

**SUBSIDIARY ARRANGEMENT
BETWEEN
THE GOVERNMENT OF AUSTRALIA
AND
THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
RELATING TO THE AUSTRALIA INDONESIA PARTNERSHIP FOR
EMERGING INFECTIOUS DISEASES ANIMAL HEALTH PROGRAM
2010-2014**

1. General

This Subsidiary Arrangement (SA) expresses understandings between the Government of the Republic of Indonesia (GOI) and the Government of Australia (GOA) and is made pursuant to the terms of Article IV of the General Agreement on Development Cooperation that came into force on 21 July 1999 (GADC). The terms of the GADC apply to this Subsidiary Arrangement. The GADC is in Annex 1 to this SA.

2. Name of Activity

The name of the Activity (for the purposes of Article IV 4 (a) of the GADC) is the **Australia Indonesia Partnership For Emerging Infectious Diseases Animal Health Program 2010-2014 (AIP-EID)** (referred to as 'the Program').

3. Executing Agencies

The Executing Agencies for this Program will be:

For the GOI: The Ministry of Agriculture (MoA)

For the GOA: The Australian Agency for International Development (AusAID) of the Department of Foreign Affairs and Trade

AusAID will engage the Australian Department of Agriculture, Fisheries and Forestry (DAFF) to undertake any part of its commitments under this Subsidiary Arrangement.

4. Duration of Program

This Subsidiary Arrangement will take effect from the date of its signature and will expire on 31 December 2014.

The program is projected to be implemented over a period of up to 4(four) years with a possible extension of up to 2 (two) years. Any extension will be mutually determined, in writing, by GOA and GOI.

5. Location(s) of Program

The Program will be based in Jakarta and South and West Sulawesi provinces, with activities in other areas as agreed by both the GOI and GOA.

6. Program Description and Objective

Background

The AIP-EID will build on the existing Australia – Indonesia Partnership on Avian Influenza (H5N1) which commenced in 2004 and was completed in mid 2010. A review of the program in 2008 was followed by a design process in 2009, both conducted jointly by AusAID and MoA. A MoA workshop facilitated by DAFF in April / May 2010 in Jakarta confirmed the AIP-EID program logic and gave strong guidance and endorsement of the program.

Program Objectives

The broader and long term goals of the program are:

- Improved animal, and therefore human health in Indonesia through reduced disease transmission.
- Improved profitability of primary production resulting in economic growth for rural communities.

The Objectives of the Program are:

- MoA has commenced implementing measures for better coordination of the elements of the animal health system including sub-national field activities, quarantine, information management and animal health laboratories.
- Appropriate methods and standards in veterinary laboratories are established (including sustainable reagent development and sourcing), and are beginning to be implemented.
- In South and West Sulawesi a local animal health system, based on a sustainable approach, provides animal health surveillance that balances budget availability and international standards set by the World Organisation for Animal Health (OIE).
- The quarantine system is implementing some measures that provide a consistent risk management approach to quarantine operations.

Program Description

The Program has three components.

Component 1: National planning and management The aim of this component is to support the Ministry of Agriculture (MoA) and particularly the Directorate General of Livestock Services and Animal Health (DGLS) in strengthening the planning and

management for disease prevention and control¹. Sub-component 1 relates to the enabling environment and has at its core an OIE gap analysis and ongoing activities resulting from that. Sub-component 2 relates to the planning for prevention and control of national priority and emerging infectious diseases.

Component 2: Operational issues: Data, laboratory and quarantine While planning and coordination are essential in preventing and controlling disease, they will not achieve the desired outcomes if the operational building blocks on which they depend are not working effectively. Operational functions of particular importance for disease control are disease information management, and laboratory and quarantine operations. Disease information management includes systems for data collection and reporting and epidemiology expertise to analyse, interpret and utilise data. This component is aimed at strengthening these core functions.

Component 3: Sub-national. Within this Component, the Program will facilitate the Government of Indonesia in strengthening the decentralised veterinary services. These services operate with a high degree of autonomy, reporting directly to provincial and district-level authorities. Provincial and district level activities will be closely linked to, and coordinated with, those in Components 1 and 2. A priority will be the establishment of a disease identification and notification system from the village to district level which utilises existing resources and is financially sustainable. A system of communication will be facilitated between Central, Provincial and District government that will assist in defining roles and responsibilities and providing a flow of technical information.

7. Program Implementation

a. Delivery Modality

The Program will be delivered through a direct Government to Government relationship.

AusAID, as the lead executing agency (EA) for GOA, will engage DAFF to be the lead implementing organisation. Some ongoing or specialised activities will be subcontracted by DAFF to other entities. AusAID's role will be to facilitate engagement with GOI as necessary. DAFF will be responsible for overall management of the Program, including reporting to AusAID and MoA.

Three key technical staff will be based in Indonesia. These are the Principal Veterinary Advisor, the Senior Veterinary Advisor – Disease Control, based in Directorate General of Livestock Services and Animal Health, Ministry of Agriculture office in Jakarta and the Senior Veterinary Advisor – Sub-national Disease Control, based in Provincial Makassar. They will be supported by locally engaged technical staff, management and administrative staff in Indonesia and Australia. Management staff will be responsible

¹ The term “prevention and control” is used to describe the range of animal disease management activities including anticipation, preparedness, prevention, surveillance, control and response.

for liaison between GOA and GOI and coordination and monitoring of all program activities. To ensure that administrative aspects of Program is carried out in accordance to Indonesia regulations, GOA management staff will be assisted by GOI counterparts, for example, through the formation of a program management unit that will include representatives from DGLS. Staff in Canberra will also be responsible for the financial and contract management for the program as a whole, and have a role in managing logistics and being the key point of contact for the whole of government liaison in Australia.

b. Coordination and management

The key governance mechanisms are the Program Coordinating Committee (PCC) and Program Steering Committee (PSC). Progress will be monitored by the PCC through six monthly progress reports, annual reviews and external mid term and Year 4 reviews.

Close cooperation and coordination with other donors who are working in the sector will occur to ensure that the Program follows the Accra Agenda and Paris Declaration on Aid Effectiveness and complies with AusAID cross cutting policies. Donor coordination will be carried out by DAFF and MoA or by any other mechanism determined by the MoA.

Program Coordinating Committee (PCC) meetings will be held every six months and will be the main high-level monitoring and decision making mechanism for the program. The PCC will comprise of senior GOI and GOA representation, including Director General of Livestock Services and Animal Health, Head of Indonesian Agricultural Quarantine Agency, head of provincial authorities, DAFF Program Director and AusAID. At each meeting, a review of progress from the previous six months will be presented by the program management team. Any major decisions concerning future directions for the project will be presented and discussed at these meetings, and no significant changes will be made without endorsement from this committee.

Program Steering Committees (PSC). Program Steering Committee meetings will be held every three months alternating in location between Jakarta and Makassar. These meetings will be more operational and should be the forums at which team members and GOI counterparts directly discuss implementation of activities.

8. Financial, Personnel and other Contributions

a. Government of Australia

The contributions of the GOA are estimated to be up to A\$22 million over a 4 (four) year period. This funding contribution will cover implementation, management and monitoring of the Program and related activities.

Specific responsibilities of DAFF under this Subsidiary Arrangement include:

- i. management, coordination, quality assurance and risk management of the program, with strategic oversight from the PSC and PCC;
- ii. developing and implementing the program in close consultation with MoA;
- iii. providing representatives for the PSC and PCC;
- iv. providing personnel to provide technical support for program activities.

GOA will provide funding for the program and will disburse this funding in a timely manner. Funding will include the remuneration and support costs for:

- v. Australian and international technical specialists at both the national and provincial level;
- vi. Facilities in the Program office space located in Ministry of Agriculture
- vii. local operational costs, including appropriate project management unit operational costs, commodities and equipment associated with the delivery of this Program.
- viii. Program meetings, workshops, seminars, training, staff and panelist allowances, travel and accommodation in accordance to Indonesia's financial and reimbursement guidelines
- ix. organisations contracted to the program; and
- x transport and communication, as necessary
- xi monitoring and evaluation

The disbursement of GOA financial contributions will be subject to the normal Australian annual parliamentary approval of appropriations.

The GOA will provide disbursement report quarterly to the GOI (DGLS) including copies of relevant documents as agreed by Executing Agencies.

A disbursement plan is shown in Annex 2

b. Government of Indonesia

The contributions of the GOI will be in accordance with GADC, article VI annex B. In addition for this Activity specific responsibilities of the GOI under this Subsidiary Arrangement include:

- i. Providing object of study and research activities
- ii. Providing the intellectual contribution
- iii. Providing contributions of Background Intellectual Property, materials, research effort and preparatory work
- iv. Providing program office space including utilities for technical advisors
- v. Facilitating overall coordination of GOI participation in program
- vi. Providing counterparts at national, provincial, and district levels for technical specialists
- vii. Providing participants for training activities at national, provincial and district levels; and
- viii. Providing representatives for the PCC and PSC.

- ix. Providing appropriate staff resources for the administrative and technical management of the Program, eg. setting up a project management unit within MoA
- x. Facilitating and participating in Program activities, including monitoring and reviews, as appropriate
- xi. Facilitating engagement with other national and local GOI agencies that may be involved in the Program

The national counterpart for the Program is the Ministry of Agriculture. The Directorate General for Livestock Services and Animal Health will be the main contact point for all Program associated activities.

The Ministry of Agriculture will be responsible for registering the grant and providing report on both finance and substance on the implementation of the program to Ministry of Finance and BAPPENAS.

In accordance with the prevailing laws and regulations in Indonesia, as well as the procedures and policy of the Government of Republic of Indonesia concerning international aid and technical cooperation, the GOI will facilitate the issuance of stay permits, exit and re-entry permits, work permits and other necessary permits for approved experts, advisors and international staff working for the Program, and their respective dependents.

c. Use of Activity funds

The Parties will cooperate to ensure that the funds are used only for the Emerging Infectious Diseases Animal Health Program 2010 – 2014.

9. Monitoring, Review, Evaluation and Reporting Arrangements

The GOA and GOI will jointly undertake Program monitoring and evaluation.

At the commencement of the program, DAFF will finalise the monitoring and evaluation plan in close consultation with MoA for endorsement by the first PCC. Thereafter monitoring and evaluation plan will be reviewed annually in conjunction with development of annual operational plans.

DAFF, as the lead implementing agency, and MoA will undertake program monitoring, with independent technical assistance as necessary, and findings will be reported to AusAID.

Indicators and targets have been built into the program design and the PCC will form a key mechanism for reviewing progress against the monitoring and evaluation framework.

Two external reviews will be held during the program. The first will be undertaken around 12 month point in implementation. During this review, an assessment will be made of the technical progress and implementation arrangements. In addition, in depth

discussions and/or workshops to inform future activities will be undertaken, and recommendations for any changes in design will be made. If agreed by both the GOI and GOA, these will be presented to the next PCC meeting for discussion and endorsement.

A second external review will be held at the end of Year Four. The aim of this mission will be to assess the outcomes from the program and assist AusAID in determining if a future phase of activities should be considered. If the outcomes of this are positive, a design process may be undertaken.

Quality at Entry (QAE) and Quality and Implementation (QAI) will be developed separately by AusAID, in accordance with AusAID's oversight role with respect to monitoring and evaluation.

10. Media Management

Media releases will be developed through consultation between both Parties prior to release to guarantee that the interest of both Parties is protected and/or not harmed.

11. Intellectual Property

Pursuant to Paragraph 1 of Article VII of the GADC, the parties have decided that any Intellectual Property issues that might arise during the carrying out of the Activity will be *jointly owned by the Parties through an implementing arrangement concluded by the Parties.*

12. Settlement of Disputes

The EA will work together in a spirit of openness, transparency and consultation to implement the Program. It is acknowledged that effective information flows and communication are crucial to building and sustaining confidence and trust. GOI and GOA will endeavour jointly in a spirit of co-operation and mutual trust to resolve peacefully any difficulties, misunderstandings or disputes which may arise in the interpretation or application of this Subsidiary Arrangement.

13. Treatment of virus and viral isolates and other microorganisms

No human or animal virus or viral isolate or other microorganisms will be transferred from Indonesia to any other country by any person working for, or having any contractual connection with, any programs covered by this Subsidiary Arrangement without the express and documented permission of the Government of Indonesia.

14. Amendments to/Termination of the Subsidiary Arrangement

This Subsidiary Arrangement may be amended at any time by an exchange of letters between the GOI, in this case represented by the Ministry of Finance, and the GOA in this case represented by AusAID and will form an integral part of this Subsidiary Arrangement.

Termination of this Subsidiary Arrangement may be effected by either GOA or GOI on giving 90 days written notice and reasons for the termination to the other Party.

15. Good Governance

The implementation of SA will be consistent with the commitment of both parties to good governance principles including the ability of a party to investigate any allegations of fraud relating to the Activity.

16. Confidentiality

- i. Each Party will undertake to observe the confidentiality and secrecy of documents, information and other data received or supplied to the other Party during the period of the implementation of this SA or any other agreements made pursuant to the SA.
- ii. The Parties agree to continue to observe this clause notwithstanding the termination of this SA.
- iii. The provision of this clause will not prejudice the prevailing laws and regulations of the Parties and will not prevent either Party from disclosing information to its responsible minister or to its parliament.

17. Limitation of Personnel Activities

Any persons engaged in activities related to this SA will respect political independence, sovereignty, and territorial integrity of the host country, and will avoid any activities inconsistent with the purposes and objectives of this SA.

18. Status of Activity Asset

Under each of the Activity component, where there is specific procurement of equipment needed to support the completion of that component's activities this equipment will be considered as Activity Assets and will belong to GOI.

19. Entry into Effect.

This Subsidiary Arrangement will take effect from the date of its signature (by both parties) for a period of 4 (four) years, and may be extended for another 2 years period by mutual written consent of GOI and GOA.

ANNEXURES to this Subsidiary Arrangement form an integral part of it.

IN WITNESS THEREOF, the undersigned have signed this Subsidiary Arrangement.

Signed in duplicate, at Jakarta, on this *18th* day of *January* in the year of two thousand and *eleven*, in two (2) originals in the English language, both of the texts being equally authentic.

FOR THE GOVERNMENT OF THE
REPUBLIC OF INDONESIA

FOR THE GOVERNMENT OF
AUSTRALIA

Muliyanto
Rahmat Waluyo.....

Director General of Debt Management
Ministry of Finance

Jacqui De Lacy
.....

Minister Counsellor
Development Cooperation