



Australia Indonesia Partnership
Kemitraan Australia Indonesia



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The Australia Indonesia Partnership: 2007 Year in Review





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Cover: AusAID grants have assisted small business owners, including weavers, to recover from the devastating impact of the 2006 Yogyakarta earthquake. Photo: Lorrie Graham

Notes:

The Australia Indonesia Partnership: 2007 Year in Review is an update on the *Indonesia Update Year in Review 2006*.

All figures are in Australian dollars, unless otherwise specified.

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Australia is working with Indonesia's rural sector to improve food security and reduce poverty, including in Nusa Tenggara Timur. Photo: Adi Rahmatullah

Introduction: 2007 year in review

2007 was another significant year for the Australia Indonesia Partnership.

Reconstruction after the 2004 Boxing Day tsunami neared completion, helping create a more positive future for communities in Aceh and Nias. This work was the centrepiece of the \$1 billion Australia Indonesia Partnership for Reconstruction and Development (AIPRD), the single largest aid package in Australia's history.

AIPRD also includes large-scale social and economic development programs across Indonesia. In 2007, many of these began and others moved forward showing positive results.

Building on these achievements, the governments of Australia and Indonesia collaborated on the development of the new *Australia Indonesia Partnership Country Strategy 2008–2013*. The strategy will guide the way the two countries work together over the next five years to help Indonesia deliver on its development goals, including the internationally agreed Millennium Development Goals (MDGs).

The *Australia Indonesia Partnership: 2007 Year in Review* reports on progress made and outcomes achieved throughout the year in several key areas: sustainable growth and economic management; investing in people; democracy, justice and good governance; and safety and peace.

The report shows that Australian development assistance is reaching those who need it most and is making a difference.

Hundreds of junior secondary schools were built or expanded in 2007, leading to thousands more students in poor and remote areas enrolling in school. Construction also began on another 500 schools. The Basic Education Program is pivotal to the Government of Indonesia meeting its own goal of achieving nine years of compulsory basic education for all children.

A \$38 million rural development program identified promising market prospects for agricultural products such as peanuts and specialty coffee, which will help boost the productivity and incomes of farmers in eastern Indonesia.

More than four million people in rural villages now have access to water and sanitation as a result of a project jointly funded by Australia's Agency for International Development (AusAID) and the World Bank, and Indonesia is better able to respond to outbreaks of avian influenza, reducing the risk of the disease spreading through poultry and to humans.

Local elections held across Indonesia in 2007 were more transparent and attracted more voters, due in part to AusAID funding for voter education and election monitoring. Australia assisted the Indonesian Supreme Court to implement legal reforms giving the poor and marginalised, including women, better access to justice.

Australia also announced new initiatives, including \$30 million to help Indonesia reduce greenhouse gas emissions from deforestation in Kalimantan. A new \$100 million Australia Indonesia Partnership for HIV will help prevent and limit the spread of the epidemic, improve the quality of life for people living with the virus and alleviate its socioeconomic impacts.

Despite progress in many areas, challenges remain. While economic growth means Indonesia is now classified as a middle-income developing country, around 100 million people—or almost half the population—still live on less than US\$2 a day. While great strides have been made in developing new infrastructure, many poor people continue to live with little or no access to basic services like clean water.

Australia has tripled its development assistance since 2003-04 and is now the largest bilateral grant donor to Indonesia. The method of delivering aid has changed—traditional project approaches have been replaced with those that help Indonesia use its own systems and resources more effectively and efficiently, in a genuine spirit of partnership. This will continue as the Australia Indonesia Partnership works at national, provincial and district levels of governments and with other donors, civil society and Non-Government Organisations (NGOs) to find practical, sustainable solutions to reduce poverty and build prosperity.

Australia Indonesia Partnership for Reconstruction and Development

The \$1 billion AIPRD program is the largest single aid package in Australia's history. It was announced in the aftermath of the tsunami of 26 December 2004, as Australia moved swiftly to help affected areas, particularly Aceh and Nias, recover from the devastating loss of life and economic damage.

However, the AIPRD went beyond the reconstruction effort with programs to promote social and economic development in affected areas and other parts of Indonesia. It heralded a shift in aid assistance, with Australia supporting programs the Government of Indonesia identified as priorities for reducing poverty. With the ever-present risk of natural disasters, the AIPRD also helped government, communities and civil society prepare for and respond to emergencies.

In 2007, significant progress was made in rebuilding vital community infrastructure in Aceh and Nias, such as village halls and schools, and reconstruction will be completed in 2008. Australian aid continued to help restore health, education and governance systems and to rebuild the skills lost when so many died.

The AIPRD also funded reconstruction and supported livelihoods in Yogyakarta and Central Java after the May 2006 earthquake, and provided support for other disasters.

The Australian and Indonesian governments are engaged at the highest political levels on the AIPRD. The program is governed by a Joint Commission overseen by the Prime Minister of Australia and the President of Indonesia and funds are allocated under a partnership framework agreed to by both governments.

Details on the many outcomes achieved under the AIPRD in 2007 are included throughout this report.

Financial summary

In 2007, total expenditure for the Australia Indonesia Partnership was \$292.1 million, including \$161.7 for the AIPRD.

The five-year AIPRD consists of \$500 million in grants and \$500 million in highly concessional loans for high-priority reconstruction and development projects. At the end of 2007, all funds had been committed and about \$376 million spent.

The \$300 million loan agreement for the Eastern Indonesia Road Improvement Project (EINRIP) is now expected to be disbursed over a longer period following Australian and Indonesian agreement to ensure quality design, construction, procurement, monitoring and accountability processes. The EINRIP loan agreement was signed on 7 September 2007. Civil works will commence in the second half of 2008 and final disbursement is expected in 2010-11.

Total AIPRD expenditure to December 2007

	Committed *	Expenses 2007	Total expenses to end December 2007
	\$ million	\$ million	\$ million
AIPRD grants			
Improvement of national roads	28	5.5	10.1
Basic education	100	11.7	25.1
Post graduate scholarships	78	21.6	39.5
Rehabilitation and reconstruction of Aceh and Nias	181	44.5	153.6
Government partnerships in economic and public sector reform	50	8.2	17.8
Rural and agribusiness development (includes Yogyakarta reconstruction)	68	17.5	33.6
Disaster preparedness and response	15	4.4	9.4
Total grants	520	113.4	289.1
AIPRD highly concessional loans			
Improvement of national roads	300	0.0	8.2
Basic education	200	48.3	78.3
Total loans	500	48.3	86.5
Total overall	1020	161.7	375.6

*AIPRD grants: Overprogramming will be picked up under the Indonesian Development Cooperation Program.

Note: all dollar figures are in AUD unless specified otherwise.

Progress against the Millennium Development Goals

The Australia Indonesia Partnership delivers development assistance to support Indonesia to achieve the MDGs. Indonesia's *National Millennium Development Goal Report 2007*, launched by President Susilo Bambang Yudhoyono in December 2007, reported that:

1. Indonesia is likely to meet MDG targets in the following areas:

- > poverty reduction
- > primary education enrolment rates
- > literacy rates
- > eliminating gender disparity in primary education
- > halting the spread of tuberculosis
- > improving sanitation.

2. Indonesia is making progress towards MDG targets in the following areas and is likely to achieve these if there is a sustained effort:

- > reducing child mortality
- > reducing malaria incidence
- > improving primary school completion rates
- > improving water access.

3. Indonesia is not likely to meet MDG targets in the following areas unless there are significant further investments:

- > maternal mortality
- > child nutrition
- > HIV prevalence
- > environmental sustainability at the national level.

Sustainable growth and economic management

Overview

In 2007, the Australia Indonesia Partnership progressed planning, building and upgrading infrastructure, focusing on roads, water and sanitation. These efforts recognise the importance of infrastructure for sustainable economic growth and social development. Improved roads, for example, increase access to markets, jobs and essential social services—without them, remote and poor parts of Indonesia will remain isolated and underdeveloped.

The partnership helped people to improve their household incomes, including through agriculture and market development. In Aceh and Nias, and in Yogyakarta and Central Java, livelihoods and community infrastructure devastated by natural disaster were rebuilt.

This emphasis on sustainable growth and economic management was complemented by an increased commitment from Indonesia and Australia to protect the environment and reduce greenhouse gases.

Infrastructure

The road to economic growth

Australia is supporting regional and social development in eastern Indonesia by improving the national road network and bridges. In September 2007, Australia signed a \$300 million loan agreement with the Government of Indonesia as part of a \$328 million project funded under the AIPRD.

Hundreds of kilometres of national roads and bridges will be repaired in 10 provinces across eastern Indonesia. This will generate real economic benefits and reduce travel times and costs. Planning and design to international standards began, contributing to improvements in the Government of Indonesia's engineering design and procurement systems.

Construction tenders will be called from mid-2008 and the first roadworks will take place on the coastlines of South and South East Sulawesi, West and South Kalimantan, Bali and Nusa Tenggara Timur. Bridges in North Sulawesi washed away by the floods of early 2006 will be replaced.

Reducing constraints to infrastructure investment and productivity growth

A new \$64.8 million Indonesia Infrastructure Initiative, known as IndII, was announced in 2007 to help the Government of Indonesia attract investment through reforms to its infrastructure policy and regulations. The initiative will also support provincial and district governments to plan and deliver infrastructure projects.

IndII builds on AusAID's reputation for being a responsive provider of high-quality technical assistance and model infrastructure projects.



Above: Improving access to clean water helps improve quality of life, health and productivity in poor rural villages. Photo: Adi Rahmatullah

Left: Hundreds of kilometres of national roads and bridges will be repaired in 10 provinces across eastern Indonesia. Photo: AusAID

Access to water and sanitation

Australia supported Indonesia's efforts to improve water supply and sanitation for the poor, investing \$20 million in initiatives with the World Bank and Indonesia's Development Agency, BAPPENAS.

One initiative is improving the health, productivity and quality of life in 2500 under-served rural villages in seven provinces. By 2007, the number of households with access to clean water increased from 25 per cent to 77 per cent, benefiting 4.2 million people. Three hundred and sixty villages had sanitation and about 120 are either now completely or almost free of the need for people to defecate in the open.

This success is recognised by other donors such as UNICEF and the Asian Development Bank, which have adopted similar community-based water supply and environmental sanitation principles.

Water and sanitation plans were completed in more than half the districts involved in the project, although integrating national water and sanitation policies with local government budgets remains a challenge. Another initiative is helping the Government of Indonesia implement a national policy for, and ongoing reforms in, the sector.

Reconstruction nears completion in Aceh

Three years after the tsunami, the reconstruction efforts funded by the AIPRD neared completion.

University facilities in Aceh, including the Aceh Research Training Institute at Syiah Kuala University, were finished in 2007, following the rebuilding of the main hospital's emergency department and the midwifery and nursing academies in 2006.

Work on restoring facilities at the \$10.6 million Ulee Lheue Port at Banda Aceh progressed, and the construction of a permanent ferry terminal is expected to be finished by mid-2008. Early improvements have meant thousands of passengers are able to use the ferry service, making remote areas accessible.

Australia has been helping to restore community life after more than 500 000 people were left homeless and more than 800 villages destroyed. More than 175 village halls have been built, providing much-needed focal points for community activity and village planning, and more than 200 local facilitators were employed to help communities manage their reconstruction.

In Nias, work focused on improving roads and bridges and providing an accessible water supply, which has improved health and reduced the amount of time women and children spend accessing water to meet their families' daily needs.

Australia's flagship governance and community infrastructure program, LOGICA, reestablished land ownership by mapping land boundaries which had been completely washed away. This involved villagers agreeing on boundaries, land use and ownership. In 2007, 61 villages and almost 20 000 land parcels were mapped—the process has been used in 400 villages and was a vital prerequisite for building more than 100 000 houses.

Much-needed small grants for village infrastructure helped more than 200 villages build roads, drainage, bridges, community halls, wells and water filters, and womens centres.

Australia's assistance has been recognised across Aceh and internationally for being flexible and responsive to the real needs of people and for putting Acehese in the driver's seat of reconstruction. Australia has also been recognised for knowing how to work side-by-side with its Indonesian neighbours and for ensuring high-quality reconstruction.

Rebuilding infrastructure and livelihoods in Yogyakarta

Reconstruction continued in Yogyakarta and Central Java, following the devastating earthquake in May 2006. AusAID provided up to \$30 million of AIPRD funds over three years to help affected communities rebuild their livelihoods and infrastructure, including schools. In 2007, community involvement in these recovery activities contributed to their success and women played a significant role.

The Yogyakarta-Central Java Community Assistance Program provided communities with clean water and sanitation, as well as materials to build their own latrines and septic units. Nine damaged health clinics in Klaten and Bantul were rebuilt or reconstruction started. Local builders, architects and community groups received on-the-job training to make these clinics earthquake safe.

A Mobile Community Assistance program delivered through Community Housing Foundation International and the International Organization for Migration provided hands-on training to more than 1200 villagers to build earthquake-resistant houses for vulnerable families.

AusAID has provided up to \$1.5 million in livelihood grants to local and international NGOs. The grants were used to develop ideas to support those affected by the earthquake to rebuild or restart their businesses. This included a successful 'quick impact' initiative to help more than 17 250 business people, particularly women and disabled groups, to replace their assets.

In 2007, an AusAID review found the response to the Yogyakarta earthquake was timely and effective. Recommendations to improve community engagement and to strengthen the focus on livelihood activities are being addressed.



Above: Villagers in Yogyakarta receive hands-on training to build earthquake-resistant housing. Photo: AusAID

Left: Mbak Yanti in front of her new business. Photo: AusAID

New business horizons

Forty-year-old Mbak Yanti saw her home and kiosk business in Sanan sub-village on the slopes of Sewu Mountain destroyed by the earthquake in Yogyakarta.

Having lost her livelihood, Mbak Yanti and her two young sons were forced to live with her ageing parents. With no income and no capital or equipment, life looked bleak.

In March 2007, Mbak Yanti was accepted to be part of a women's group to receive an AusAID livelihoods grant through SP Kinasih, a local NGO implementing projects to help empower women. She used part of her \$250 grant to restart her business, buying a new stove, pan and rice cooker as well as raw materials, tables and chairs. She used the rest to rent a new stall nearby.

Mbak Yanti's business is now thriving and she plans to expand to another location.

Regional development

Boosting the rural sector in eastern Indonesia

Most of Indonesia's poorest people live in rural areas. Australia continued to fund projects to improve farmer productivity and access to markets including through the 10-year, \$38 million Smallholder Agribusiness Development Initiative, designed to generate economic growth and reduce rural poverty in eastern Indonesia.

The initiative began in South Sulawesi, South-East Sulawesi, Nusa Tenggara Barat and Nusa Tenggara Timur, which have significant agricultural potential but low productivity and incomes. The goal is to improve farmer productivity, add value to products on and off the farm and establish better access to markets.

Seven agricultural products were analysed in 2007 to determine their market prospects, and partnership agreements were signed with leading food manufacturers in cocoa, specialty coffee, high-value horticulture and peanuts. Forecasts are positive. For example, the partnership with Garuda Foods in the snack food sector in Lombok, due to start in 2008, is expected to reduce operational costs and increase peanut farmers' income, each by up to 20 per cent.

Funded under the AIPRD, the initiative is being implemented with the Government of Indonesia's National Program for Community Empowerment, the Australian Centre for International Agricultural Research, the World Bank and the International Finance Corporation.

The \$31 million Australia Nusa Tenggara Assistance for Regional Autonomy (ANTARA) program is now midway through implementation. The program worked closely with provincial and district governments in Nusa Tenggara Timur to reduce poverty through sustainable social and rural economic development.

For instance, a program to foster small- to medium-enterprises, particularly in agribusinesses and handicrafts, resulted in 75 per cent lower costs for business registration. Farmers' productivity in targeted areas increased by 26 per cent and their income grew by 18 per cent. A mobile banking program improved financial and micro-credit services to the sector.

ANTARA also worked closely with other AusAID programs in the province in health, education, infrastructure and governance. For example, it has helped district governments improve their budget and planning processes, which in turn will enhance service delivery and civil society engagement in governance.

New livelihoods in Aceh

A priority in 2007 was getting Acehnese people back into income-generating work, including in aquaculture and small business.

Aquaculture was a thriving industry in Aceh before the tsunami, directly employing more than 100 000 people. Tiger prawns, destined for export markets, had an annual production value of \$50 million. The tsunami, however, destroyed more than half the province's ponds and hatcheries for producing prawns and fish. In 2007, efforts to teach local prawn farmers how to better manage their crops helped increase average yields from 150 to 192 kilograms per hectare. This will be supported further when work underway on Aceh's peak aquaculture prawn hatchery and training centre is completed in mid-2008.



Above: Farm trials are helping producers to improve their yields and productivity.
Photo: Adi Rahmatullah

Left: A farmer brings in a netful of Acehese Monodon prawns, considered among the best in the world. The aquaculture industry is being rehabilitated in the wake of the tsunami.
Photo: International Finance Corporation

AusAID and the International Finance Corporation opened the Investor Outreach Office in March 2007 as part of a \$7 million program to encourage private sector investment in Aceh. It provided support to 40 investors and delivered business training to 800 people.

Improving economic management

Australian support for the Government of Indonesia's efforts to improve economic policy and management contributed to the country's good overall economic performance in 2007. For example, Indonesia maintained significant and steady growth in taxation revenue and reductions in debt financing costs, areas which have been a key focus of the partnership with Australia.

Australia helped the Indonesian Ministry of Finance to identify and engage with potential taxpayers and increase the tax base. This has contributed to an increase in Indonesia's non-oil taxation revenue from 3.6 per cent of Gross Domestic Product in 2005 to 5.7 per cent in 2007—an increase of almost 60 per cent.

Indonesian government agencies worked with Australian counterparts under the Government Partnerships Fund to strengthen the implementation of economic, financial and public sector management policies in Indonesia by exchanging ideas and expertise. The Australian Prudential Regulatory Authority and the Ministry of Finance, for example, worked together to develop a risk-based system of banking supervision for Indonesia, which will contribute to the stability of the finance sector.

Economic growth with sustainable natural resource management

Climate change and the environment were in the spotlight when Indonesia hosted the United Nations Framework Convention on Climate Change meeting in December 2007 in Bali. At the meeting the Australian Government ratified the Kyoto Protocol and declared it would support developing countries in the region to reduce greenhouse gases.

These headline events followed the joint signing by the governments of Australia and Indonesia of an agreement to cut greenhouse gas emissions by around 700 million tonnes over 30 years. Australia committed up to \$30 million to the \$100 million Kalimantan Forests and Climate Partnership, which aims to preserve 70 000 hectares of peat land forests in Kalimantan, re-flood 200 000 hectares of dried peat land and plant up to 100 million new trees on rehabilitated peat land for conservation purposes. Preliminary scoping work was completed in 2007 and design work will proceed in 2008.

A further \$10 million was committed to support policy development. The funds are part of Australia's \$200 million International Forest Carbon Initiative, led by AusAID in partnership with the Department of Climate Change.

Australia also provided financial and technical support to the multi-donor Indonesia Forest Climate Alliance and is supporting Indonesia to develop information systems on forest resources and carbon monitoring.

Investing in people

Overview

Hundreds of schools built or expanded under the \$355 million Australia Indonesia Basic Education Program were opened and education quality was improved. The program is a centrepiece of the AIPRD and has already made a significant contribution to the Government of Indonesia's goal of providing nine years of quality basic education to all boys and girls. Meanwhile, hundreds of Indonesians received scholarships to study at Australian universities.

Health outcomes were improved, particularly in poor and remote areas. Australia worked to assist Indonesia to meet the MDGs to reduce and reverse the spread of HIV/AIDS and to reduce the critically high number of women who die during pregnancy and childbirth. Assistance continued to help Indonesia manage avian influenza in humans and poultry and to strengthen its health systems by improving access to, and the quality of, essential services.

Australia continued to help rebuild the health and education skills lost in Aceh as a result of the tsunami. Training and hands-on assistance was provided to the next generation of teachers, nurses, doctors and university lecturers and university facilities were refurbished, including at Aceh's leading Syiah Kuala University.

Contributing to a healthy, educated population remained a strong focus in 2007.



Above: Boys and girls learning together at an Australian funded education expo in Sikka District, Nusa Tenggara Timur. Photo: AusAID

Left: The community in Kintamani was involved in building its new school, which opened in 2007. It is just one of 2000 schools being built or expanded with Australian funds. Photo: AusAID

The joy of improved literacy and numeracy

To see the smile of a young child who has just learned to read, write or count warms the heart of every teacher and parent. Improved literacy and numeracy is much more, however. It is essential to a nation's progress, especially in developing countries like Indonesia.

The Nusa Tenggara Timur Primary Education Partnership has made great strides in educating primary students and improving the way teachers handle their classrooms.

As the principal of a rural school in Ende says, classrooms used to be dominated by teachers who saw learning as one directional—they would 'talk', not 'do'. 'The new ways are easily understandable for the children ...' says the principal, '...they are brave to answer questions and to ask questions. Classrooms now are joyful, interesting, challenging and there is cheerful learning.'

A parent, who is also the secretary of the school committee, could not agree more: 'The students seem happier and want to be in the classroom.'

Above: Students at a school in Nusa Tenggara Timur learn the alphabet and learn to read as part of efforts to improve literacy. Photo: AusAID



Education

Permanent schools students can call their own

Many children in Indonesia, particularly in poor and remote areas, lack access to good quality education. The nearest school is often too far away or is not appropriately equipped, and the quality of training that teachers have received is variable.

The Basic Education Program is filling this gap by building or expanding 2000 schools—1500 general secular schools and 500 Islamic schools—by the end of 2009. This will create more than 330 000 new places for students in Years 7 to 9 in a country where nearly two million children aged 13 to 15 are not in school.

As at the end of 2007, 380 schools were completed (including 46 Islamic schools). All 2000 schools will be completed during 2009. The schools were built by local people under the leadership of community construction committees, with AusAID-funded technical expertise ensuring the structures are of good quality.

Through the same program, Australia is supporting the Indonesian Government to improve the training of in-service teachers and establish quality assurance mechanisms, and train district officials and school communities to manage school resources.

In Aceh, Australia built and equipped nine schools and another six will be completed in 2008, as part of the AIPRD. In Yogyakarta, 27 kindergartens and primary schools were built or upgraded following the 2006 earthquake.

Improved education quality and better school management

The Basic Education Program also seeks to improve the quality of education in Indonesia's schools and strengthen the way education services are managed. In 2007, development programs for schools and education districts focused on developing strategic plans for quality and standards, improving teaching materials and training teachers and school administrators.

Australia supported the Government of Indonesia to develop national education standards, improve national examination systems and develop an inclusive policy to ensure education also caters for children with disabilities. Australia also provided advice on a decree being developed to mainstream gender in education and increase the number of female students, teachers and administrators. This is important considering that two-thirds of the almost 13 million Indonesians who are illiterate are women.

Outcomes achieved during the year were impressive in some areas. Almost half of new students enrolled in schools built by the Basic Education Program were girls, a significant improvement given that many less girls than boys progress to junior secondary schooling in Indonesia.

In Nusa Tenggara Timur, a \$27 million partnership has significantly improved the literacy of primary students in Ende, Ngada and Sikka districts, up from 42 per cent to 63 per cent in four years. Teachers of grades 1, 2 and 3 were trained to implement new teaching and learning methodologies and children are now reading, writing and counting more quickly. The program has also created more gender equity, with an 80 per cent increase in female principals and a 200 per cent increase in female supervisors.

Islamic education

Approximately one in four Indonesian children receives at least part of their formal education in an Islamic school. However, the quality of education is significantly below that provided in government secular schools.

Australia's five-year, \$30 million program to improve learning in Islamic schools seeks to redress this imbalance. New initiatives began in 2007 to promote equal learning opportunities for boys and girls, improve the English language teaching abilities of 750 junior high school teachers and contribute to the Government's goal of ensuring that all teachers have an undergraduate teaching qualification.

To further enrich teaching in Islamic schools, a regional symposium on basic education was held in July 2007 in association with the Ministry of Religious Affairs and the State Islamic University of Jakarta. 'Bridging the Gap—Vision 2025' attracted about 200 participants from the governments of Australia and Indonesia, local and international NGOs, and donors.

In Aceh, Australia continued to work with communities to rebuild Islamic schools damaged in the civil unrest. The schools are attended by many of the poorest children and, through the \$33 million program, Australia has also trained teachers and helped the provincial government to better manage education, including developing an education strategic plan in 2007.



Allison Sudradjat Leadership Awards

In May 2007, the inaugural annual Allison Sudradjat Awards were announced in memory of the former head of AusAID in Indonesia who died in the crash of Garuda Flight 200 in Yogyakarta on 7 March 2007. Allison was a champion of leadership and development in the region. The awards will be presented annually to the top four Australian Leadership Awards recipients from Indonesia and two from Papua New Guinea, where she had also worked.

'[Our NGO] always felt involved in the process of determining everything [about the HIV program]. This was something that was very positive. Maybe with other donors it wouldn't be the same. This kind of consultation was important for strengthening the program so that this partnership could progress.'

Yayasan KB, AusAID funded NGO working in Jayapura prisons

Long-lasting results through scholarships

Australia has offered scholarships to Indonesians since the 1950s, building long-lasting, people-to-people links and strengthening the human-resource capacity of public and private sector organisations.

The Australian Leadership Awards are offered to high achievers and potential leaders in social and economic development from the Asia-Pacific. In 2007, 21 scholars were selected from Indonesia to study at Australian universities and 64 fellows were hosted by Australian organisations.

Six hundred postgraduate Australian Partnership Scholarships, funded under the AIPRD, were awarded during 2007. Of these, 149 scholars completed their studies and returned to Indonesia.

Australian Development Scholarships were awarded to 270 scholars for research into priority areas for the Australia Indonesia Partnership, including economic management, democratic institutions and practice, basic social services, and security and stability. An alumni conference was held in 2007 to debate issues relating to Indonesian development priorities.

Health

Reducing the spread of HIV

The HIV epidemic in Indonesia is among the fastest growing in Asia, and in Papua and West Papua one in 40 adults has the virus.

To combat the spread of HIV and improve the quality of life for those living with the virus, Australia announced in 2007 an eight-year, \$100 million Australia Indonesia Partnership for HIV. Work will begin in 2008. This is a further step towards helping Indonesia meet the MDG of reducing and reversing the spread of HIV/AIDS by 2015 and improving care for people living with the virus.

Meanwhile activities continued with injecting drug users (50 per cent of whom are HIV positive), sex workers and their clients, and the general community in Papua and West Papua, where the rate of infection among adults risks becoming the highest in Asia.

Australia helped shape a national HIV policy for preventing the spread of the disease by allowing new needle syringe and methadone programs to be implemented. All provinces supported by the \$41 million HIV prevention and care project are developing regulations to support the new policy.

Three new AusAID-funded methadone treatment clinics at community health centres opened in Jakarta in December 2007 and had a rapid uptake. The clinics provide a needle syringe program, education, counselling and testing for drug users, and access to treatment with anti-retroviral medicines.

Needle syringe programs in Java increased from around 30 in early 2007 to more than 100 by the end of the year. These and methadone maintenance treatment programs were put in place in Bali, South Sulawesi and West and East Java, including Kerobokan and Bancuey prisons.

Significant effort went into raising public awareness to remove the stigma surrounding HIV and increase understanding of the risks of infection. At the request of the Indonesian national news agency, ANTARA, journalists received training on health and legal issues so they could cover these in an accurate and unbiased way.

Health and HIV were incorporated into the education materials used by all schools in the districts of Flores and training materials for teachers in Islamic schools were developed and will be piloted in 2008.

In November 2007, Australia's then-Ambassador on HIV, Annmaree O'Keeffe, attended a symposium in Jayapura on HIV in Papua, West Papua and Papua New Guinea.

Avian influenza

Avian influenza remained a concern for Indonesia. There were 42 cases reported in humans in 2007, including 37 deaths. Continued infections in poultry flocks affected the livelihoods and reduced the food source of some of the country's poorest.

Australia continued its \$30 million program to help Indonesia detect and manage human cases and prevent and control the disease in poultry. This involved working closely with Indonesia at a national and sub-national level, as well as with other major donors and multilateral organisations, particularly the World Health Organization, Food and Agriculture Organization, World Bank and United States Agency for International Development (USAID).

The investigation of, and response to, human cases improved after an avian influenza command post was established in the Ministry of Health and avian influenza guidelines developed and disseminated. As a result, Indonesian teams now manage uncomplicated single human cases without requiring help from international experts.



Above: Animal health workers have been trained in surveillance and response to avian influenza in poultry, resulting in earlier detection of outbreaks. Photo: Donang Wahyu

Left: Methadone clinics provide drug users with education, counselling and treatment, helping to prevent the spread of HIV. Photo: Donang Wahyu



Australia is helping to make pregnancy and childbirth safer for women in selected provinces by increasing the number of deliveries attended by trained midwives, in line with the national Making Pregnancy Safer strategy. Photo: AusAID

In Java, Bali and Sumatra, animal health workers were trained in disease surveillance and response, which has resulted in poultry outbreaks being detected earlier. They also help village communities respond to outbreaks. The training program will be extended to South and West Sulawesi in 2008.

Quarantine staff were trained to use risk analysis in quarantine operations and in techniques to assess community awareness. The capacity of Indonesian laboratories to analyse samples was further improved—70 per cent achieved results comparable with Australian labs during an external audit.

Improving the survival of mothers and newborns

Indonesia's maternal mortality rate is one of the highest in East Asia. For every 100 000 live births, up to 400 women lose their lives as a result of complications during pregnancy or immediately after giving birth.

In several provinces, the rates are worse: in Papua, 1116 women die for every 100 000 live births, while in Nusa Tenggara Timur the rate is 554. This compares to six deaths per 100 000 in Australia.

AusAID's programs seek to make pregnancy and childbirth safer for women in selected provinces by increasing the number of deliveries attended by trained midwives, in line with the national Making Pregnancy Safer strategy and the Papua Governor's Call for Action, known as RESPEK.

Working through UNICEF, AusAID strengthened the delivery of, and demand for, maternal and child health across Papua and West Papua.

Sixty midwives in Papua—around five per cent—were trained in basic delivery in 2007, with 86 per cent demonstrating proficiency three months later. This means at least 1000 more women at reproductive age and 1800 children under five can be served by midwives, significantly improving their chances of survival.

These initiatives were supported by a campaign to raise community awareness of the need and benefits of health care during pregnancy and childbirth.

In Nusa Tenggara Timur, AusAID began a pilot for a new national \$49 million program to assist Indonesia to meet the MDGs for maternal and child health. The program will increase access to trained midwives during pregnancy and childbirth, help district governments effectively manage maternal and neonatal health services and increase funding for community-level support for new and expecting mothers. A regional health advisor was placed with the Government to plan the most appropriate maternal and neonatal health interventions.

In Aceh, an international-standard medical training facility was completed at Syiah Kuala University which will produce more than 100 graduates in health science, including midwifery, each year.

Australia Bali Memorial Eye Centre opens

The Australia Bali Memorial Eye Centre was officially opened in August 2007 in memory of the victims of the 2002 Bali bombing. The centre is supported by mobile clinics and reverses blindness in locals who suffer from conditions such as cataracts.



Above: Midwife Frida attends to a one-day old baby, assisting her mother after a normal delivery at home. In Sumba Timur, only around 60 per cent of babies are delivered by midwives and many women still prefer to deliver at home. Photo: Jenny Kerrison, AusAID

Left: The Australia Bali Memorial Eye Centre treats people suffering from conditions such as cataracts, helping them to see again. Photo: Donang Wahyu

Democracy, justice and good governance

Overview

Strong, transparent government institutions and systems are vital for delivering fair, effective services to the people. Good governance also creates an environment in which the private sector develops and invests, while ensuring the nation's resources are used sustainably. At the same time, a robust civil society is important for holding governments accountable and voicing the needs of the people.

During 2007, Indonesia continued the process which began with the 1999 transition to democracy. Elections were held in 54 local areas, including across Aceh, to elect the governor of Jakarta. Australia supported civil society to monitor elections. Support was also given to pilot voter education and raise awareness of the electoral process and of the people's rights and responsibilities to vote.

Australia provided technical advice to Indonesia as it made further progress towards becoming more accountable, transparent and responsive at national, provincial and district levels. Significant advances were also made to improve access to justice.

Open, fair and democratic elections

As local elections were held across the country, AusAID funded The Asia Foundation to advise the national network of Indonesian NGOs known as the People's Voter Education Network (*Jaringan Pendidikan Pemilih untuk Rakyat* or JPPR).

JPPR is a network of 35 NGOs and is an advocate for voter education and electoral accountability. During the elections, it conducted 21 non-partisan candidate debates with voter participation and published candidates' policy pledges, so they could be held accountable.

One of JPPR's most important roles was to monitor elections to check they were free and fair. More than 10 000 accredited volunteers went to almost 7000 villages to monitor 49 local elections. Not only did their presence act as a deterrent to anyone intending to intimidate voters or subvert the election, the monitors reported their observations, which were disseminated widely (including to members of the national legislature, election bodies, academics and the media).

It was also a year of electoral firsts for Aceh. In March, the province became the first to nominate independent candidates when citizens from Aceh Barat and Aceh Barat Daya voted for regent and vice-regent positions. This followed the first ever direct elections in the province, held as part of the peace process on 11 December 2006, in which the Governor was elected.

Australia contributed to these historic events by joining with USAID to fund Jurdil Aceh, a local coalition of NGOs, to audit voter registration. It found that 86.9 per cent of eligible voters were registered, demonstrating the success of voter education and election enrolments.

On 5 September 2007, the people of Aceh Jaya conducted the province's first simultaneous direct elections, with 138 villages voting for village heads on the same day. Simultaneous elections in 178 villages in Aceh Besar followed in November.

Australia played an important role in these elections, including working with the Aceh Jaya district government to prepare election regulations. Women were encouraged to participate and four ran for office, resulting in the election of the first two female village leaders. Importantly, citizens were made aware of their rights and responsibilities to vote and to hold their village heads to account in the next election if their needs are not met.

Law reform improves access to justice

Significant advances were made to improve access to justice for marginalised and poor people with support provided through Australia's Legal Development Facility.

AusAID and the Family Court of Australia worked with the Supreme Court of Indonesia to conduct the first large-scale access and equity study of the Religious Courts in Indonesia. The courts preside over family law matters for Indonesia's Muslim population and more than 60 per cent of users are women.

Workers from the People's Voter Education Network hand out information to educate voters in the elections for the governor of Jakarta. Photo: Irene Insandjaja, AusAID



The survey found users were highly satisfied with their experience. However, it also found that others, particularly women and the poor, did not use the courts because they found the procedures too complicated and could not afford the costs involved, leaving them vulnerable to a continuing cycle of poverty.

In response to the survey, the Supreme Court of Indonesia increased the budget for the Religious Courts to enable them to waive fees on certain cases, provide more hearings in remote locations and provide better information on how to use the courts.

Australia also contributed to a draft legal aid law to give ordinary Indonesians more affordable access to justice and supported the Supreme Court to improve transparency in the justice system by publishing judgements.

Monitoring corruption

The second national Corruption Perception Index Survey, conducted by Transparency International Indonesia every two years, was published in February 2007. Funded by the Legal Development Facility, the survey asked more than 1700 business people in 32 locations about their experience with corruption in public bodies. This survey, and others, showed that while Indonesians viewed their Government's anti-corruption effort in 2007 as more effective than in 2006, there was still a general belief that corruption was widespread.

Reforms deliver better public services

In Aceh, Australia assisted local government to establish 'one-stop-shops' to deliver services more quickly, cheaply and transparently. Community members can visit one government office and receive immediate services, such as housing allocations, welfare assistance and registration of births, deaths and marriages. The first one-stop-shop opened in April 2007 and now 35 sub-district governments are using their own funds to replicate these best practice reforms.

Australia also participated in a donor working group to review the Governor of Aceh's governance reform strategy.

During 2007, linkages between the Australian and Indonesian public services and universities continued to contribute to good governance through skill exchanges. These institution-to-institution links produced positive outcomes. For example, a partnership between the Australian Institute of Marine Science and the Government of Indonesia quantified the commercial potential of Indonesia's marine resources. The Western Australian agency for land and property management trained Indonesian officials to use satellite remote sensing to monitor forest fires, which in the past have caused smoke haze to drift over neighbouring countries.

A specialised training project that develops skilled trainers in the public service was adopted by several Indonesian agencies in 2007, including the State Ministry of Administrative Reform. Women represent about a third of participants.

'Since LOGICA built [the single service window], the process has become more transparent. We no longer need to make many trips to a far-away office, not even knowing if it will be open when we get there. My contact with local government is now very regulated and orderly.'

Bapak Zulfikar, resident of Peukan Bada



Empowering women and the poor

Women and the poor in Indonesia often find it difficult to participate in decision-making and to make their needs heard. In 2007, the \$22 million Australian Community Development and Civil Society Strengthening Scheme (ACCESS) continued building community capacity and confidence to address priority development needs and voice concerns with local government.

This community-led assessment and planning process has been adopted in almost 300 villages, including in Jeneponto district. With full support from the Jeneponto local government, the community mapped its own economic and social status into a geographical information system now being used as the basis for all poverty alleviation programs in the district.



Top: Australia helped to streamline government reconstruction services through single service windows—allowing Acehnese people to obtain a range of services from one place—quickly, cheaply and transparently. Photo: AusAID

Above: Women were active participants in the first ever direct elections in Aceh in 2006—including voting and standing for office—and their participation in community decision making will continue to be supported. Photo: AusAID

Safety and peace

Overview

Disasters affect the world's poorest the hardest and Indonesia is no exception. The country's climatic, geographic and seismic profiles, combined with a population of 220 million people, mean thousands are susceptible when a disaster hits.

Assisting Indonesia in times of need is a foundation of the Australia Indonesia Partnership, as evidenced by the rapid response in the wake of the Boxing Day tsunami in 2004 and the Yogyakarta earthquake in May 2006. However, the partnership is about more than ensuring effective response. It is about the important task of helping communities, and the governments and civil society groups that serve them, to be prepared for, and resilient to, future disasters.

Australia also contributed to maintaining peace and stability in Aceh following the end of the 30-year secessionist conflict, including by helping ex-combatants establish new lives.

Preparing for disasters saves lives

Building government capacity to respond to disasters

The Government of Indonesia is on the front line when a disaster strikes, so it is critical that its national and provincial disaster management agencies respond quickly and effectively. A \$1.4 million project to build the capacity of Indonesia's National Disaster Management Agency (BAKORNAS BNPB), and build links with Emergency Management Australia, was completed in October 2007.

During the year, BAKORNAS BNPB was restructured and new disaster management guidelines drafted. BAKORNAS BNPB and Emergency Management Australia developed a stronger relationship and senior Indonesian officers undertook study tours to Australia to improve their knowledge of disaster management, disaster coordination, insurance and relief funding. Methods to set up Quick Response Teams, ready for a disaster, were also developed.

Strengthening communities' preparedness and resilience

When a disaster strikes, communities are often unprepared and unsure how to respond and this can make the impact even worse. To raise community awareness and preparedness, AusAID has been working with community-based and NGO organisations, including the two largest Muslim organisations in Indonesia, Nahdlatul Ulama and Muhammadiyah.

Between them, Nahdlatul Ulama and Muhammadiyah have more than 90 million members, mostly in rural areas. AusAID has funded these organisations to promote disaster awareness through the schools they run, particularly in high-risk provinces such as

West Sumatra, Bengkulu, Yogyakarta, West and Central Java and Jakarta. Students and teachers, as well as Nahdlatul Ulama and Muhammadiyah youth groups, are now advocates for disaster preparedness in their communities.

The \$700 000 program with Nahdlatul Ulama was completed in October 2007 and a second, two-year phase, is being developed. The \$1.27 million program with Muhammadiyah will continue to mid-2008.

In Aceh, Australia helped more than 200 villages identify escape routes and prepare emergency response plans, vital to saving lives in this geologically unstable region.

Communities prepared in Mentawai and Nias Islands

The Mentawai and Nias Islands are remote communities highly vulnerable to seismic activity. AusAID's \$3.15 million emergency preparedness program, managed by SurfAID International, continues to work with isolated communities in 55 coastal villages so they can identify, prepare for and respond to disasters. Having identified earthquakes and tsunamis as the main hazards, locals are also concerned with floods, landslides, tidal surges, tropical storms, cyclones and forest fires.

The program's success was demonstrated when powerful earthquakes struck Western Sumatra in September 2007. Many affected villages confidently and quickly put their training into practice, resulting in only limited casualties.

'Why do I feel safer? Because we have a community now that knows what to do and if there's anything we fear like a tsunami or an earthquake we work together as a team.'

Bapak Budi, Village head, West Silabu, Mentawai Islands



Above and left: Students on Nias Island rehearse a school evacuation drill to prepare them for what to do in an earthquake. Disaster preparedness reduces the risk of injury and death. Photos: Mark Travers, AusAID



Australia provided support to people in Yogyakarta after a windstorm tore down trees and destroyed houses in February 2007. Photo: Dian Lestariningsih

Readiness programs in Yogyakarta-Central Java

Since the Yogyakarta earthquake, as reconstruction has progressed, community-based disaster readiness activities have helped more than 5000 people be better prepared should another disaster strike.

Local disaster management groups and plans were established in 2007, promoting cooperation and encouraging local independence in handling disasters. This will help the people mobilise themselves during disasters and become self-reliant in the aftermath.

Training programs taught techniques such as life saving, evacuation drills and building safe and weatherproof shelters. Teachers were also trained and are passing their knowledge on to colleagues and students.

AusAID better prepared

During 2007, AusAID increased its own capacity to respond to emergencies. The Rapid Response Team received extensive training, deployment equipment was upgraded and preparations began for a warehouse to store emergency equipment and supplies in Jakarta, to be opened in 2008. Standing arrangements with key emergency response partners were maintained.

Assisting Indonesia in times of disasters

Indonesia experienced several small- to medium-scale disasters in 2007 and the Government of Australia provided emergency assistance where needed in consultation with the Government of Indonesia.

Australia also worked closely with the Indonesian Red Cross, the International Federation of the Red Cross and Red Crescent Societies, and the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) to assess and respond to emergencies. Australia provides core funding for UNOCHA to maintain its presence in Indonesia.

Responses to disasters were timely and accounted for the scale of events, the capacity of local communities and government to respond, gaps in assistance and areas where the most significant impact could be made.

When Jakarta and surrounding areas were swamped by floods in February 2007, Australia contributed \$250 000 through the Red Cross and World Food Programme to provide emergency food parcels and supplies.

A 70-kilometre per hour windstorm struck Yogyakarta the same month, damaging more than 1000 houses. In response, Australia provided \$30 000 to distribute clean drinking water and other supplies, and to support the community kitchens, that served more than 8000 food packages each day of the response.

In April, the Indonesian Environment Minister requested Australia's help to respond to an ongoing mudflow from a ground fissure near a gas drilling site in Sidoarjo, East Java. The mud affected more than 12 000 houses, dozens of factories and rice fields, and almost 40 000 residents were evacuated. Australia provided \$90 000 for a United Nations Environment Programme project to develop environmentally and economically viable solutions to mud management and disposal.

In September, a massive earthquake measuring 8.4 on the Richter scale struck Bengkulu and Padang provinces, affecting more than 27 000 people. Australia contributed \$50 000 for immediate relief through the Indonesian Red Cross and a further \$150 000 through SurfAID to help people rebuild their lives.

Australia funded UNICEF and the World Food Programme to work with district governments in Nusa Tenggara Timur and Nusa Tenggara Barat to address food insecurity and malnutrition, particularly among children aged up to 13 years and pregnant and lactating women. The work has improved the nutritional status of these groups and strengthened government systems in food security surveillance and response.

In July, AusAID provided support when migratory locusts devastated agriculture in Nusa Tenggara Timur. It provided \$700 000 to the Food and Agriculture Organization to provide ground-control equipment and training for the most affected districts, and worked with the Government of Indonesia to introduce a safe bio-pesticide that would allow the reintroduction of aerial spraying in Indonesia.

A program to assist victims of the bombing of the Australian Embassy in Jakarta in 2004 was completed in 2007, although medical and education support is ongoing.

Peace in Aceh

The devastation Aceh suffered after the tsunami often overshadows the effects of the 30-year secessionist conflict that preceded it. Before the tsunami, Aceh was the fourth poorest province in Indonesia, due in part to the damaging economic and social consequences of violent conflict.

The peace process progressed in 2007, building on the Memorandum of Understanding signed in August 2005 between the Government of Indonesia and the Free Aceh Movement (*Gerakan Aceh Merdeka*—GAM). Former combatants continued to integrate back into the community—most notably, a former GAM leader is now Governor of Aceh.

However, difficulties remained, with up to seven out of 10 former combatants unemployed. AusAID's work in the aquaculture sector—the main local industry before the tsunami hit—helped many establish alternative livelihoods, supporting peace efforts and long-term stability in Aceh.

The profits of peace

After the 30-year armed conflict in Aceh had ended and peace was being restored, Ismail Muhammad wondered what his life would hold. A former GAM commander, he was concerned about his livelihood.

Before the conflict he was a prawn farmer in Samuti Krueng village, but his business had ground to a halt as it had for many others in Aceh where prawn had been a lifeline—as a food source, as employment and as a valuable cash crop.

Ismail's life took a turn for the better when he met experts in prawn production from the International Finance Corporation who, with AusAID funding, provided advice on how he could better manage his ponds and generate greater returns from his efforts.

After releasing 30 000 prawn seeds to his ponds Ismail began cultivation. His first harvest was a massive 412 kilograms of large prawn, which he sold for 19 million IDR (approximately \$2,250). It was a net profit of 14 million IDR—13 million more than Indonesia's average monthly income.

