



INDONESIA UPDATE YEAR IN REVIEW 2006



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‘The past 12 months has been largely characterised by Australia’s ongoing work to help Indonesia recover from the Boxing Day 2004 tsunami, which exacted a heavy toll on Indonesia...’

Image: A man stands in front of his home in Bantul, which was destroyed in the Yogyakarta earthquake in May 2006.

Introduction

As 2006 draws to a close, the *Indonesia Update – Year in Review* looks at the progress through the year of the Australian aid program in Indonesia.

At the end of 2006, AusAID is on track to spend A\$340 million* across the Australia Indonesia Program in the 2006-07 financial year.

The past 12 months have been largely characterised by Australia’s ongoing work to help Indonesia recover from the Boxing Day 2004 tsunami, which exacted a heavy toll on Indonesia, most harshly in Aceh Province. Australia’s assistance to Indonesia has helped forge even closer ties between the two countries, which have been reinforced by the ready support offered by Australia after the Yogyakarta earthquake in May, and contributions to help those affected by this year’s Mt Merapi eruption and southern Java tsunami.

Throughout the year Australia has continued a major program of reconstruction and capacity building in Aceh, which will continue through 2007.

But responding to disasters and helping rebuild communities is only part of Australia’s aid commitment to Indonesia, and this year’s programs reflected the ongoing partnership between the two countries that aims to build a safe and peaceful Indonesia. The diverse programs undertaken by AusAID in partnership with the Government of Indonesia this year demonstrated the strength of this relationship – it was also reflected in the high number of Indonesian staff who help the programs achieve their goals.

In June 2006 Australia and Indonesia signed an agreement enabling AusAID to provide funds for aid-related activities. Under the Partnership Loan Agreement, AusAID is now able to distribute loan funds to enable projects under the Australia Indonesia Partnership for Reconstruction and Development.

Efforts to strengthen Indonesia’s economic governance and public sector management capabilities have gathered steam under the \$50 million, five-year Government Partnerships Fund. Already 12 Australian agencies are engaged with their Indonesian counterparts, including the Department of Prime Minister and Cabinet, Treasury, the Commonwealth Ombudsman and the Reserve Bank.

* All figures in Australian dollars

‘The strong partnership between Australia and Indonesia brings a broad range of contributors into the delivery of the aid program – from government and the private sector, to NGOs and academia ...’

AusAID signed agreements during the year with Indonesia’s two largest non-government organisations – Muhammadiyah and Nahdlatul Ulama (NU) – to work together on disaster preparedness. Close to \$2 million will be used to increase disaster awareness among students and teachers at schools run by the organisations, and to strengthen cooperation between community and local authorities on disaster management.

AusAID has also begun working with UNICEF and other bilateral agencies to monitor the results of maternal and child health programs, with a focus on the provinces of Papua and Nusa Tenggara Timur.

A major challenge of 2007 will be helping Indonesia expand and strengthen its strategies to cope with pandemics and infectious diseases. While Indonesia overtook other countries in 2006 with the highest number of deaths from avian influenza, and is taking concrete measures to limit further infections, the country is also working to stem the spread of HIV/AIDS, and Australia will remain at the forefront to help Indonesia with these challenges.

In November Australia committed more funds to Indonesia to help fight the spread of avian influenza, contributing an additional \$18.5 million, bringing total funding since 2004 to \$34 million.

In 2007 AusAID will continue to work toward the goals expressed in the 2006 aid White Paper, *Australian Aid: Promoting Growth and Stability*, which focus on accelerating economic growth, fostering functioning and effective states, investing in people and promoting regional stability and cooperation.

The strong partnership between Australia and Indonesia brings a broad range of contributors into the delivery of the aid program – from government and the private sector, to NGOs and academia – and it will continue to grow through 2007 and into the future.



Image: Australian Ambassador to Indonesia Bill Farmer and the Chairman of Muhammadiyah, Dr Sudibyo Markus.

Health

OVERVIEW

In 2006 Indonesia faced significant challenges in dealing with not only the spread of avian influenza, but also the deepening task of trying to halt the spread of HIV/AIDS.

AusAID has assisted with support for avian influenza education, research and treatment programs as well as helping improve health infrastructure in Aceh, where tsunami reconstruction efforts continued throughout the year.

In helping Indonesia build HIV/AIDS prevention strategies, AusAID has been working with the Indonesia National Parliament to help with narcotics law reform, encouraging a 400 per cent increase in the number of injecting drug users reached by needle and syringe programs.

As 2006 draws to a close, Australia remains committed to helping lower Indonesia's maternal mortality rate, estimated at 307 per 100,000 live births – one of the highest in Southeast Asia.

Two of the agency's main maternal and child health projects in Eastern Indonesia concluded this year, but AusAID has renewed funding for UNICEF to implement a Women's and Child Health Program in Papua, and commenced preparations for a new four-year program of assistance to improve maternal and neonatal health, to begin in July 2007 in Nusa Tenggara Timur province. The program will be implemented in partnership with other donors and will work through local government systems with complementary assistance at the national level.

AusAID has also begun collaborating with UNICEF and other bilateral agencies to monitor the results of maternal and child health programs. With a focus on development learning, this monitoring activity seeks to improve cooperation between the programs, understanding of the causes of maternal and child deaths in Indonesia and, ultimately, the effectiveness of all donor interventions to prevent them.

In 2007 AusAID will continue to build on the priorities raised in the White Paper on Australian aid to improve health facilities, services and access in Indonesia

HELPING FIGHT AVIAN INFLUENZA ON THE GROUND IN INDONESIA

While a number of countries have struggled to come to terms with the threat of avian influenza, Indonesia has been the worst hit, reporting 74 cases of the disease and 57 deaths – 45 this year. At the same time, many provinces are grappling with ongoing outbreaks of the disease in backyard poultry flocks, threatening the livelihoods of some of the country's poorest people.

The costs of avian influenza in Indonesia are two-fold. In the first instance, farmers have been forced to absorb the cost of the estimated 60 million birds that have either died or been culled, as well as managing the disease with vaccines and adjusting farming systems.

The poultry deaths not only affect farmers' incomes – they also diminish an important source of food for rural communities.

In the second instance, continued widespread infections in poultry pose an important ongoing risk for humans, and the related risk of a pandemic.

Following an Indonesian Government allocation of US\$57 million (\$73.2 million) in 2006 to deal with the disease threat, Australia responded with bilateral support of \$34 million



'As 2006 draws to a close, Australia remains committed to helping lower Indonesia's maternal mortality rate, estimated at 307 per 100,000 live births – one of the highest in Southeast Asia.'

to help Indonesia purchase 50,000 courses of the antiviral drug Tamiflu, strengthen animal quarantine systems, raise community awareness and engagement through NGO-linked programs in South Sulawesi and Papua, and create links with universities and institutions in Australia to provide epidemiology and laboratory expertise. Australia has also provided disease management specialists and supported the country's ministries of Health and Agriculture in strengthening their surveillance and response activities.

EXPANDING THE HIV/AIDS PROGRAM

The expansion of the \$37 million AusAID-funded Indonesia HIV/AIDS Prevention and Care Project, Phase II (IHPCP) has been a key health initiative in 2006, and is helping fund HIV projects such as improving blood safety in hospitals, introducing comprehensive HIV services in prisons, initiating programs by faith-based organisations in Papua to reduce the alcohol abuse associated with risky sexual behaviour, and training for police officers in injecting drug use harm reduction strategies.

The program had a number of significant wins in 2006, including a 400 per cent increase in the number of injecting drug users reached by needle and syringe programs from 8,000 people to almost 30,000.

A major media campaign in Papua involving the provincial football team – current national champions – helped raise awareness of HIV and sexual health. AusAID has also worked with the National Parliament on narcotics law reform, and with local governments to develop HIV/AIDS work plans and district regulations aimed at harm reduction.

Mid-2006 AusAID engaged a new Indonesia HIV/AIDS Coordinator to provide technical advice on HIV assistance in Indonesia, while strengthening AusAID's partnerships with Indonesian agencies and other stakeholders involved in the HIV/AIDS response.

Ahead of the program's conclusion in August 2007, an AusAID planning team has met key stakeholders and conducted field visits to existing projects. The mission's findings are under review, and further design work will closely align with the development of the Indonesian National Action Plan on HIV/AIDS.

MATERNAL AND CHILD HEALTH IN INDONESIA

Indonesia's maternal mortality rate remains one of the highest in Southeast Asia, particularly in Eastern Indonesia, where an estimated 554 in 100,000 women die during childbirth in Nusa Tenggara Timur (NTT), and over 1000 per 100,000 in Papua. This compares to 6 per 100,000 in Australia.

In 2006, AusAID's two main maternal and child health projects in Eastern Indonesia came to a close – the Women's Health and Family Welfare project in NTT and Nusa Tenggara Barat and the Improving Maternal Health in Eastern Indonesia project, implemented by UNICEF in NTT and Papua.

The two projects contributed to increases in supervised deliveries and antenatal/postnatal check-ups, improvements in community awareness, the development of a gender manual for health workers, and the piloting of a promising health initiative for adolescent girls.

AusAID has renewed funding for an initial three years to implement the Women's and Child Health Project in Papua, with a focus on adopting an integrated approach addressing access to, and affordability of, quality health services for the poor, and the health needs of women of reproductive age, newborns, infants, and children under five.



'AusAID has also worked with the National Parliament on narcotics law reform, and with local governments to develop HIV/AIDS work plans and district regulations aimed at harm reduction.'

Image: A major media campaign involving Papua's champion football team helped raise HIV/AIDS awareness in the province.

‘Australia is providing high levels of infrastructure, equipment, technical support and training to ensure the clinic is a first class medical facility and an outstanding memorial to the victims of the 2002 bombing.’

A new four-year program, to begin in July 2007 in the province of NTT, will work through local government systems with the aim of increasing the quality and coverage of maternal and neonatal services. Through this program, AusAID will assist the Indonesian government at national and regional levels to activate its Making Pregnancy Safer strategy, helping reduce maternal and neonatal mortality rates and improving the lives of many Indonesians.

NEW HEALTH FACILITIES FOR BALI

The completion of the Australia Bali Memorial Eye Clinic was an important project in 2006, and followed on from a commitment made after the 2002 Bali bombings.

The clinic is a stand-alone facility with the capacity to conduct three operations simultaneously, and is the final component of Australia’s Bali Memorial. It will have comprehensive clinical areas, a seven-bed ward, an ophthalmology training facility, a large lecture theatre and several rooms utilised by the Provincial Health Department.

Australia is providing high levels of infrastructure, equipment, technical support and training to ensure the clinic is a first class medical facility and an outstanding memorial to the victims of the 2002 bombing.

When completed it will be handed over to the Balinese Government and will form part of Indera Hospital. Construction began in February 2006 and, after equipment installation and staff training, the clinic is scheduled to open in July 2007.

The facility has the potential to make a major contribution to reducing blindness in Bali, and to become a regional centre of training excellence.

Similarly, the 15-bed Burns Unit at Bali’s Sanglah Hospital fulfils a commitment made under the Bali Memorial Package.

The Burns Unit is part of a new intensive care centre also comprising a post-operative 14-bed Intensive Care Unit, a six-bed Intensive Coronary Care Unit and a dedicated Operating Theatre.

The new centre is open to all patients, with a fee structure based on ability to pay. Australia is also providing extensive training to the centre’s staff, and quality improvement of systems through a program with Australian Volunteers International.

Governance

OVERVIEW

2006 has been an eventful year for the Governance Program, with 12 Australian Government departments working through the Government Partnerships Fund to help improve Indonesia's economic governance and public sector management capabilities.

This has brought over 290 Australian and Indonesian officials into contact through secondments, internships, seminars and workshops. Australian participants have included the Department of Prime Minister and Cabinet, Treasury, the Reserve Bank and the Commonwealth Ombudsman's office.

These exchanges promote "hands-on" skills training in technically-demanding areas, new concepts, best practice in management and carrying out services.

The program has also delivered a large and diverse range of training in 2006, principally to middle management level staff in an equally diverse set of agencies, mostly at district and provincial levels of government.

In many instances the Indonesia Australia Specialised Training Project has directly contributed to other efforts in assisting the Indonesian government with its reforms, with over 100,000 participant training days offered to date, in around 350 different courses.

For example, the project offered a Train the Trainer course to 19 participants from the Directorate General of Tax office, focusing on codes of conduct, improved service delivery and law enforcement. These 19 delivered training to a further 800 tax employees from all over Indonesia, supporting the application of new frameworks within the vast Indonesian tax administration.

The Legal Development Facility has four lead advisers who provide ongoing advice and activity coordination in human rights, access to justice, trans-national crime and anti-corruption.

The Lead Adviser for Judicial Reform has been assisting the Supreme Court with managing its 17,000-case backlog and helping the Religious Courts improve their services, especially for women attempting to settle divorce and property disputes.

In April the Facility launched the Legal Aid Handbook – a comprehensive guide to legal issues in Indonesia. The book, launched by the Attorney-General and the Minister for Law and Human Rights, has been well received as a useful resource: the Chief Justice has requested copies for every judge in Indonesia.



Image: Voter and candidate information on election day in Banda Aceh.



‘Support in debt management... has also been acknowledged by the market, with a Moody’s debt rating upgrade in May suggesting investors’ risk perceptions are improving.’

Image: Graduates of an AusAID training course that teaches effective financial governance.

ELECTIONS: CHANGING THE CULTURE OF POLITICS

In 2006, Australia and the Asia Foundation provided funding for 45,000 volunteers in the People’s Voter Education Network.

Indonesia is in the midst of a wide-ranging reform agenda of democratisation and decentralisation, and after a successfully run campaign monitoring the 2005 elections, the network is consolidating its role as the leading national civil organisation on strengthening democratic processes in Indonesia.

The network has been actively working to help change the culture of local politics to one of accountability towards the public, by informing and educating voters about candidate platforms, and by leading debate on emerging issues on the Indonesian electoral process.

The network directly represents some 70 million members. In 2007 a number of pilot projects will be established to extend the network’s monitoring and reporting capacity on all stages of the electoral process, and it will continue to be a major advocate for citizens in Indonesia’s electoral system.

TAMF – GOOD ECONOMIC MANAGEMENT

Australia is playing a crucial, carefully targeted role in helping Indonesia enhance economic growth and reduce poverty through the Technical Assistance Management Facility (TAMF).

Australian assistance in the area of Indonesia’s economic management has enabled the Government to provide a firmer base for encouraging private investment, tightening government procurement procedures in the fight against corruption, and prioritising major new infrastructure projects. This included the development of a risk management plan to support the expansion of coal-powered generating capacity to 10,000 Megawatts. Australia also advised on the auction of 3G spectrum bands, leading to a US-half billion dollar non-tax revenue gain.

Support in debt management has resulted in effectiveness improvements that are now recognised as a model for other heavily indebted countries. This has also been acknowledged by the market, with a Moody’s debt rating upgrade in May suggesting investors’ risk perceptions are improving.

TAMF support has had a significant impact in increasing Government revenues and building fairer and more efficient tax management, with tax revenues at the national and Jakarta provincial levels increasing by 45 and 35 per cent respectively during 2005.

A comprehensive evaluation of the Facility in the second quarter of 2006 suggested the Indonesian Government had demonstrated high levels of trust and confidence in TAMF’s motives and quality of service delivery.

Other donors, including the World Bank and the IMF, spoke highly of TAMF’s contribution, noting the Facility’s responsiveness and the high quality of its personnel.

ACCESS – EMPOWERING WOMEN AND THE POOR

The Australian Community Development and Civil Society Strengthening Scheme (ACCESS) is working in some of Indonesia's poorest districts to ensure the voices of women and the poor are heard.

Indonesia is a country with substantial resources and local capacities, but the voices of women and the poor are often stifled, limiting their access to the resources they need for a better life and their ability to participate in decision-making that affects their well-being. This situation is improved through the training of local facilitators to help identify the opportunities and resources needed to plan for the future and build confidence.

To date, ACCESS has involved some 63,000 people and provided 350 small grants. Local community groups are now playing a larger role in local affairs, demanding good government and participating in and advocating on a whole range of community services and issues.

ACCESS ON THE GROUND

Ibu Tija's husband died 14 years ago and she was left to raise her three children alone, but now the 52-year-old grandmother says life is looking up. After receiving two goats through the ACCESS-funded program, Ibu Tija joined the local animal husbandry group and now regularly attends community meetings. One of the unforeseen benefits for Ibu Tija is being able to voice her own opinions at the village and group meetings. Ibu Tija's increased confidence has encouraged her to branch out into seaweed farming with one of her sons, using capital earned from the goat farming. She is also considering setting up a fishing group modelled on the animal husbandry group formed as part of the ACCESS funded program, and sees a brighter future for herself and her family.

Education

OVERVIEW

Australia's efforts to help Indonesia raise education standards across the country took great steps forward in 2006.

The Basic Education Program is working to provide more than 330,000 new places for students in Years 7 to 9 by building and expanding 2000 schools across the country, with a particular focus on eastern Indonesia.

In Aceh, communities affected by the tsunami and 30 years of conflict are receiving help to rebuild their school networks. Under the Education Rehabilitation Aceh (ERA) program, schools are being rebuilt and restored, especially in the Islamic education sub-sector where many of the poorest children are educated. In addition, the Communities and Education Program – Aceh (CEPA) is working in conflict-affected parts of Aceh to help rebuild schools and improve education quality. Both these programs are featured in the Aceh section of this Update.

NEW SCHOOLS WILL RAISE EDUCATION LEVELS

In 2006 AusAID has commenced a huge program to assist the Indonesian Government's introduction of a new, compulsory standard of nine years' education for all students.

AusAID's Basic Education Program is working to overcome a lack of access to secondary schools, focusing on providing more than 330,000 new places for Junior Secondary students from Years 7 to 9, by building and expanding 2000 schools.

Construction began in 13 provinces this year, predominantly in eastern Indonesia, and will begin in five more in early 2007.

The first phase sees around 400 schools ready at the beginning of the Indonesian school year, with construction of the others continuing over the next two to three years.

AusAID is working in partnership with the Indonesian Government to provide both general secular schools and Islamic schools.

An ongoing part of the program is Australia's substantial work toward improving educational quality and management.

The schools will be built or extended in poor and remote areas where there are either no schools, or the existing schools are overcrowded.

The construction work will be done by local people – not commercial companies – through the Government of Indonesia's established community construction systems, with AusAID funding technical supervision to ensure the schools meet high building standards.

While at least 330,000 new formal students will benefit from the facilities, the program will encourage their use for non-formal education as well, opening up learning opportunities to many more people in remote and previously under-served areas.



'AusAID's Basic Education Program is working to overcome a lack of access to secondary schools, focusing on providing more than 330,000 new places for Junior Secondary students from Years 7 to 9, by building and expanding 2000 schools.'

‘More than 550 new postgraduate scholarships were offered in 2006, including 23 ALAs. The ALA program is regionally competitive, and focuses on developing leaders who can influence social and economic policy reform and development outcomes.’

INVESTING IN PEOPLE THROUGH LEARNING

AusAID continued during 2006 to help strengthen Indonesian human resource development through education scholarships. A new Australian Scholarships initiative was launched in April to build partnerships, and increase mutual understanding, knowledge and innovation in the Asia Pacific region.

It brings under one umbrella three Commonwealth Government scholarship programs: Australian Development Scholarships (ADS), Endeavour Awards and a new Australian Leadership Awards (ALA) program which is managed by AusAID.

More than 550 new postgraduate scholarships were offered in 2006, including 23 ALAs. The ALA program is regionally competitive, and focuses on developing leaders who can influence social and economic policy reform and development outcomes.

300 Australian Development Scholarships were offered to Indonesians in both the private and public sectors. The program is currently operating in 19 tertiary institutions in Australia, but will be expanded in 2007 to include all institutions, significantly increasing study choices.

The Australian Partnership Scholarships (APS) program, formally established in April 2005 in response to the Indian Ocean disaster, placed 235 recipients in Australian universities. Applicants were sought from key organisations in Indonesia, and a total of 600 recipients are expected to be placed in Australian universities by the first semester of 2008.



Image: AusAID Minister-Counsellor, Allison Sudradjat, with students at the re-built MIN Merduati school in Banda Aceh.

‘A grant of \$10 million to the World Food Programme in December 2005 provided 1,500 tonnes of locally-purchased biscuits, 7,000 tonnes of rice and 930 tonnes of noodles that were distributed across Aceh, and covered both transport and storage costs for these supplies.’

Livelihoods

OVERVIEW

A key element of helping people regain their livelihoods is helping them re-establish their potential for economic growth. Through the Australia Indonesia Partnership, Australia is helping to improve livelihoods across Indonesia through increasing opportunities and local technical expertise.

Since January, AusAID has been working with the International Finance Corporation (IFC) on a Private Enterprise Partnership to provide technical assistance to encourage private sector development in Aceh and Nias. The \$7 million program is strengthening the business climate in Aceh and Nias with a focus on small to medium business enterprises and improving Aceh's investment potential.

It is also improving access to finance for local business by strengthening the micro-financial institutions and establishing a small online credit bureau.

AusAID has been providing practical assistance to raise food security in tsunami and conflict-affected areas in Aceh.

A grant of \$10 million to the World Food Programme in December 2005 provided 1,500 tonnes of locally-purchased biscuits, 7,000 tonnes of rice and 930 tonnes of noodles that were distributed across Aceh, and covered both transport and storage costs for these supplies.

Also in Aceh, Australia has been working this year to restore the annual cropping system in western coastal areas heavily damaged by the tsunami, including helping agricultural services to provide train-the-trainer activities and improving soil management practices through hands-on demonstrations and farmer-to-farmer visits.

REHABILITATING AQUACULTURE SYSTEMS

Before the tsunami, aquaculture was an important source of income, employment and livelihood for many Acehnese communities. The industry employed more than 94,000 people, had an annual production value of approximately \$75 million per annum, and was dominated by small, low-input farms producing shrimp and milkfish. Tiger shrimp produced for export markets accounted for two thirds of production, and aquaculture played an important role in reducing pressure on marine fishery stocks.

More than half the ponds in Aceh – around 20,000 hectares – were damaged in the tsunami, with around 9,000 hectares totally destroyed. More than 80 per cent of shrimp hatcheries were also destroyed, and at least 40,000 people lost their livelihoods, with significant flow-on effects to households engaged in aquaculture as a primary income-generating activity.

Australia committed \$5 million funding to help improve livelihoods in Aceh through the Australian Centre for International Agriculture Research, with \$4 million going toward the development of the Aceh Aquaculture Industry to rebuild the fish hatcheries and to assist the Regional Brackishwater Aquaculture Development Centre to develop good management practices for local farmers.

‘The SADI’s overall goal is to achieve a sustained increase in rural growth and household incomes through productivity gains, better access to markets, and on-farm and off-farm value-added activities...’

FORGING LINKS IN AGRIBUSINESS

The Smallholder Agribusiness Development Initiative (SADI) is designed to address long-standing issues and constraints relating to agricultural production and rural poverty in eastern Indonesia.

The SADI’s overall goal is to achieve a sustained increase in rural growth and household incomes through productivity gains, better access to markets, and on-farm and off-farm value-added activities in four target provinces in eastern Indonesia: South Sulawesi, South-East Sulawesi, Nusa Tenggara Timur and Nusa Tenggara Barat.

Its main task is to forge stronger links between rural smallholders and the wider Indonesian and global economy that can be sustained long-term by commercial incentives, without ongoing support.

The initiative has entered a six-month inception phase, after which the \$38 million initial phase of the program (to late 2009) will be implemented in partnership with the World Bank’s Kecamatan (sub-district) Development Program, the International Finance Corporation and the Australian Centre for International Agricultural Research.

The SADI management office in Makassar, South Sulawesi, has commenced operation, and is scheduled to be formally opened in January, and the successful implementation of Phase I will provide a foundation for the program to grow from 2010 onwards.

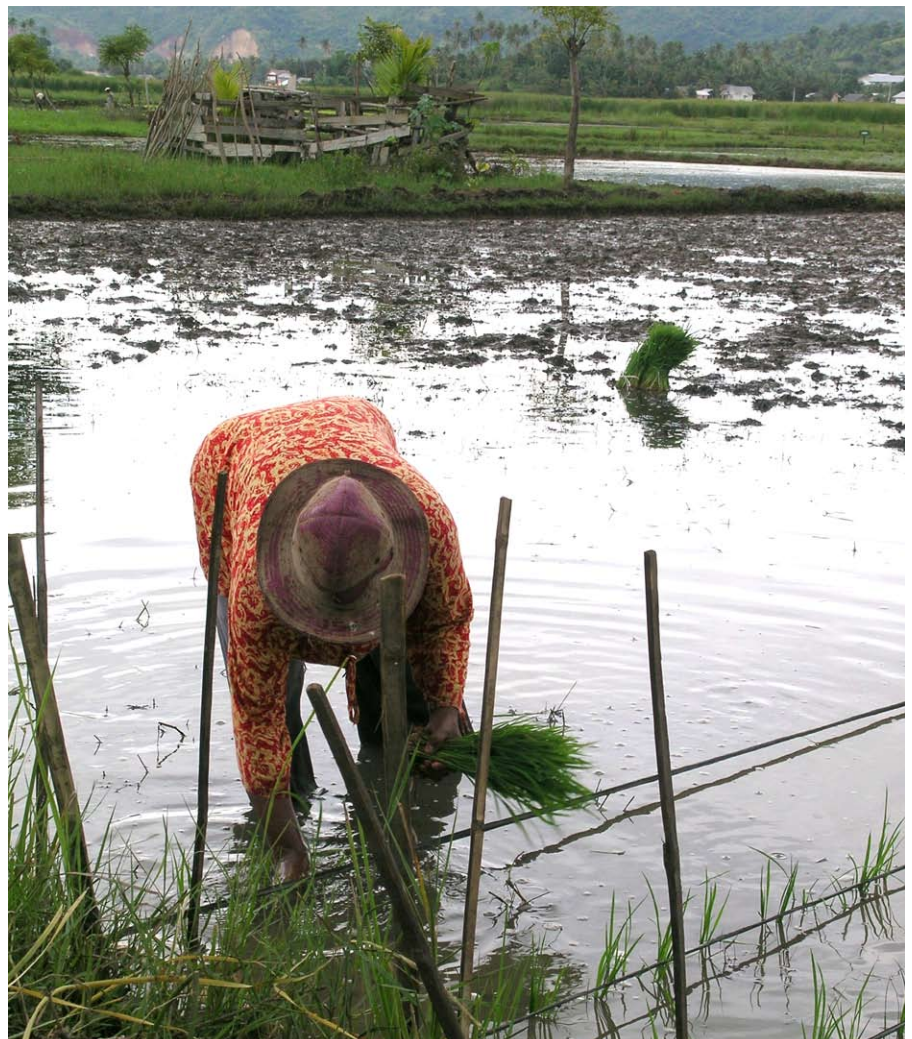


Image: A key factor in improving people’s livelihoods is helping them re-establish their potential for economic growth.

'In May a massive earthquake measuring 6.3 on the Richter scale hit the Yogyakarta and Central Java provinces, killing as many as 6,000 people and leaving close to a million homeless. Australia's total \$37.5 million assistance package included \$7.5 million for emergency medical treatment and supplies, water, sanitation and shelter assistance...'

Disaster response

OVERVIEW

Responding to natural disasters and their ensuing effects on communities is part of the core business of Australia's aid program. It is also one of the hardest tasks required of AusAID, as natural disasters can be neither predicted nor prevented.

In 2006 Indonesia, still working to overcome the devastation caused by the December 2004 earthquake and tsunami, was struck by a number of natural disasters that claimed lives and threatened livelihoods.

In early January three days of torrential rain caused flash flooding and landslides in several districts in East Java, killing at least 80 people and forcing close to 10,000 people to flee their homes.

AusAID provided \$200,000, which was used to hire helicopters to evacuate the injured, drop emergency aid into inaccessible areas and provide aerial assessments of the damage.

Australia also distributed emergency goods including medicines, food, tents and hygiene kits to people whose homes were destroyed.

In May a massive earthquake measuring 6.3 on the Richter scale hit the Yogyakarta and Central Java provinces, killing as many as 6,000 people and leaving close to a million homeless.

Australia's total \$37.5 million assistance package included \$7.5 million for emergency medical treatment and supplies, water, sanitation and shelter assistance, and was followed by \$30 million for longer-term assistance.

The quake came on the heels of the evacuation just two weeks before of nearly 20,000 people from villages surrounding Mount Merapi in Central Java, not far from Yogyakarta. Tremors had begun around the volcano in late April, and by the first week of May lava had begun flowing, endangering surrounding communities.

Australia contributed an initial \$100,000 to the Indonesian Red Cross to assist with the evacuations, but after the initial displacement of residents the volcano's activity decreased, and locals were allowed to return to their homes.

Australia also assisted when an earthquake south of Jakarta triggered a tsunami in July that hit southern Java, killing over 570 people and displacing more than 50,000.

While there was extensive damage to buildings within the 500-metre impact zone, infrastructure and services not immediately on the coast were able to continue functioning, including electricity and water supply. Australia contributed \$250,000 for emergency relief and short- to medium-term assistance.

In 2007 AusAID will continue to monitor the needs of people living in disaster-affected communities, and will maintain its dialogue with the Indonesian Government on how to best support these communities into the future.

‘In November the first Six Monthly Rolling Work Plan was endorsed, and in the new year three main program activities will be pursued: a health clinic upgrade program; a rehabilitation grants program; and a school readiness program.’

THE YOGYAKARTA EARTHQUAKE

The earthquake that struck Yogyakarta on May 27 caused major devastation, and the Australian Government responded immediately by sending an emergency response team of up to 85 disaster experts to the affected area.

Australia’s immediate \$7.5million humanitarian response included urgent medical, hospital and relief supplies, medical and surgical teams, two engineering and essential services teams and government aid staff, logisticians, water and sanitation experts, to assist in coordination and to advise on evolving needs.

Australia also provided funding for the UN, Indonesian Red Cross and local and Australian NGOs active in the region.

AusAID contributed an infrastructure expert to the BAPPENAS-led Loss and Damage Assessment. AusAID staff and contractors worked from a Yogyakarta field office, and other staff worked on critical infrastructure and essential services response teams which conducted initial needs assessments to help determine immediate to longer-term reconstruction needs.

In June a \$30 million grant was approved for immediate demolition, repair and construction works and longer-term construction, with a program design mission undertaken soon after.

A Yogyakarta – Central Java Community Assistance Program was subsequently established, and this two-year program is providing short to medium term assistance by helping affected families and communities return as quickly as possible to normality in the three areas of life most severely affected by the earthquake: household life, income-producing activities, and schooling.

In November the first Six Monthly Rolling Work Plan was endorsed, and in the new year three main program activities will be pursued: a health clinic upgrade program; a rehabilitation grants program; and a school readiness program.



Image: Indonesian and Australian emergency workers carry an injured local to the makeshift hospital, set up in the stadium after the May 27 earthquake in Yogyakarta.

Infrastructure

OVERVIEW

The Infrastructure program has focused throughout the year on practical programs that have provided tangible outcomes.

EINRIP has been working with the Indonesian Directorate General of Highways to identify priority projects, and the Smallholder Agribusiness Development Initiative (SADI) has moved into the inception phase.

The ANTARA regional development program opened its Kupang office in March, and has completed its mobilisation phase, moving on to implement its poverty reduction initiatives in the Nusa Tenggara Timur province.

Its major task is assisting the Indonesian Government, stakeholder organisations and people of the province to tackle the constraints that make it one of the poorest provinces in Indonesia.

Practical initiatives include assisting with medical supply management and the improvement of surgical specialist services, as well as projects to raise access and quality in primary school education and assisting the tourism industry through the West-Manggarai Swiss Australia Tourism Assistance (WISATA) initiative.

ANTARA has a long-term time-frame of 10 to 15 years and a mandate to develop a range of innovative responses to the constraints of poverty.

THE AUSTRALIAN LOANS PROGRAM BUILDING ROADS IN EASTERN INDONESIA

A major loan-funded road improvement project is supporting regional economic and social development, particularly in Eastern Indonesia, by improving the condition of the national road network.

The five-year \$300 million Eastern Indonesia Road Improvement Project (EINRIP) is financing improvements and upgrades of deteriorated roads and bridges throughout the east of Indonesia. Additional grant funding of \$28 million is being provided to support project preparation, to strengthen the capacity of the Indonesian Ministry of Public Works to manage the national road network and to tackle ongoing issues such as road maintenance.

A project preparation team was engaged in March 2006 to work closely with the Directorate General of Highways in the Ministry for Public Works to identify priority projects, undertake detailed surveys and commence final engineering design.

Social and environmental safeguards are being prepared using experience gained through similar projects, and are an integral part of EINRIP evaluation and planning.



‘The five-year \$300 million Eastern Indonesia Road Improvement Project (EINRIP) is financing improvements and upgrades of deteriorated roads and bridges throughout the east of Indonesia.’

Image: Massive repair works at Banda Aceh's Ulee Lheue port also focused on re-building damaged roads and bridges.

Aceh

OVERVIEW

AusAID's projects in Aceh have made enormous gains in 2006. Tsunami repair work has surged ahead at Ulee Lheue port, and Australian assistance has helped rebuild schools and new facilities, and train new professionals such as teachers, nurses and doctors. The LOGICA program is empowering locals to help lead the rehabilitation of their communities, and health infrastructure has been vastly improved and repaired.

LOCAL GOVERNANCE AND INFRASTRUCTURE FOR COMMUNITIES IN ACEH (LOGICA)

The tsunami was an unprecedented disaster that left governments struggling with limited personnel and resources. Villages were in disarray, and in the midst of this communities had to rally together to plan for the future, and to play active roles in leading and monitoring village reconstruction and recovery.

LOGICA was initiated in mid-2005 with three key goals: re-establishing land ownership through community land mapping, strengthening sub-district government and re-establishing village-level communities through community-led planning, skills development and community infrastructure grants.

The strength of LOGICA's approach lies in its focus on people and action. Village facilitators live alongside the communities they support, and they have trained over 1,300 village leaders, more than half of whom are women, to support the village reconstruction program. This network of facilitators leads the village planning process and has established committees in 35 villages to manage community infrastructure grants.

LOGICA community land mappers have continued their work with villagers, and 339 village maps covering around 70,000 land parcels will be completed by the end of 2006. These have been used by over 50 organisations for village planning, the reconstruction of housing, and by the National Land Agency for the issuing of land certificates.

The land maps are used by LOGICA's village spatial planning team, who work with facilitators and village planning committees to produce spatial plans to help guide reconstruction work.

By the end of 2006, LOGICA will have produced 82 village spatial plans with another 138 planned for next year.

By mid-2007, 200 villages along the north and west coasts of Aceh will have received up to \$4.5 million worth of grants to construct priority village infrastructure and to repair bridges, roads and drainage.

As well as physical progress on reconstruction, the goal in 2007 is to help communities and local government service providers sustain LOGICA's legacy for Aceh's long-term benefit.

HEALTH REHABILITATION IN ACEH

The Health Assistance Rehabilitation in Aceh Program (HARAP) has helped Aceh's health authorities reconstruct tsunami-damaged infrastructure, and develop a more effective health delivery system that will strengthen health care service in Aceh for the long term.



'By mid-2007, 200 villages along the north and west coasts of Aceh will have received up to \$4.5 million worth of grants to construct priority village infrastructure and to repair bridges, roads and drainage.'

Image: Australian Ambassador to Indonesia Bill Farmer examines a village spatial map, which will be used to help re-build a village destroyed in the tsunami.



‘As well as the transportation benefits this work delivered, the experience has benefited many local Acehnese people, building their skills and confidence.’

Image: Acehnese locals have played key roles in helping map and then re-build their communities.

The Emergency Department and Dental Clinic at Aceh’s major hospital, Zainoel Abidin, were refurbished in 2005, and through 2006 HARAP supported the training of 40 emergency doctors and 25 emergency nurses, and provided clinical training to 60 new nurses at the hospital. As a consequence, hospital services are now in greater demand, waiting times are reduced, and the survival rate of gravely ill patients has improved.

The Dental Clinic has also benefited from Australian assistance in reconstruction and training. It now meets international standards, and the Head Dentist, trained in Australia, has become Aceh’s first forensic dentist.

HARAP has worked alongside Aceh’s Provincial Health Office to help it re-establish services after the office suffered severe staffing and resource losses in the tsunami. In 2006, the provincial and local health offices throughout Aceh developed Indonesia’s first provincial five-year strategic health plan (RENSTRA). With Australia’s support, the Office is also developing health regulations as mandated by the new Aceh law of self-governance and has trained 45 health administrators.

In addition to the loss of trained midwives in the tsunami, Aceh is now experiencing an increased birth rate. Australian aid is helping the midwifery academy in Banda Aceh to meet these challenges. Assistance has included the refurbishment and re-equipping of the building and facilities, and financial assistance to students.

More than 3,300 student nurses and midwives experiencing financial hardship after the tsunami also received assistance with their 2005-2006 academic year tuition fees.

In 2007 HARAP will focus on continuing to strengthen Aceh’s health services through improved infrastructure and training.

ULEE LHEUE PORT IN BANDA ACEH

In 2006, extensive work was done at Banda Aceh’s Ulee Lheue port, which was completely destroyed in the tsunami and separated from the mainland.

The newly-built ferry terminal was destroyed, and the Roll On-Roll Off ferry ramp had lost its lifting mechanism, fendering system and ramp decking. The floating power station, moored at the ferry jetty, had been forced inland, and the floating jetty used by fast ferries had been washed away to nearby Pulau Aceh island, and grounded on a reef.

Emergency repairs began in June 2005, with the building of new temporary ferry terminal and repairs to the ferry ramp and lifting mechanism. In December 2005 the port’s ferry operations were reopened with a temporary terminal building, allowing a car ferry to re-open. Continuing reconstruction to the port in 2006 has seen major repairs to a 1.4 km breakwater, the construction of a new jetty, and a dedicated barge landing for the transportation of construction materials required for tsunami rehabilitation work on nearby islands.

As well as the transportation benefits this work delivered, the experience has benefited many local Acehnese people, building their skills and confidence. Afrida Nursanti, an Acehnese port engineer, said a tsunami could never take away the knowledge locals had gained while being involved in the rehabilitation engineering works taking place at the port.

HOUSING ASSISTANCE

More than 180,000 houses were destroyed in the tsunami, leaving 500,000 people without homes. In 2006 Australia helped build over 1250 temporary shelters to house more than 8,000 people, and restored water and sanitation services. Australia also provided assistance to the Government of Indonesia to help it overcome the logistical challenges of reconstruction work in a devastated area. The Housing Assistance Program has also

helped NGOs and other donors to access sustainably harvested timber, in order to protect Aceh's forest during the reconstruction. Safeguarding quality standards has been an important element of housing assistance, and Australia has provided technical support and training for local people to monitor the reconstruction taking place in their areas.



'The ERA program is continuing to lead reconstruction and rehabilitation works in 14 more education facilities, has implemented a range of teacher training activities, is revitalising the school cluster system and is working with school communities and teachers at 32 schools in the post-conflict area of Pidie.'

HELPING COMMUNITIES REBUILD THEIR SCHOOL NETWORKS

The tsunami killed nearly 2,500 teachers and damaged or destroyed more than 2,100 schools (including over 1,500 primary schools and nearly 300 junior secondary schools). Approximately 150,000 students lost access to education facilities.

Australia has assisted by delivering 10,000 textbooks and nearly 900 sets of school desks and chairs to Aceh's school communities, and by training teachers and managers in 32 schools.

The Education Rehabilitation Aceh (ERA) program focuses on the Islamic education sub-sector where many of the poorest children are educated, and where few other donors are operating. Under the program five education facilities have been reconstructed, including two Islamic schools in Banda Aceh that were badly damaged in the disaster.

Australia provided \$870,000 to restore the flooded Lampisang State Islamic Primary School in Aceh Besar and the completely destroyed Merduati State Islamic Primary School in Banda Aceh.

The ERA program is continuing to lead reconstruction and rehabilitation works in 14 more education facilities, has implemented a range of teacher training activities, is revitalising the school cluster system and is working with school communities and teachers at 32 schools in the post-conflict area of Pidie.

Additionally, five education facilities have been built since mid-2005, including a teacher training centre at Syiah Kuala University, and another 14 are underway.

POST-CONFLICT EDUCATION REHABILITATION

The Communities and Education Program – Aceh (CEPA) aims to strengthen communities through rehabilitating schools and improving education quality in conflict-affected areas of Aceh.

An estimated 600 schools were burned down during the years of conflict in Aceh, and while some have been rebuilt, the quality of education has deteriorated and few teachers were willing to work in such areas.

The program commenced in January with a pilot and has moved to the design-implementation phase, commencing in seven schools in the Bireuen district, where much of the conflict was centred.

The project encourages communities to take leadership and ownership in the rebuilding and development of their schools, and works closely with education offices, education supervisors, and school heads and leaders.

Image: In 2006, Australia helped build over 1,250 temporary shelters to accommodate more than 8,000 people left homeless in Aceh after the tsunami.

‘In line with the White Paper’s strong focus on partnerships, the Indonesia Country Strategy will look to maximise engagement between the Indonesian and Australian governments and other donors to promote reform and ensure effectiveness.’

New Country Strategy

A new Country Strategy is being developed to guide Australia’s development priorities in Indonesia from 2007-2011.

As outlined in the *Australian Aid: Promoting Growth and Stability* White Paper, the new strategy will give greater prominence to performance outcomes and provide a single framework for whole-of-government development efforts.

In line with the White Paper’s strong focus on partnerships, the Indonesia Country Strategy will look to maximise engagement between the Indonesian and Australian governments and other donors to promote reform and ensure effectiveness.

The strategy will be shaped to reflect key questions about Australia’s national interests in relation to Indonesia, and the role of overseas development assistance in contributing to these interests.

It will look at how Australia can ensure a focused, well-targeted and flexible program, while remaining realistic about the program’s objectives and providing performance frameworks that are capable of capturing achievements across all agencies involved in the delivery of overseas development assistance-eligible activities in Indonesia.

The Strategy is to be completed mid-2007.

