target Kabupatens and Gampong • Minutes from inaugural PCC • Donor cooperation plan, including collaborations with PNPM & LGSP • Minutes/ records of briefings and planning sessions

Active Communities Component			Responsive Government Component		
Stage 2: Stakeholder Engagement					
Implementation	**Timing**	**Outputs**	**Implementation**	**Timing**	**Outputs**
Stage 2(a): Engage with target Gampong • Deploy **village facilitators** – minimum 1 per 5 Gampong and establish project regional operating bases • Engagement and **socialisation of village leadership** & local CSOs • **Background briefings** prepared on each village, inc demographics, economy, conflict, governance and existing decision making structures • Development of **village collaboration plans** with other major donors	3 months	• 6-monthly workplan • Quarterly Report • Documentation of processes to socialise program in Gampong • Collated background briefings target Kabupaten and Gampong • Donor cooperation plan expanded to include proposed village-level activities	**Stage 2(b): Engage with Kabupaten/ Kecamatan offices** • **Deploy Kabupaten/ Kecamatan facilitators** based full time in Kabupaten or Kecamatan offices • Briefing and **socialisation of Bupati, Camats** and key DINAS officials and apparatus • **Identify and document existing government structures** (inc DINAS), leadership, staffing, responsibilities, fiscal flows, planning and budgeting processes, administrative processes, and service delivery modes • Identify and document existing **community consultative mechanisms** • **Profile of other donor support** and activities development of coordination plans • **Consult with officials and staff** on human resource needs, training preferences, engagement with other programs and aspirations • **Develop preliminary training, TA and mentoring plan**s in collaboration with other donors	3 months	• Detailed profiles on target Kabupaten and Kecamatan governments inc DINAS structure, leadership and responsibilities, budgets and existing service delivery • Documentation of Kabupaten planning and consultation processes, inc existing for a • Documentation of engagement by other donors in each target Kabupaten Preliminary profile of HR training and support needs

Active Communities Component			Responsive Government Component		

Stage 3: Participative Needs Assessment and Action Planning

Implementation	Timing	Outputs	Implementation	Timing	Outputs
Stage 3(a): Analysis of village needs and priorities through participative consultation • Establish new or link into existing **village forums** and decision making mechanisms (inc PNPM Mandiri), with support of village leadership and linked to government officials • **Community profiling** and conflict analysis • **Documentation** of levels of government services by sector operating in the village • **Documentation** of other donor programs at village level, particularly PNPM • Identification of **village 'champions'**/ representatives • **Training programs** in participative consultation, meeting facilitation, advocacy and conflict resolution • **Training and mentoring** in government processes and understanding government budget allocations • Identification and mentoring of **women leaders, vulnerable and**	6 months	• 6-monthly workplan • Quarterly reports • Collated community profiles • Documentation of community forum procedures • Update on donor collaboration plan • PCC minutes • Matrix of identified community representatives • Matrix of community action plans • Matrix of community training and mentoring programs • Matrix of CSOs	**Stage 3(b): Analysis of the effectiveness of government service delivery** • Transparency training and mentoring • Gender awareness training • Identify planning, budgeting and administrative systems and procedures for reform and streamlining, possibly as grants funded pilot projects • Targeted staff training in key areas of administrative and service delivery reform • Highlighting and analysis of existing government spending priorities, benchmarked against PEA where possible • Identification of performance measures or benchmarks • Develop plans for reforms to specific administrative systems, including training, TA and mentoring • Identify public consultation mechanisms and develop plan for broadening scope to include input provided directly from Gampong communities and vulnerable groups	6 months	• Detailed overviews of planning, budgeting and administrative systems and procedures in target Kabupaten and Kecamatan government • Activity plans for Kabupaten and Kecamatan facilitators • Management and staffing profiles with notional training and personnel development targets • Detailed maps of public planning and consultation processes • Preliminary service delivery performance benchmarks

• **marginalised groups** and processes to support their participation in forums • Assessment of **village government capacity**, fiscal flows and service delivery • **Participative needs assessment** to identify unmet needs and priorities, particularly for marginalised people, and service deficits by sector • Delineation of **government versus community responsibilities** for service provision • Begin development of **community action plans** on priority needs – either by community reps, clusters of CSOs • Build **links with CSOs** • **Dissemination** of village profiles, needs assessments and action plans to Provincial, Kabupaten and Kecamatan governments • As appropriate and timely, begin **implementation of action plans** for priority needs			• Where necessary, establish new or build on existing government-community consultative fora • Customer satisfaction surveys		

Active Communities Component			Responsive Government Component		
Stage 4: Advocacy, Service Reforms and Performance Monitoring					
Implementation	**Timing**	**Outputs**	**Implementation**	**Timing**	**Outputs**
Stage 4 (a): Gampong communities advocate improved services to governments • **Dissemination and further training** on government fiscal flows and budgets to village and existing services • If not already, village facilitators are linked with and particpate in PNPM processes • Implementation and resourcing of **village action plans**, inc targeted training and mentoring • Linking into **Kabupaten/ Kecamatan government fora** and established planning processes • Ongoing dialogue with and **advocacy of local government officials** • Documentation and **tracking of action plan** outcomes • Where appropriate, development of **media and communications strategy** • Active engagement or establishment of CSOs and **links to regional CSOs** • **Networking** of common action plan	12 months	• 6-monthly workplan • Quarterly Report • Update on donor collaboration plan • Update on village action plans • Update on engagement of women, vulnerable and marginalised groups • Update matrix on training and mentoring activities • Proposed outline for small grants for pilot ad livelihoods activities • PCC minutes	**Stage 4(b): Governments implements service delivery reforms** • TA and government facilitators work with government to design reforms targeting 1 – 2 priority needs identified by Gampong communities and vulnerable groups, and to develop processes and procedures • Training for service delivery staff • Pilot funding to trial service delivery reforms • Continuing targeted transparency and gender awareness training • Development of citizens charters in consultation with community representatives • TA to establish performance benchmarks and reporting • TA to develop simple complaints handling and feedback systems • Ongoing staff mentoring and targeted training in key area of administrative reforms • Identification of legislative changes and delegations needed to support service reforms	12 months	• Proposal for service delivery reform, demonstrating link with community input • Procedure manuals for service reforms • Matrix on training and mentoring activities for Kabupaten and Kecamatan staff and officials • Outline of gender awareness and transparency activities • Matrix of TA allocated to Kabupaten and Kecamatan offices • Updates on complaints handling and feedback

themes across the Kabupaten/ region • Continuing program support **implementation of action plans** and other donor activities • Transparency training in target Gampong • Training for community representatives and village leaders in grants application and project management • Small grants funding to develop livelihoods initiatives services for vulnerable groups at the village level, in collaboration with PNPM			• Development of a public communications strategy for new trial service delivery modalities • TA to assist government officials in conducting community budget transparency meetings to disseminate information and discuss government budgets and priorities • Dissemination of information on new services, pricing and accessibility • Kabupaten/Kecamatan facilitators assist government counterparts to align with PNPM planning and assessment processes	mechanisms
Stage 4(c): Gampong communities participate in monitoring and feedback of service reforms by government • Community representatives and marginalised groups contribute to the development of citizens charters by government • Community representatives and CSOs distribute information on new services and complaints and feedback mechanisms • Village facilitators assist community representatives to develop simple mechanisms to document access to services by Gampong communities • Community representatives monitor and document access to services by women, and vulnerable and marginalised groups	• 6-mnthly workplan • Quarterly reports • Documentation of community input into Citizens Charters • Documentation of mechanisms for community based monitoring of access to services y citizens and vulnerable groups • PCC minutes		**Stage 4(d): Governments continuously improve services in response to feedback** • Governments establish processes for ongoing performance assessment, complaints handling and customer feedback • TA to develop specific measures to assess access by marginalised and vulnerable groups • TA assists governments to assess feedback and performance data to determine service enhancements • Governments engage with regional transparency CSOs • Continuing media and public information strategy • Documentation of reformed services delivery models and procedures of replication	• Citizens Charters • Documentation of performance assessment framework for reformed services • Public information strategy • Matrix of legislative requirements and delegations • Schedules for Budget transparency

			• Progression of legislation to support reformed services and their replication • Revision of citizens charters based on community feedback		

Stage 5: Consolidation and replication

Implementation	Timing	Outputs	Implementation	Timing	Outputs
Stage 5(a): Gampong communities seek reforms in other areas of unmet meet • Community representatives identify new priorities and service delivery service reforms • Citizens with reduced levels of support from LOGICA 2 use processes from Stage 4(a) to engage government on new issues	Ongoing from year 2	• 6-mnthly workplan • Quarterly reports • Detailed documentation of completed community action plans and updated matrix • Significant change case studies • Documentation of any proposed replication of process	**5(b): Governments engage with Gampong communities to implement and replicate reforms in new areas** • Limited TA an assistance for governments to continue processes from Stage 4(b) in new areas identified through active community engagement • Officials involved in successful reforms from Stage 3 act as mentors and guides to officials in new areas • Documentation and publication of processes • Continuing implementation of legislative reforms and delegations to enable service delivery reforms	Ongoing from year 2	• Case studies and documentation • Procedure manuals for replication • Seminars on reformed services • Documentation of linkages with other Kabupaten and Kecamatan governments in new areas

Annex 2: LOGICA 2 Monitoring and Evaluation Framework

Annex 3: Risk Management Matrix

Annex 2 – LOGICA 2 Monitoring and Evaluation Framework

LOGICA 2 Monitoring & Evaluation (M&E) Framework

The following is a broad conceptual overview of the M&E framework proposed for LOGICA 2. It essentially provides a simple framework of tools to enable supervision of the program by AusAID and to facilitate a shift of M&E knowledge and skills from the contractor to Acehnese community and government counterparts.

Integral to the LOGICA 2 M&E system is the capacity of program counterparts – communities, CSO's and governments – to monitor and assess the benefits they believe they have derived from participation in LOGICA 2 activities. This will provide a 'learn-by-doing' opportunity to build the capacity of partner organisations to apply M&E and performance assessment skills to measuring the effectiveness of their own programs and services.

LOGICA 2 staff, under guidance of the M&E advisor and M&E team, will oversee the development of M&E capacity within program counterparts, conducting periodic and targeted evaluations of counterpart capacity and processes, the results of which will feedback into program activities. This evaluative process will serve as a tangible and immediately relevant (training) example of M&E methodology and practice for counterpart agencies to readily assess and apply to their own programmatic needs. The development of sustainable M&E capacity within program counterparts being both an outcome and integral process of LOGICA 2's M&E system.

Within three months of mobilisation, the Managing Contractor will provide AusAID with a detailed M&E plan that:

(i)   further develops and refines the framework, proposing modifications where appropriate;
(ii)   describes M&E methodology (including the development of specific tools);
(iii)   establishes indicators and specific measures that correspond to all stages of program implementation and geographical roll-out;
(iv)   establishes firm targets for measurement and reporting on M&E outcomes;
(v)   defines the roles and responsibilities for managing the M&E system;
(vi)   defines the resources required (including a budget);
(vii)   provides a clear articulation of how lessons learned will be captured and integrated into ongoing project design;
(viii) outlines coordination mechanisms with community and government stakeholders;
(ix)   demonstrates how the M&E system will harmonise with any other whole-of-program performance assessment measures initiated by the provincial government through the AusAID Aceh Program Framework; and
(x)   demonstrates how the LOGICA 2 M&E system will synchronise with and contribute to any existing government M&E systems.

The LOGICA 2 design has five stages of implementing the 'Active Communities – Responsive Governments' model, each of which is linked to specific outcomes consistent with the two program objectives. These will be measured through a series of specific indicators, to be developed by the Managing Contractor. During the life of the project, several phases of geographic roll-out will be running concurrently. The

staggered phasing will ensure that the flexible design of LOGICA 2 results in SMART[1] outcomes. The M&E framework includes five tools to collect data against indicators and to facilitate standardised reporting through all phases of implementation.

Janssen's **CICPI: Five Standard Tools**

LOGICA 2 will use five main M&E tools to assess the effectiveness of activities in achieving outcomes against the two program objectives, across all five stages of program implementation and at all phases of geographical roll-out. The Janssen CICPI (read chickpea) framework includes five major M&E tools:

- o <u>C</u>ontributional Analysis
- o <u>I</u>mpact Assessment
- o <u>C</u>itizens' Surveys
- o <u>P</u>layer Analysis, and
- o <u>I</u>nstitutional Analysis.

Each tool is described in more detail below:

Contributional Analysis:

In the initial implementation stages of LOGICA 2, the Contribution Analysis tool will document the contribution each stakeholder makes to reforming services aimed at community priority needs, from the perspective of the counterpart. Each stakeholder will maintain their own records, in an agreed format common to all program stakeholders, and these will be shared in regular coordination meeting forums, initially facilitated by LOGICA 2 staff. This information will be used to iteratively optimise the service-delivery reform process and to ensure that all stakeholders have a documented basis for contributing to discussions about program strengths and weaknesses and subsequent program enhancements.

Reforms and improvements to the government's implementation system – as well as the consultative process that has led to service delivery reform outcomes – will be documented and advertised by each partner organisation and communicated within and beyond the target geographical area (eg Kabupaten). This process will be overseen by LOGICA 2 staff.

Impact Assessment:

During Stages 1 & 2 of project implementation, LOGICA 2 will invest considerable effort in supporting communities and the marginalised to analyse their needs and to plan action to advocate that governments deliver effective services to address priority needs. The effectiveness of governance improvements and reforms that result from this process should be tested during Stages 3 and 4 of project implementation.

Once useful types of service delivery reform have been identified and their impact on improving living standards has been assessed, the emphasis of the Impact Analysis will shift *from effectiveness to efficiency.* All stakeholders should be given the opportunity to assess the impact of their specific contribution to the service delivery reform process (either as 'advocates', 'facilitators' or 'implementers') and estimate the real and

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[1] Specific; Measurable; Attainable; Relevant; Timely

perceived costs of their involvement. Improvements to maximising the efficiency of their inputs and contributions can be discussed regularly in coordination meetings.

Stakeholders will need to jointly review the impact of the accountability systems (eg citizen charters, complaint mechanisms, etc). When accountability mechanisms are in place but have not resulted in effective corrective action, additional channels of recourse should be proposed and later assessed in a similar manner.

Citizens Survey:

The Citizens Survey seeks the opinions of a representative sample of citizens from LOGICA 2 target villages, including the marginalised. Survey questions should cover a wide range of process-related issues such as: access to information about services; the quality of consultations undertaken and citizen perceptions about the extent that their views were acknowledged and acted upon; the level of ownership citizens have over reforms underway; and, the perceived relevance of service delivery reforms. Surveys should be repeated regularly and compared over time and between target areas to inform longitudinal assessments.

Surveys could either be administered by independent entities at the request of Government, CSO's or community stakeholders, or stakeholders could undertake their own surveys and compare results. LOGICA 2 M&E advisers should assist in the development of the surveys and the maintenance of documentation and databases. This will help ensure consistent standards in survey methodology and build the capacity of partner organisations in using survey methodologies. In the longer term, it will also facilitate access to better quality data to inform service delivery reforms, and the organisational capacity of government counterparts, CSO's and communities.

Player Analysis:

LOGICA 2 is a governance program that aims to contribute to stability in Aceh and reduce community tensions arising from poor living standards and ineffective service government delivery. To maximise the reach of program outcomes across as much of Aceh as possible, it is essential that service delivery reforms are able to be replicated widely with minimal or no assistance from LOGICA 2. To ensure that replication occurs, it is necessary to gauge the willingness of key actors to replicate reforms and the processes involved in implementing them. The Player Analysis will measure both community tension levels along with the willingness of key actors to engage in service delivery reform.

The Player Analysis will record the needs, interests, and concerns of key stakeholders through interview and observation. It will build on the 'village dynamics' tool developed for CEPA and will use the same methodology to identify and/or measure:

1. The extent to which groups are marginalised;
2. The mechanisms, institutions or processes that maintain their exclusion and marginalisation;
3. Interactional dynamics between marginalised groups and the broader community within which they live
4. Community-level tensions
5. Adherence of LOGICA2 interventions to the 'Do-No-Harm' principle

6. Support for government service delivery reforms at the village, sub-district and district levels – and both within government and with other power brokers
7. How LOGICA 2 program interventions (for example community representative advocacy, or citizens charters) will change community support for or against reform.

The responsibility for administering the majority of LOGICA 2 M&E tools will over time be delegated to community and government stakeholders. LOGICA 2 advisers will however continue to administer the Player Analysis throughout the life of LOGICA 2 to ensure a continuing and comprehensive understanding of the dynamics of target areas.

Institutional Development Analysis

Before LOGICA 2 is able to support stakeholders in replicating reforms across other sectors or geographical areas, it should undertake an Institutional Development Analysis in collaboration with all key stakeholders (communities, CSO's, government counterparts, and service providers) to highlight areas where institutional strengthening may be required. It is important that such capacity building be targeted to the specific needs of each counterpart to maximise their capability to participate in the service delivery reform process. It should not become an objective in itself.

The Institutional Development Analysis will review capacity across the following areas:

1. Organisational governance (for CSO's)
2. Financial management, planning and budgeting
3. Human resource management (including training and recruitment)
4. M&E
5. Research
6. Strategic planning
7. Budgeting and resource mobilisation, and
8. Communication, inclusiveness, complaints handling, and accountability

The analysis will result in an Institutional Strengthening Plan for each stakeholder group with clear milestones against which development can be measured. LOGICA2 will assist communities and government to implement the plan but *will not* drive the process of institutional strengthening. LOGICA2 will, however, regularly measure progress against institutional development indicators agreed to in the Plan. LOGICA2 will also undertake regular quality checks on administrative and management systems, such as accounting, transparency, HRM, and M&E.

Supporting Monitoring & Evaluation Tools

Three Registers

In addition to the application of the five M&E tools above, LOGICA2 will maintain a database system that documents:

o all government service delivery reforms that occur in all targeted sectors and geographical areas through the life of the program;
o community needs assessments, action planning and advocacy or representation to government;
o collaborations between partner organisations;

- o significant engagements between communities and governments, for example in the development of citizen charters, or the development of District government budget allocations that target specific unmet community priorities.

The database system should maintain three distinct registers:

Reform Inventory: LOGICA2 will use its stakeholder networks to identify and document all reforms to governance and service delivery across Aceh. 'Reform' should be viewed as being broader than improvements in service delivery and should cover all governance issues related to community aspirations, particularly those of the marginalised. LOGICA 2 should specifically highlight those reforms that were initiated by community advocacy.

Meeting schedules: Rebuilding social fabric, particularly at the village level, is an essential factor in sustaining peace in a post-conflict environment. An assessment of the contribution of LOGICA 2 to this process can be in part assessed at any point in time by examining communication and interactions between different stakeholders (citizens, CSO's and Government) that have been facilitated by the project. LOGICA2 will maintain a schedule of all meetings that occur between any of these three groups in relation to the overall 'active community – responsive government' reform process.

CSO Register: LOGICA2 will maintain an inventory of all community representatives and CSO's (ad hoc and long term) that are involved in governance reforms within project target areas. For this purpose, CSO's should be understood to include: ad-hoc citizen alliances, NGOs, faith-based organisations, professional organisations, village interest-group clusters, indigenous networks and parastatal organisations.

Ownership of LOGICA 2 M&E processes are transferred to organic organisations over time:

Following mobilisation of LOGICA 2 by the Managing Contractor, implementation of the M&E framework should include the following:

1. Refining the purpose of all tools within the M&E framework and developing associated minimum performance criteria, for example exact percentages of positive answers in the citizen surveys or quantification of expected impacts of a reform.
2. Assigning responsibility across stakeholders and agreeing on timelines for the development of the tools.
3. Determining the frequency and intervals of measurement by each of the tools.
4. Calculating the resources necessary for the execution of the M&E system and identifying the sources for these funds.
5. Defining a precise process for the analysis of data by relevant stakeholders and for the integration of lessons learned into the ongoing project.
6. Agreeing with all stakeholders on how M&E results will be reported and published by and between stakeholders.

Risk	Source/s of Risk	Impact/s on Project	L	C	R	Risk Treatment	*Responsibility*	*Timing*
Not enough time is allocated for developing and testing the pilot model.	Quick move to the replication and rolling out without any evaluation and assessment on piloting project.	No adequate lesson learned Lack of readiness for roll- out and replication by local government and CSO and community	4	3	2	Allocating appropriate time for ensuring that the program has been well developed and implemented. The project has to be evaluated before replication phase. Assessment on the effectiveness of the project has to be done regularly.	*Team Leader, Governance Adviser (GA), Community Engagement Adviser (CEA)*	*On going, (at the end of the piloting phase)*
Not enough focus on community strengthening.	The programs developed do not pay enough attention on community side. In the implementation, the aspect of strengthening the community was disregarded or overlooked	The projects will fail to gain the active participation and involvement of the community; in fact the project has to focus on government and community simultaneously for making responsive government and active citizen.	3	4	2	Evaluation and assessment on how the programs implemented has a strong target on strengthening the community sides	*Team Leader, CEA and specialist*	*On Going*
No government buy-in with no replication of better systems as a result.	High cost program No strong commitment from the government to reform Inadequate consultation and preliminary discussion between the managing team and the government in introducing the project.	The project will fail as the second phase will be started as a roll out phase or replication process to be adopted by the local government.	2	3	2	Build a strong consultation with the government and introduce them to how the system will work. Ensuring the government will have a strong commitment for	*Team Leader, GA*	*On Going*

						replication.		
Insufficient attention/capacity building support relating to long term resourcing for organisations representing the aspirations of the marginalised or for the organisations building capacity of the marginalised and their communities	The programs have little attention on building the local capacity building in working with marginalised.	The program will not be sustainable. The local will not be able to take over the ownership and the roll out process of the projects as they has no adequate capacity and experience in working the [marginalised] issue.	3	3	2	The managing team has to ensure that the project will build/contribute to a strong local capacity building in working with marginalised. The managing team has to ensure that programs can be rolled out and sustained with maximum local capacity and minimum LOGICA's intervention	*Team Leader, CEA, GA*	*On going*
Principles are compromised for "quick wins" and/or rapid rollouts/replication, compromising principles/quality.	Not enough time set up to make the program achieve better lesson learned.	Quality assurance issue Quality control cannot be applied, and no enough time allocated to accommodate inputs and feedbacks.	3	2	1	Strong attention has to be paid for ensuring the programs has met the required quality before roll-out process.	*Team Leader, GA*	*On going*
Program does not adopt focus on the marginalised (and therefore ultimately promotes/increases inequality.	The implementation programs developed by the managing contractor and team do not target the marginalised. The managing contractor and the team have lack of capacity and experience in working with marginalised people and their issues.	In general, the project can fail to achieve and maintain its principle	3	3	2	Regular and responsive monitoring to be conducted to asses on the effectiveness of the program in reducing the inequality and targeting the marginalised.	*Team Leader, CEA, GA*	*On Going*

			L	C	R			
Impractical and/or non participatory M&E systems result in inefficient or costly systems and lessons learned not caught.	Poor M & E Design produced due to the inability of the team to engage community and other stakeholder while developing the design. The inability of the M & E designer in producing a simple M & E that can be used practically by all stakeholders to understand the lesson learned.	The M & E will not be able to measure the implementation program. The project will not get the beneficial inputs from community of relevant stakeholders	3	2	2	M & E has to be designed in a practical and participatory way. The team leader is to evaluate whether all of the M & E designs for the projects meet those criteria (practical and anticipatory). The team leader has also to evaluate the M and E design and ensure that the lesson leaned can be obtained from the design	*Team Leader/M & E, CEA*	*On going*
The managing contractor or their management team does not fully grasp the idea behind the program, seriously adopted program principles	The lack capacity of the managing contractor and the team to understand fully on peculiar aspects that becomes the background of the programs such as the effort to stress on peace building as a contextual and urgent issue in Aceh contemporarily. The strong emphasis on prioritizing marginalised is not adopted by managing contractor throughout the implementation of the program.	Project will not achieve the ultimate target and principle as the LOGICA TOO focus strongly on marginalised and contribute the effort for stability issue in Aceh.	3	2	1	Setting M & E that has strong indicators interpreted from the clear background behind the project. Regular monitoring and assessment on the program implementation on how far it can catch the program principle in practice.	*MC/Team Leader*	*On Going (with quarterly medium and long term assessment)*

Risk ratings	Key	Scale
Likelihood	L	5. Almost certain; 4. Likely; 3. Possible; 2. Unlikely; 1. Rare
Consequence	C	5. Severe; 4. Major; 3. Moderate; 2. Minor; 1. Negligible
Risk Level	R	4. Extreme; 3. High; 2. Medium; 1. Low