



Australia Indonesia Partnership
Kemitraan Australia Indonesia



Australia Indonesia Partnership 2005–06

Report to the Joint Commission



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The Australian Foreign Minister surveys the damage caused to Aceh by the tsunami and earthquake, December 2005.
PHOTO: Rob MacColl, *The Courier Mail*

Foreword

This annual report to the Joint Commission sets out in detail progress and achievements under the Australian aid program to Indonesia, including the Australia Indonesia Partnership for Reconstruction and Development (AIPRD).

The AIPRD is the largest single aid package in Australia's history. It has provided an opportunity to bring our two countries and peoples closer together to assist Indonesia's recovery from the devastating loss of life and economic damage inflicted by the earthquake and tsunami of 26 December 2004.

Our first Joint Commission meeting in March 2005 committed both governments to rapidly implement the Partnership and ensure that the benefits of Australia's new aid package flowed quickly to Indonesia's citizens, both within and beyond tsunami affected areas.

I am pleased to say that all AIPRD funds have now been allocated and implementation of activities across the archipelago is well underway.

The Australian aid program in Indonesia has now reached another significant milestone.

For the first time, total development aid to Indonesia is expected to reach \$2 billion over five years. In 2006/07 more Australian aid will go to Indonesia than to any other country.

This report shows that Australian aid is reaching those most in need and making a real difference. Our aid is helping to reduce poverty and promote sustainable development by improving the quality of and access to education and health services,

strengthening economic governance and supporting public sector reform, upgrading essential infrastructure such as roads, bridges and schools, and helping develop Indonesia's future leaders through scholarships and training.

This is a major effort between the Australian and Indonesian Governments and their agencies, as well as international and Australian aid organisations and contractors from both countries.

As a matter of highest priority, Australia is also helping to improve the lives of people forever changed by the Indian Ocean disaster. Australian aid has helped restore health, education and governance systems, rebuild vital community infrastructure and fill skill gaps in Aceh and North Sumatra provinces.

More recently, Australia has committed substantial funds and disaster expertise to assist the victims of the Yogyakarta earthquake.

Our Partnership also extends to more complex and challenging regional security issues, where we are working together to prepare for and respond to threats such as disease pandemics, transnational crime and terrorism.

Our aid program is a demonstration of the value and strength of the Partnership, and a reminder that our common interests – peace, stability, security, prosperity – are strong and enduring.



*The Hon Alexander Downer MP
Minister for Foreign Affairs*



BELOW: Resources have been supplied to more than 3000 classrooms in 1000 schools. PHOTO: M Anshar



TOP: Australian assistance is helping to lift economic growth in the rural sector to alleviate poverty and unemployment. PHOTO: Austcare

MIDDLE: Senior officials from Cabinet Secretariat (SETKAB), State Secretariat (SETNEG) and the President's Office visited Canberra in January 2006 to learn more about Australia's policy and government decision-making processes. PHOTO: Auspic

BOTTOM: Australia funded the restoration and refurbishment of the emergency wing of Zainoel Abidin Hospital in Banda Aceh. Now an Australian-funded program is providing clinical and management training, and enhancing the capacity of the health system to care for the community. PHOTO: M Anshar



Overview

Australian development assistance to Indonesia in the financial year to June 2006 is estimated to be \$160 million with an additional \$92 million from the Australia Indonesia Partnership for Reconstruction and Development (AIPRD).

In 2006/07 official development assistance to Indonesia is expected to reach \$344 million. Indonesia will receive the largest aid contribution of all countries assisted by Australia. Over a five year period, official development assistance to Indonesia is expected to be \$2 billion, including the \$1 billion AIPRD.

The Australian aid program is working in partnership with local authorities to implement the Indonesian Government's reform agenda, reduce poverty, as well as prepare for and respond to disasters.

We are doing this through programs that are helping improve economic management, governance, security, infrastructure, foster development in the poorest communities, and build the knowledge and skills of Indonesia's people. Our expertise in sectors such as health and education is being applied to improve systems, professional skills, infrastructure and community services.

Indonesia faces serious challenges. Around 100 million people live in poverty and lack access to services, such as quality health and education. HIV/AIDS is a growing problem and polio has re-emerged in some communities – requiring urgent action to arrest its spread. There are no quick or easy solutions.

Australia is committed to a long term program of assistance to help Indonesia address its challenges and move towards sustainable growth and prosperity. A strong and self-sufficient Indonesia is important to Australia and to the stability and security of the region.

Despite the challenges, the aid program can claim many successes. Highlights include:

- > Over \$147 million has been spent in Aceh to restore and rehabilitate communities devastated by the Indian Ocean disaster. Currently there are more than 200 Australian-funded construction projects underway.
- > More than 640 Australian scholarships awarded in 2005/06 are supporting Indonesia's human resource development.
- > More than \$600 million has been committed to upgrade 2000km of national roads and 4.5km of essential bridging, and build over 2000 schools in Indonesia.
- > Classroom resources have been supplied to more than 3000 classrooms in 1000 schools.
- > Over \$15 million has been provided to help Indonesia prepare for and combat disease pandemics.

Joint Commission Activities



First Joint Commission meeting in Canberra, March 2005. PHOTO: Auspic

The Australia Indonesia Partnership for Reconstruction and Development (AIPRD) engages the Australian and Indonesian Governments at the highest political levels in support of Indonesia's reconstruction and development efforts, both within and beyond tsunami-affected areas.

The AIPRD is governed by a Joint Commission, overseen by the Prime Minister of Australia and the President of Indonesia. The Commission also comprises Australia's Minister for Foreign Affairs and Treasurer; and Indonesia's Minister for Foreign Affairs, Minister for Finance, and State Minister for National Development Planning.

In formally establishing the AIPRD, Australian Ministers agreed in February 2005 to the formation of a small secretariat to support Australian participation in the Joint Commission. A Secretaries

Committee representing the Departments of Prime Minister and Cabinet, Treasury, Finance and Foreign Affairs, including AusAID, was also established to advise Australian Ministers and provide oversight of the AIPRD program in Australia.

GOVERNANCE

At the first Joint Commission meeting held in Canberra on 17 March 2005, Ministers agreed that Australian and Indonesian officials would develop a Partnership Framework to guide the identification of priority activities for funding under the AIPRD.

The Partnership Framework was developed jointly between Australia and Indonesia and outlines the broad strategic directions for the allocation of funding under the AIPRD. In December 2005 the

THE JOINT COMMISSION HAS CONSIDERED AND ENDORSED THE FOLLOWING ALLOCATIONS:

- > up to \$328 million for the improvement of national roads
- > up to \$300 million for basic education including building 2000 schools
- > up to \$181 million for the rehabilitation and reconstruction of Aceh and Nias
- > up to \$78 million for postgraduate scholarships
- > up to \$50 million for government partnerships in economic and public sector reform
- > up to \$38 million for rural and agribusiness development
- > up to \$10 million for disaster preparedness and response
- > up to \$5 million to respond to disasters outside of Aceh (eg. Nias, Alor)

Australian and Indonesian Foreign Ministers jointly released the Partnership Framework document.

In agreeing the Partnership Framework, Ministers affirmed that the AIPRD's primary objective is to support Indonesia's reconstruction and development efforts, both in and beyond tsunami affected areas, through sustained cooperation focused on the Indonesian Government's program of reform, with an emphasis on economic and social development.

In support of this primary objective, Ministers agreed the AIPRD would focus on two overarching themes: emergency preparedness and response; and promoting broad based economic growth.

The first theme includes Australia's continued commitment to assist with the reconstruction of essential health, education and local government services and infrastructure in Aceh as well as efforts to help strengthen Indonesia's capacity to prepare for and respond to disasters such as the recent earthquake in Yogyakarta. The second theme encompasses contributions to help meet Indonesia's broader development challenges in areas such as basic infrastructure, improved governance, private sector development, rural productivity and human resource development.

The AIPRD consists of \$500 million in grant funding and \$500 million in highly concessional loans – providing funding at zero interest for up to 40 years with no repayment of principal for 10 years. The Joint Commission agreed the loans will be used for major infrastructure development.

All AIPRD funds have now been allocated and implementation of programs and activities is well underway.

ACCOUNTABILITY

The Australian and Indonesian Governments have committed AIPRD to the highest standards of transparency and accountability.

Communicating the progress and achievements of the aid program, particularly reconstruction of tsunami affected areas, has been a priority of the Joint Commission. Australian and Indonesian Ministers have visited Aceh to inspect AIPRD projects and progress of reconstruction has been reported separately through three published reports on Australia's response to the Indian Ocean tsunami – in June, September and December 2005.



TOP: Healthy mothers, healthy babies. PHOTO: Sonya Gray

ABOVE: The agriculture and fisheries sector was the most severely affected by the tsunami. PHOTO: Rob MacColl, *The Courier Mail*

The Australian Aid Program

Australia is providing comprehensive assistance in support of Indonesia's economic and social development objectives and is committed to a long-term development partnership with Indonesia to:

- > increase and sustain economic management and growth by strengthening economic and financial management, developing human resources and financing essential public service infrastructure;
- > help build the institutions of democracy, particularly through Australia-Indonesia partnerships;
- > promote stability and security while building national emergency management and response capacity;
- > improve the quality and accessibility of government service delivery, particularly in the poorest and most remote provinces.

Australian Government departments and agencies, are working with the Indonesian Government and other international and non-government organisations to achieve these objectives.

SUPPORTING GROWTH AND STRENGTHENING GOVERNANCE

Economic and financial reform, and good governance, is essential to reducing poverty and promoting broad based sustainable growth. Current growth rates of around five per cent are impressive

but Indonesia needs sustained growth of about seven per cent to make significant inroads into poverty.

Strengthening governance will help Indonesia achieve the growth it needs to address unemployment, reduce poverty and promote national prosperity. Thus activities to promote improved governance are a priority for the Partnership.

Australia is working with economic planning and financial institutions to support the Indonesian Government's objectives of fiscal sustainability, a stronger financial sector and economic growth by providing technical assistance, building the capacity of its institutions and personnel, and developing government to government partnerships. Programs focus on tax administration, debt management, financial sector regulation and supervision, and international trade policy.

Under a \$50 million program to improve public sector governance, 12 Australian Government agencies are currently working directly with their Indonesian counterparts to design and implement long-term programs to boost skills in support of Indonesia's economic and public sector reform efforts.

Over the past year, training, internships and secondments have been provided for 120 Indonesians and over 200 Australian and Indonesian officials have come together to exchange knowledge on budget modelling and forecasting, cash management and debt retirement, risk based



Activities to promote improved governance are a priority for the Partnership. PHOTO: IASTP

approaches to financial regulation, free trade negotiations and central bank operations.

Further assistance is being planned in the areas of public sector audits, Cabinet processes, statistics, tax modernisation, civil service reform, and economic and social research. Through these linkages Indonesia is benefiting from Australia's extensive experience in implementing economic reform programs, and Australia is gaining a more thorough understanding of Indonesia's governance challenges, priorities and achievements.

Work to strengthen economic and public sector governance also complements both countries'

HIGHER RETURNS AND BETTER SERVICES

Australian assistance was instrumental in designing an auction process for Indonesia's 3rd Generation (3G) mobile telephone bandwidth spectrum that resulted in substantially higher non-tax revenues for the Indonesian Government and an accelerated roll out of 3G services to rural areas.

The successful bidders at the auction are required to provide 3G services in at least two provinces this year, with coverage of at least 20 per cent of the population in each of the two provinces. By the sixth year coverage must extend to at least 14 provinces, with a minimum coverage of 30 per cent of the population in each of these provinces.

broader commitment to fight corruption and support democratisation in Indonesia. For example, programs being delivered by Australia's National Audit Office will help the Indonesian Government track expenditure and monitor the performance of its economic and social programs more effectively.

More than 100 activities in a wide range of Indonesian Government agencies have helped improve the strength and integrity of the financial system and public sector management.

Successes have included improvements to the Indonesian tax system, particularly the expansion and modernisation of tax offices, and improvements to debt management and supervision systems. Australia has also supported the establishment of the Large Taxpayer Office, which has increased tax revenues to the Indonesian Government.

BUILDING ROADS TO PROMOTE GROWTH

A major road infrastructure improvement project, funded through loans to Indonesia, is supporting regional economic and social development by improving the condition of the national road network in eastern Indonesia.

AIPRD loan financing of up to \$300 million will enable up to 2000 km of national roads to be improved or upgraded, and up to 4500 metres of deteriorating bridges to be replaced with prefabricated steel truss bridges. Grant financing of up to \$28 million will strengthen

the Indonesian Ministry of Public Works' capacity to manage the national road network and tackle the issues of illegal vehicle overloading and inadequate road maintenance.

A project preparation contract has already been awarded and work has begun with the Indonesian Ministry of Public Works to identify, and provide engineering designs for, appropriate road and bridge projects throughout eastern Indonesia. These will form the basis of the first construction work program, expected to start in mid 2007.

IMPROVING SKILLS AND SUPPORTING CHANGE

Training is playing an important part in improving the capacity of Indonesian managers to support the Government's reform program. A unique Australian-funded training program targeting middle level professionals from private and public sector organisations in eastern Indonesia is working to improve their capacity to manage and implement organisational change and policy reform.

In the year to April 2006, up to 200 training courses had been delivered for approximately 4000 participants, of which one third were women, in areas including district and provincial planning, small enterprise trade and export promotion, public accountability, human rights, journalism and drug abuse prevention and intervention.

DEVELOPING LEADERS THROUGH SCHOLARSHIPS

Scholarships have helped promote development and foster relationships between Australia and Indonesia. Well targeted scholarships are a highly effective form of aid. As part of the increased Australian aid program the number of scholarships offered by Australia to the region will double over the next five years.

Between June 2005 and June 2006, a total of 647 scholarships to study in Australia were offered to Indonesian students. Of these, 347 scholarships were awarded as Australian Partnership Scholarships (APS) and a further 300 were offered as Australian Development Scholarships (ADS).

Scholarships are offered in fields of development priority for Indonesia. These fields currently include economic management, democratic institutions and practice, basic social services, and security and stability.

AUSTRALIAN SCHOLARSHIPS

Australia has already provided over 8000 education awards to Indonesians. Over 600 scholarships were awarded to Indonesians for study in Australia in 2005 and a similar number of scholarships will be offered in 2006/07.

These include two new awards. The first of these, the Australian Partnership Scholarships, were launched as part of the AIPRD and offer up to 600 postgraduate scholarships over two years. The Australian Leadership Awards launched in April 2006 provide opportunities for future leaders to undertake doctoral, masters or fellowship studies in Australia. The first of these awards will be offered in 2006.

There is very high competition for scholarships to study in Australia. The ADS program alone received over 5000 applications in the 2006 selection round. The APS program attracted over 2000 applications in the first selection round in September 2005.

DELIVERING BETTER EDUCATION

Improved standards of universal basic education have a major positive impact on economic and social development. Australia, through a \$300 million education program, is supporting Indonesia in its commitment to nine years of compulsory universal schooling. An additional \$55 million will be provided to support education quality, governance and policy reforms.

Over 2000 schools will be constructed or expanded as part of this program. Junior secondary and non-formal enrolment, particularly in poorer under-served areas, is expected to increase by at least 700,000 children.

In addition to improving education infrastructure, major priorities of the program include increasing the enrolment of girls and poorer students, reducing drop-out rates and improving educational quality, governance and resourcing of basic education by Indonesia.

Other ongoing programs are helping Indonesia to improve the quality and accessibility of primary and junior secondary schooling in the state system, as well as in mainstream Islamic schools.

For instance, in East Nusa Tenggara Province, Australian assistance has improved education administration in three districts, and approaches to school-based management, teaching, learning and classroom management. Resources have been supplied to 3000 classrooms in 1000 schools.

In east Java, training and support materials have also been provided to over 3300 principals and teachers on school based management, active teaching and learning, encouraging community-based participation and cooperation.

Also, in east Java, 75 teachers in Islamic schools are being trained in English language proficiency, benefitting over 7000 children.

Together with UNESCO/UNICEF, Australia is working to improve the quality of primary education through participation of the community in schooling, school based management and teaching in more than 620 schools, benefitting over 100,000 children.

SUPPORT FOR ISLAMIC SCHOOLS

Islamic schools enrol around 15 per cent of Indonesian school aged children and play a critical role in educating girls and poor students. An Australian program is helping to improve the quality of teaching and learning in Islamic primary and junior secondary schools. The focus is on the 90 per cent of Islamic schools which are private and predominantly teach the national curriculum.

While the program is in its early stages, a wide network has been established and priority needs have been identified for 805 Islamic schools in

13 provinces. It has coordinated and delivered more than 40 small scale activities in areas as diverse as school-based management and pedagogy, provision of text books and library development, basic English language training and alternative income generation.

The program has also responded to urgent needs, such as the provision of 80 tonnes of equipment and resources for Islamic junior secondary schools in Aceh and the Banda Aceh State Institute of Islamic Studies.



Children at an Australian-funded English language resource centre in east Java.

BUILDING INSTITUTIONS OF DEMOCRACY

Australia is helping to build the institutions of democracy by working with government and civil society organisations to promote legal reform and protect human rights. The program involves institutions such as the Supreme Court, Human Rights Commission, Anti-Corruption Commission and the Attorney-General's Office to build capacity and assist Indonesian institutions implement their reform agenda.

Over the past year, a group of 22 judges and registrars from Indonesia's Religious Court were hosted by the Family Court of Australia to learn about Australia's court management and administration.

Indonesia's first legal aid handbook has been developed and hundreds of copies have been supplied to legal aid offices, civil society organisations, law schools and academics, and individuals to promote access to justice.

Professional development training has been provided to more than 150 legislators, prosecutors and senior bureaucrats on issues such as counter terrorism.

In a unique cross-jurisdictional program, Australia is assisting Indonesian government agencies, legal and judicial institutions and legal and human rights-focused organisations to promote legal reform and protect human rights.

For example, the Federal Court of Australia, along with other Australian law and justice entities, is providing assistance to the Indonesian court reform process and helping to develop and implement policies and training programs. In one initiative, the Federal Court of Australia visited Indonesia in September 2005 to assist the Supreme Court of Indonesia develop a regulation to manage consumer protection appeals. The visit culminated in a consumer protection forum and the drafting of a regulation that has now been issued by the Supreme Court.

STRENGTHENING COMMUNITIES

Human development, in terms of health, literacy, and standard of living in eastern Indonesia is significantly below the national average. These problems are compounded by weak local governance and a lack of public service capacity to meet the needs of communities.

Working closely with civil society and local governments in eight districts in eastern Indonesia, Australia is helping to strengthen community participation in local governance and development. This work is addressing policy issues in areas such as access to water, education, budgeting and women's rights. Action plans are promoting the engagement of communities and government in policy change.

Support has also been provided for community-led assessment and planning processes in around 70 communities. The process is targeted at women, the poorest and the most marginalised groups. As many of the communities are agrarian, support for agriculture and rural development is an important part of the program.

PARLIAMENTARY ASSISTANCE

One of the major political changes in Indonesia since 1998 has been the effort to devolve powers to the country's regional governments and to increase the representation of the regions in national decision making. This development was reflected in the creation of a regional representative assembly (the DPD) as part of a number of major constitutional reforms. Australia has provided assistance to the DPD to strengthen its ability to represent regional interests.

One of the major outcomes of the past year has been the establishment of institutional linkages between the Australian Senate and the DPD. Thirteen members of the DPD and Secretariat officials visited the Australian Senate in May and December 2005 to learn about the role and processes of the Australian Senate. This exchange has provided an opportunity to build longer-term relations between the parliamentary institutions of both countries.



An Australian-Indonesian medical team treats victims of the Yogyakarta earthquake in early June 2006.

PHOTO: Melbourne

ENHANCING HUMAN SECURITY AND STABILITY

Australia is enhancing human security and stability in Indonesia by helping build competent law enforcement and emergency agencies and strengthening Indonesia's capacity to respond effectively to communicable diseases. Assistance in these areas also covers conflict, disaster prevention activities, and humanitarian assistance for vulnerable groups.

PREPARING FOR PANDEMICS AND EPIDEMICS

Infectious diseases such as avian influenza, HIV/AIDS and polio pose a significant threat to Indonesia and have the potential to impact on other regional states, including Australia.

Since June 2005, Australia has committed \$15.5 million to help Indonesia tackle avian influenza by improving detection, diagnosis and containment of the disease in human and animal populations, and increasing public awareness of the virus. Australia has supported vital emergency activities including training for rapid outbreak response teams and the supply of 50,000 courses of Tamiflu, an antiviral drug used to treat the disease.

Australia provided up to \$8.8 million in 2005-06 to help control the spread of HIV/AIDS by improving the institutional capacity of Indonesia's AIDS commissions and supporting local non-government organisations working with vulnerable

and marginalised groups. Over the past year Australia has also helped establish the Indonesian Partnership Fund for HIV/AIDS, an innovative new mechanism for donors and the Indonesian Government to jointly resource and monitor implementation of the national HIV/AIDS strategy.

The re-emergence of polio in Indonesia in April 2005 was a major blow to global polio eradication efforts. In response, Australia provided nearly \$3.5 million to help Indonesia vaccinate more than 24 million children under five years of age during three national immunisation days.

BUILDING NATIONAL EMERGENCY MANAGEMENT AND RESPONSE CAPACITY

Indonesia is vulnerable to natural disasters, complex emergencies like terrorist attacks, inter-communal violence and other humanitarian crises. Australia is assisting Indonesia to build its capacity to prevent, mitigate and respond quickly and effectively to these events.

A \$10 million program is aimed specifically at building national disaster management capacity and community-level preparedness. This includes a partnership, formalised in December 2005, between Australian and Indonesian emergency and disaster coordination authorities that will strengthen national disaster planning and preparedness systems in Indonesia, share information and improve skills and knowledge.

At the community level, Australia is working with the two largest mainstream Muslim organisations in Indonesia to develop and deliver disaster awareness and preparedness programs to students in Islamic schools.

To ensure rapid response to natural disasters and complex emergencies in Indonesia, Australia has pre-positioned funds with the International Federation of the Red Cross and Red Crescent Societies (IFRC) and Indonesian Red Cross. These funds have provided much-needed community prevention and emergency assistance to victims of floods, mudslides and volcanic activity during the past year.

Australia also responded quickly and generously to the Yogyakarta earthquake in May 2006, committing \$7.5 million to assist victims. This included the deployment up to 85 disaster experts and funding for international and Australian aid agencies to assist in the relief effort.

Over \$11 million has been provided for emergency assistance and reconstruction activities to help victims of the devastating 29 March 2005 earthquake that struck Nias Island in North Sumatra. Initial funding supported rapid deployment of medical teams, delivery of urgent food, water, medical supplies and tents and provision of a fleet of boats to deliver emergency assistance to isolated communities. Australia also provided a team of structural engineers to assess the safety of key public buildings on the island. A three-year Nias reconstruction program is helping to rebuild community infrastructure and re-establish essential services and livelihoods.

SUPPORTING BALI AFTER THE BOMBINGS

Australia has continued to provide assistance to the Bali health system under the \$10.5 million package announced by the Prime Minister of Australia in the wake of the bombing of 12 October 2002.

Capacity building for nursing staff, equipment and facility maintenance for the Australian-built intensive care unit at Sanglah Hospital were provided. A water tank and other small-scale improvements were also made. In addition, construction began early in 2006

ASSISTING VICTIMS OF THE AUSTRALIAN EMBASSY BOMBING IN JAKARTA

Australia continues to provide medical, educational and livelihood assistance for the Indonesian victims of the September 2004 Australian Embassy bombing.

Eleven people were killed and up to 150 people were injured by the bomb blast. One million dollars has been contributed to assist victims. That assistance is for medical costs, support and trauma services for the victims and their families, financial and other livelihood assistance for affected families.



The Australian Prime Minister comforts a victim of the Jakarta Embassy bombing.

on the new Australia Bali Memorial Eye Centre, the final component of the package. The new centre will be operated by the Bali Provincial Health Service and will serve the 50,000 Balinese who suffer from reversible blindness.

Australia also committed \$1 million to build local emergency responses capacity and help those affected by the economic downturn resulting from the attacks. This has included support for alternate livelihoods such as new agricultural crops and craftsmanship, to reduce unemployment and economic stress in affected communities.

COMBATING TRANSNATIONAL CRIME AND TERRORISM

Australia is helping Indonesia improve its capacity to combat terrorism. Activities include

strengthening the capacity of the Indonesian police force on counter terrorism and transnational crime, restricting the flow of financing to terrorists, and enhancing travel security by strengthening immigration and customs controls.

The Australian Federal Police has helped establish the Transnational Crime Centre in Jakarta designed to target major transnational crime issues, including terrorism, as well as people and drug trafficking. The Australian Federal Police is also helping to build the capacity of the POLRI – the Indonesian National Police – by training over 100 POLRI staff in intelligence and analysis techniques, and establishing POLRI's first national information database.

Australia is also supporting anti-money laundering activities in Indonesia through the establishment of Indonesia's Financial Intelligence Unit, the PPAATK. This includes preparation of anti-money laundering legislation to comply with tighter international protocols, raising awareness in the financial sector and Parliament, and supporting coordination between agencies to combat money laundering in both the financial and legal sectors.

STRENGTHENING BORDER SECURITY

Support to the Indonesian Government is helping to improve border management and travel security at major ports. Australian-funded technical assistance, training and equipment is strengthening the immigration, communication and customs systems at Indonesia's three major international airports in Jakarta, Denpasar and Medan.

Australia is also helping to build skills in intelligence analysis, ship searches, identification of explosives and narcotics, and surveillance at seaports.

Additional support is being provided to help improve national regulations and aviation security policies, aviation security management and operations, and developing a strong working partnership between Australian and Indonesian agencies responsible for aviation security.

PROVIDING HUMANITARIAN AID

Australia is providing funds to improve access to basic health and education services and opportunities

for reconciliation for communities affected by conflict in West Timor, Maluku and Central Sulawesi. Australia has also funded the World Food Program (WFP) to help up to 1.7 million Indonesians improve their access to food and clean water, nutritional knowledge and access to high nutrition seeds in order to reduce malnutrition in children under five years of age in West Timor.

An additional \$10 million to the WFP in December 2005 provided immediate food aid to Aceh and Nias. The aid is being directed towards those communities most in need and to those affected by the conflict in Aceh as a way of supporting peace building and reintegration. The first portion of this food aid was distributed in 19 sub-districts in February 2006. It is expected the WFP will reach over 1.1 million beneficiaries in Aceh and Nias in 2006 and more than 900,000 in 2007.

SUPPORTING PEACE IN ACEH

A program to help strengthen the peace process at the community level in Aceh is focussed on school reconstruction and community-based school management in conflict-affected areas. It was developed following the signing of the peace accord between the Free Aceh Movement and the Indonesian Government on 15 August 2005.

Encouraging communities to take leadership and ownership of the rebuilding and management of their schools is an important part of building communities and improving access to schooling in areas affected by protracted conflict. Already the program is contributing to village unity and conflict mitigation. In one case, villagers have gathered in their village hall for the first time since the conflict.

People representing all sides of the village level conflict have talked openly about village history, the use of their village hall as a symbol of community unity, and the school's and villagers' expectations after the conflict and the tsunami. The fact that villagers can now talk and work constructively towards addressing common problems is a crucial step towards reconciliation and stability.



Construction of the new Min Merduati primary school in Banda Aceh is well advanced. This is one of six Australian-funded schools currently under construction. PHOTO: M Anshar

REBUILDING ACEH

Over \$147 million of Australian Government funding has been spent assisting Aceh recover from the 26 December 2004 tsunami. In total more than \$250 million has been committed to projects to assist the local community recover and rebuild.

The rapid response of Australian personnel and mobilisation of emergency supplies alleviated suffering and contributed to saving the lives of those seriously injured, particularly during the early stages of the response.

During the rebuilding phase, Australia has helped restore health, education and local government services to the province, as well

as provide essential community and social infrastructure and temporary housing.

Some 18 months after the tsunami the progress of reconstruction is impressive – markets are functioning again, children are back at school, new teachers have been trained, the main hospital and sea port are functioning and village infrastructure and homes are being rebuilt. There are currently over 200 Australian-funded construction sites across Aceh.

The United Nations Recovery Coordinator for Aceh and Nias and the Head of Indonesia's Aceh Reconstruction Authority have commended Australia's positive contribution to the reconstruction effort.

SUMMARY OF AUSTRALIA'S POST-TSUNAMI RELIEF AND RECONSTRUCTION EXPENDITURE

Humanitarian funding through AusAID to 30 June 2005	\$34.4m
Other Government Department expenditure to 30 June 2005*	\$37.4m
AIPRD estimated expenditure dedicated to Aceh and North Sumatra to June 2006	\$75.8m
Total estimated expenditure from 26 December 2004 to June 2006	\$147.6m

* This represents total Official Development Assistance for post-tsunami relief and reconstruction efforts in Aceh and North Sumatra through Australian Government agencies other than AusAID. The main component of this assistance is the Australian Defence Forces' contribution to the tsunami relief effort in Aceh and North Sumatra under Operation Sumatra Assist. The contribution included logistical support to the delivery of vital humanitarian aid, providing medical care, particularly through a field hospital, and the provision of sanitation and potable water.

GETTING CHILDREN AND TEACHERS BACK TO SCHOOL

The physical reconstruction of schools in Aceh, particularly in the poorer Islamic education sector, is well underway.

Six schools are under construction and more are planned to begin in coming months. Three schools and a girl's dormitory are scheduled to be completed by August 2006. All facilities are supplied with furniture, equipment and classroom teaching materials.

Importantly, communities are contributing to construction by being involved in planning and by providing local labour.

Over 300 junior secondary school teachers across five districts are receiving professional development training in core curriculum subjects such as Mathematics, Science and English.

Australia is also helping to lift the quality of primary education by supporting improvements in teaching methods, more transparent and efficient school management and community participation in school management. This includes support to Islamic boarding schools, known as *dayah*, where many of Aceh's poorer children are educated.

Revitalising Aceh's universities is an important part of Australia's work. To date this has included rebuilding and re-equipping libraries, providing housing support to lecturers and university staff as well as general teacher support.

RE-ESTABLISHING HEALTH SERVICES

Australia has made a major contribution to the health sector in Aceh following the tsunami, with hospitals, including the Zainoel Abidin Hospital in Banda Aceh, health centres and provincial government services receiving significant support to restore services, fill skill shortages and provide health care to the community.

Now, Australia's health assistance in Aceh is heavily focused on the training and skilling up of hospital and health care staff, including 40 new doctors who are being trained in emergency medicine. Improvements are also being made to hospital administration systems to improve patient



Australia has provided significant support to Aceh's tertiary education sector to restore its teaching facilities.
PHOTO: Peter Davis

management, reduce waiting times, establish an emergency triage system and promote the services available at the hospital. The emergency building at Zainoel Abidin Hospital, restored and refurbished by Australia, and now fully operational, is well placed to respond to these priorities.

A baby boom in Aceh after the tsunami is reinforcing the need for obstetric training, consumables and support to minimise trauma and mortality, and produce healthy babies and mothers.

Australia has supported the refurbishment of the Muhammadiyah Midwifery Academy and the supply of textbooks and other teaching materials. In addition, through the provision of scholarships to over 3000 students, trainee nurses, midwives and allied health workers have remained in their courses and are increasing Aceh's capacity to provide good health care to its citizens.

RE-ESTABLISHING LIVELIHOODS

Australian assistance is helping the people of Aceh and Nias restore their livelihoods, particularly in aquaculture and agriculture, but also by employing over 400 Acehnese men and women in Australian aid programs and by providing local labour in construction and other projects.



BELOW AND LEFT: Australian assistance is helping improve productivity in fish hatcheries. PHOTO: M Anshar



ABOVE: Australia is playing a critical role in improving temporary housing. PHOTO: M Anshar

Improving access to markets is a crucial element of Australia's contribution to restoring livelihoods. The reconstruction of the Ulee Lheue Port in Banda Aceh makes an important contribution to this effort. Rebuilding this port will have a major influence on the long term economic recovery and development of the province, as well as helping speed up the reconstruction process.

The agriculture and fisheries sector was the most severely affected by the tsunami. The Australian Centre for International Agricultural Research (ACIAR) is working with AusAID, local authorities and local people to improve production in the fishing and agricultural sectors. Australia is assisting farmers to rehabilitate their shrimp ponds and to produce more and better quality fish.

Australia is developing a program to help to restore the fertility of land following the tsunami, teaching farmers and local agricultural agencies how to diagnose problem in soils and providing advice on different farming techniques.

Australia is strengthening the climate for business and growth in Aceh. In partnership with the World Bank's International Finance Corporation, Australia is promoting small to medium enterprises in

IMPROVING TEMPORARY HOUSING

Australia is playing a critical role in improving temporary housing for those who cannot yet begin construction of their permanent home.

Flexible specialist assistance provided to other aid agencies is resolving technical, logistical and coordination problems, improving water, sanitation, drainage and conditions in temporary living sites, and ensuring timely and better quality construction. Roving teams of international experts are working with local trades people to enable rapid response to the engineering and technical issues that arise on construction sites. The team currently includes six international experts and about 150 local tradespeople. The program is also providing cash for work for local communities to enable them to participate in the rebuilding process.



Australian-funded spatial planning and land mapping is helping tsunami-affected communities plan reconstruction. PHOTO: M Anshar

Aceh by providing sustainable access to finance for local businesses, supporting the development of productive economic sectors and building the capacity of the Aceh Reconstruction Agency to coordinate economic growth.

BUILDING BACK COMMUNITIES

An Australian-funded initiative in Aceh is helping communities plan for and take control of reconstruction. To use an Australian analogy, the program is similar to the activities that a local government would undertake in the planning and construction of new suburbs. A network of community facilitators is developing spatial plans to coordinate housing construction and to assist in re-establishing essential services such as water, sewerage, electricity and community facilities.

The program has produced maps for 172 tsunami affected villages covering over 50,000 parcels of land, on which houses are being built. It is also helping to rebuild and re-equip local government offices and 180 village halls in tsunami affected districts. In Aceh, village halls enable the community to congregate and share experiences – gatherings made all the more important after a disaster like the tsunami.

Many survivors of the tsunami lost everything in the disaster. Australia is providing assistance to replace identity cards, which are a necessity in Indonesia. The cards enable people to access government social services, register for housing assistance, get a land title or simply pass through transport hubs. A new computerised system funded by Australia is allowing people to receive an identity card within an hour. The system has been widely applauded for its simplicity and ease of use, and has led to the more seamless and unobtrusive delivery of assistance to the Acehnese.

IMPROVING SERVICES AND SUPPORTING REGIONAL DEVELOPMENT

Increased economic growth in the rural sector is vital to significantly impact on unemployment and poverty.

Australia's regional development programs are providing assistance to some of the poorest areas in eastern Indonesia. These programs are aimed at reducing poverty and promoting growth and employment. Target provinces include East and West Nusa Tenggara Provinces, South and South-East Sulawesi and Papua.

A major aim is to improve the profitability of Indonesian smallholder farming and the agribusiness industry for selected commodities in eastern provinces, and strengthen private sector agribusiness and small to medium enterprise development.

Australia also recognises the importance of an integrated approach in communities to meet basic needs. Australia will support improvements to health, education, and livelihoods, for example, through a program targeting communities and local government in East and West Nusa Tenggara Provinces.

Assistance to the East Nusa Tenggara Province was also provided as part of the humanitarian and emergency response to the November 2004 earthquake, which destroyed 90% of infrastructure in the city of Alor. Australia funded the construction of eight houses for paramedical staff and doctors and supplied 20,000 mosquito nets for more than 8000 households in high malaria-prone areas.

Australian assistance to the water supply and sanitation sector aims to improve the delivery of essential affordable services to low income communities, particularly at the district level in poor remote rural areas. The Water Supply and Sanitation for Low Income Communities project has provided clean water and sanitation facilities such as wells, latrines and water storage to communities. The Water and Sanitation Policy Formulation and Action Project is working with 21 district governments across 7 provinces to implement the national water policy.

HEALTH

Over the past decade Australian assistance to the health sector in Indonesia has focused on improving maternal and child health in the poorest provinces of Eastern Indonesia. This remains the priority, with activities in Papua, East and West Nusa Tenggara Provinces.

Although maternal and child mortality rates are improving in Indonesia they remain amongst the worst in South East Asia, particularly in the eastern provinces. In these areas, Australia is working to improve the management of decentralised health services, improving the skills of clinical staff and promoting community awareness and involvement.

Australian support to UNICEF in selected districts in Papua and East Nusa Tenggara Province has trained more than 150 local health staff to improve maternal health. A new model for addressing the health needs of adolescent girls is being trialled, in recognition of the impact this will have on later pregnancies.

A second project in East Nusa Tenggara and West Nusa Tenggara has had particular success in promoting community involvement in improving the health of pregnant women. Over 580 "village alert" networks have been established to ensure that pregnant women at risk are identified and plans prepared for emergency obstetric cases. Maternal and child health promotion materials have been developed and over 1200 local volunteers have been trained to disseminate these in participating communities.

Australia's program is supporting the work of other donors in the sector, including the UK Government to undertake monitoring and evaluation of two British-funded projects in maternal and child health to be implemented by UNICEF and the German development agency in nine provinces.



TOP: The Australia Indonesia Partnership is a genuine long-term commitment to help Indonesia address its challenges and move towards sustainable growth and prosperity. PHOTO: M Anshar

ABOVE: The Australian aid program is making a real contribution to greater gender equality, for example by providing training in gender mainstreaming. PHOTO: IASTP

RIGHT: Australia is working with UNICEF to improve maternal and child health. PHOTO: Rob MacColl, *The Courier Mail*