

Independent Progress Review KOMPAK

Australia Indonesia Partnership for Decentralized Basic Service Delivery
February 2018



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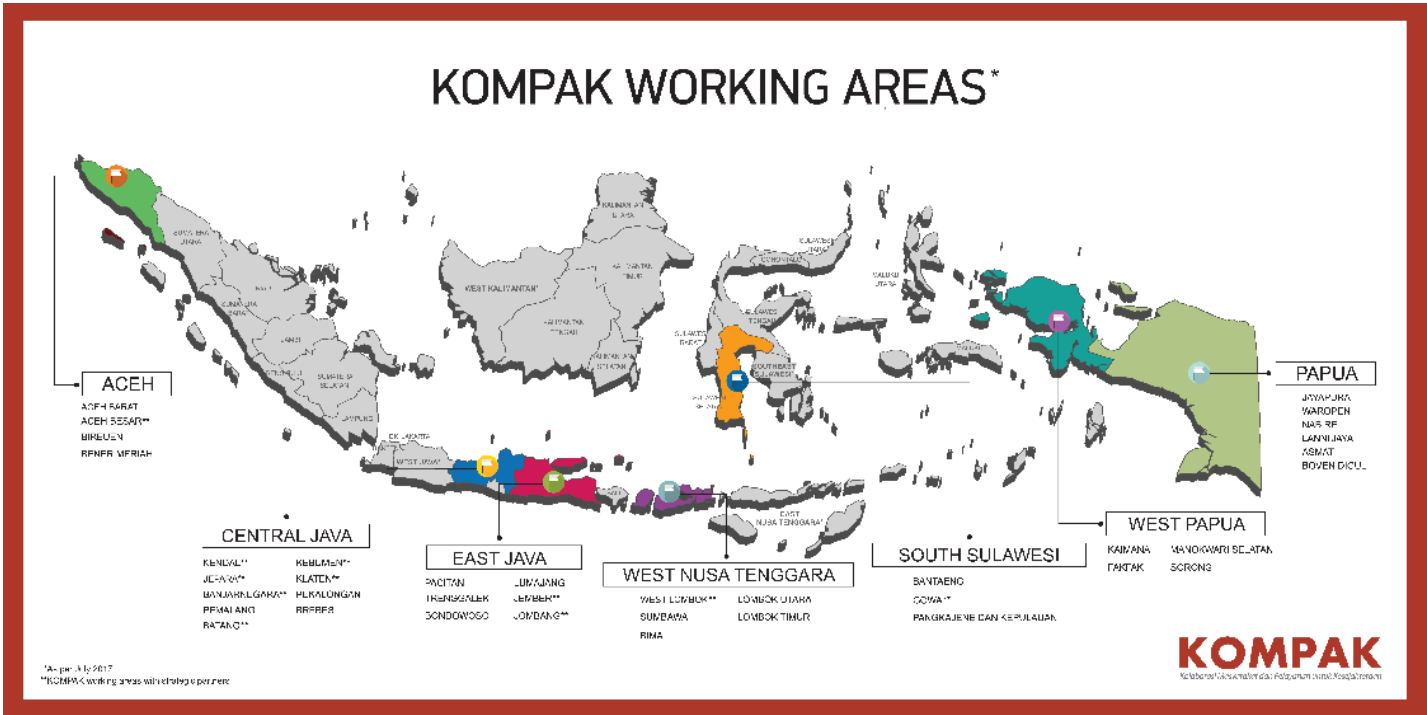
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Acronyms

(NB: English translation used for Indonesian acronyms)

Acronym	Detail
AQC	Aid Quality Check (DFAT)
BAPPENAS	Ministry of National Development Planning (Indonesia)
BPD	Village Council
DAK	Special Allocation Fund
DD	Village Fund
DID	Regional Incentive Fund (Indonesia)
DFAT	Department of Foreign Affairs and Trade (Australia)
FAS	First Assistant Secretary (DFAT)
GFB	Governance and Fragility Branch (DFAT)
GoA	Government of Australia
Gol	Government of Indonesia
IO	Intermediate Outcomes
Kemenko PMK	Coordinating Ministry for Human and Cultural Development (Indonesia)
KOMPAK	Governance for Growth Program
M&E	Monitoring and Evaluation
MoF	Ministry of Finance (Indonesia)
MoHA	Ministry of Home Affairs (Indonesia)
MoVDRT	Ministry of Village and Disadvantaged Region Development and Transmigration (also Ministry of Villages) (Indonesia)
NGO	Non-Government Organisation
NTB	West Nusa Tenggara
NTT	East Nusa Tenggara
ODE	Office of Development Effectiveness (DFAT)
PPA	Partner Performance Assessment
PSF	National Community Empowerment Program (Program Nasional Pemberdayaan Masyarakat – PNPM) Support Facility
TA	Technical Assistance
ToR	Terms of Reference
UU	Law (Undang-Undang)

KOMPAK Working Areas



I. Executive Summary

I.1 Background

The KOMPAK Program is an Australian Government funded partnership with the Government of Indonesia (GoI) established in 2015. It is aligned to GoI's two key poverty reduction objectives - improved access to and quality of frontline services, and increased income for Indonesia's poorest and most vulnerable people. KOMPAK supports GoI in its efforts to achieve these objectives by improving village governance, strengthening sub-national transfers and spending, enabling local governments to deliver services more effectively, and addressing the challenges of decentralised administration of basic services such as health and education. It does this by working alongside GoI to improve policy nationally and support implementation of those policies sub-nationally. KOMPAK works with five (5) GoI Ministries - Ministry of National Development and Planning (BAPPENAS); Ministry of Finance (MoF), Ministry of Home Affairs (MoHA), Ministry of Villages (MoV), and the Coordinating Ministry of Human Development and Culture (Kemenko PMK - across seven (7) provinces, 26 districts, and 311 villages). The Program's ways of working include policy advocacy and dialogue, research and analytics, pilots and demonstrations, and capacity development and institutional strengthening.

KOMPAK has three (3) high-level outcomes namely:

- **Outcome 1:** Local government and service units better address the needs of basic service users.
- **Outcome 2:** The poor and vulnerable benefit from improved village governance.
- **Outcome 3:** The poor and vulnerable benefit from increased opportunities for off-farm employment and economic development.

KOMPAK was intended as a 7.5-year program with an independent review at its midpoint to assess performance and recommend adjustments for the remainder of the program. The KOMPAK contract was granted for an initial 3.5 years with an option to extend for an additional four years based on program and contractor performance. Almost three years since the KOMPAK program start, DFAT has commissioned an independent progress review (IPR); this report presents its findings. It is important to note that although the KOMPAK contract started in early 2015, it was tendered as a design-implement program and therefore the KOMPAK Program implementation did not start in earnest until 2016. In other words, at the time of the IPR the program was only 18 months into implementation and importantly, the sub-national work only fully started in early 2017. The IPR assesses the progress and achievements of KOMPAK since its inception, identifies lessons learned to inform immediate changes required, and to inform DFAT's decision on whether to continue KOMPAK as planned.

I.2 Key Findings

I.2.1 The Strengths

Over the past decade, the Government of Indonesia has become increasingly assertive with donors in directing how and where their funds ought to be placed, and in ongoing governance of donor programs. The KOMPAK program reflects the Australian Government's intention to be proactive and positive in its response to GoI by ensuring the program aligns closely with its development agenda. It does this through joint design, ongoing close engagement at all levels of implementation (national and sub-national, and across key ministries), and robust

program governance arrangements that function well at all levels: Steering Committee, Technical Committee, Provincial and District Committees.

The IPR team finds that the KOMPAK Program is relevant and strategically aligned to Indonesia's development agenda and is effective in achieving outcomes. Additionally, the IPR team found that all counterparts, at all levels, were aware that KOMPAK is an Australian aid initiative in partnership with the Government of Indonesia.

Most significantly, **the IPR team find that, challenges notwithstanding, few aid programs achieve the level of partnership that is evident in KOMPAK.** The Australian aid program could draw upon the lessons of KOMPAK as a model in government-to-government partnership programming.

Key findings canvassed in the full report include:

Public diplomacy and bilateral relations - KOMPAK is building and cementing bilateral relationships with numerous GoI ministries at central level and with sub-national governments across seven provinces with which Australia has had an enduring aid program relationship. KOMPAK is a highly visible and practical demonstration of Australia's commitment to supporting Indonesia's ongoing decentralisation and democratisation process, and to helping GoI use its economic resources to reduce poverty.

Mainstreaming innovations (program approach) - The ability to pilot and explore potential solutions to complex development problems is what KOMPAK brings to GoI. The demands on Indonesian Ministries provide them with limited opportunity to pilot good ideas as a means to developing national policy and systems. These Ministries can (and do) use KOMPAK to test ideas and iteratively develop program / policy designs before installing them in national policy, regulation or law. KOMPAK supports the design and implementation with evidence, technical advice, and a team of provincial personnel who support implementation and learning. Therefore, the KOMPAK Program reflects an effective approach to leverage Indonesian budget to reduce poverty in Indonesia.

Significant Result under Outcome 1- Fiscal transfer improvements- KOMPAK has improved fiscal transfers that are the backbone of the decentralisation agenda including through reformulation of the criteria for access to the District Special Allocation Fund (DAK) and the Regional Incentive Fund (DID) that has resulted in increased funds flows to poorer and more remote regions. KOMPAK drew upon finance modelling and evidence to build the case for these policy changes, and supported the process that enables change to be institutionalised at the national level, and implemented at the sub-national level.

Significant Result under Outcome 2 - 2014 Village Law implementation - KOMPAK is playing a strategic role in assisting the implementation of the 2014 Village Law, supporting key Ministries to refine policy foundations, including through learning from experience and evidence. For example, KOMPAK was a substantial contributor to influencing reform of the formula for allocation of Village Funds (together with the World Bank and Tim Nasional Percepatan Penanggulangan Kemiskinan –National Team for the Acceleration of Poverty Reduction). Consequently, of the IDR 60 trillion budget for Village Fund in 2018, there will be an increased proportion of

funds to the poorest rural villages. It has piloted the application of a Village Information System in 307 villages, and census gathering to support more accurate and accessible data directly to village governments to improve their budget decision-making; and is demonstrating ways to increase the voice of women at village governance levels.

Significant Result under Outcome 1- Improved quality and reach of government frontline services - KOMPAK is exploring ways to improve the quality and reach of government frontline services (particularly in health, education and legal identity) and in so doing has supported 132 health facilities, and 121 schools to achieve minimum services standards, enabling them to apply for national accreditation and increased government funding allocation. In addition, KOMPAK has supported the GoI drive to ensure more people have Civil Registration and Vital Statistics records (i.e. legal identity papers), providing them with the opportunity to access social protection programs such as health insurance and conditional cash transfer program.

Significant Result under Outcome 1 & Outcome 2- Sub-national governance strengthening - KOMPAK is helping to strengthen the role of sub-district governments in coordinating service delivery at the frontline level and in supporting village governance: at the central level, KOMPAK has helped to revise the regulations to improve local leadership, coordination, and allocation of resources, particularly related to frontline service delivery; at the sub-national level, KOMPAK has piloted ways for the government to achieve better reach and quality of frontline services, together with MoHA, MoF and MOV. The delegation of authority from the district head to the sub-district head has made a number of services more accessible to the population and has reinvigorated the role of sub-districts in bridging the gap between districts and villages. Significant progress on KOMPAK's sub-national work and aligning EOFO 1 and EOFO 2 is notable in Papua, West Papua, and Nusa Tenggara Barat. Notably, in Papua and West Papua where village cadres are identified and trained to implement village governance reforms and deliver basic services, including the village census and information database, these cadres have assisted village heads to connect with sub-district governments and basic services such as health clinics and schools. KOMPAK's work with Landasan BAKTI through the village cadre model has contributed to improved health and education basic services funding, access and delivery. The vertical integration and coordination between sub-national (district and sub-district) levels and village level has also substantially increased the population's legal identity and access to national social protection services.

Efficiency - The KOMPAK Program, by June 2018, will have spent 81.2% of its budget on program costs, and 18.8% on personnel and operational costs. This represents a good balance between core costs and program costs. Resourcing at national and sub-national levels is currently well balanced, with approximately 70% of funds spent at national level, and 30% of funds spent for the seven provinces (forecast expenditure to end of June 2018). KOMPAK has been proactive in increasingly shifting funds away from central level and towards sub-national implementation as it grows. The most recent example was the Review and Revitalisation process of mid-2017 that shifted resources to sub-national level implementation support.

Modality – The Facility modality has served KOMPAK well; its flexibility has enabled the GoI to deepen its engagement in design and testing of new ideas (bringing with it very close relationships between KOMPAK and key counterparts), and enabled the Program to learn and adapt as it has evolved. The Facility modality enabled

the KOMPAK Program to become more efficient in optimising and rationalising the use of Technical Experts/Advisers hired for GoI partners. The Program has significantly reduced the number of technical advisers embedded to GoI counterparts, and has moved away from input-based contracts to output-based contracts. This has resulted in a more outcome focused TA cohort, who have specific roles, responsibilities and deliverables.

1.2.2 The Challenges

These conclusions notwithstanding, KOMPAK faces a number of challenges that it needs to resolve in moving forward.

- 1. Outcomes (program focus)** - Importantly, KOMPAK has not gained policy traction for achievement in Outcome 3: economic development. This Outcome lacks focus, has very limited ability to leverage the other KOMPAK initiatives (at national or sub-national level), and is not well aligned to the rest of the KOMPAK program. However, economic development is an important GoI poverty reduction objective, and a foundational element of the Village Law. KOMPAK should leverage its expertise and presence in village level governance (at both national and sub-national levels) to promote improved governance of village level economic development. It could achieve this if Outcome 3 were subsumed under Outcome 2.
- 2. Program Logic & Theory of Change** - KOMPAK has a theory of change that was sufficient in providing direction to KOMPAK in its first years of establishment. As the program has grown at sub-national levels, each of the seven provinces has developed its own program logic. Over 2015 and 2016, KOMPAK grew in size and developed a stronger set of directions in close collaboration with GoI. However, this more focused set of directions is yet to be built-in to KOMPAK's whole-of-program theory of change. In its absence, and with such a wide spread of initiatives (as would be expected of a large program focused on piloting and testing ideas), KOMPAK is at risk of losing focus as it moves forward. A stronger program logic and theory of change will provide KOMPAK with a substantive foundation for moving forward, and enable the integration of Outcome 3 under Outcome 2.
- 3. Monitoring & Evaluation** - The IPR was hampered in its ability to provide evidence of progress by a lack of well-collated data from across the program's seven provinces, and extrapolation of likely impact from the national policy reforms it has pursued. The extensive in-country mission, together with KOMPAK reports, provided many examples of progress that have been the foundation to these findings. However, this stage of KOMPAK implementation should have more complete and collated data on the program outcomes. KOMPAK does not yet have a functional project MIS database. This has seriously weakened the program's ability to provide outcome data and analysis.
- 4. Gender and Social Inclusion - GESI (program approaches)** - KOMPAK has not lived up to the expectations it set for itself in the KOMPAK Gender Strategy, and which would be expected of an Australian Government initiative. KOMPAK has not yet successfully mainstreamed gender either internally or across its activities: some provincial teams are mostly or all men, demonstrating a lack of commitment to and belief in the importance of diversity. Many of the programs fail to understand how initiatives affect men and women differently; initiatives designed to empower women are mostly delivered by strategic partners who are somewhat removed from the provincial teams and the main body of KOMPAK work; most of the embedded technical advisers to ministries are men. KOMPAK has very few human and financial resources dedicated to gender equality and social inclusion, and has not prioritised outcomes in these areas. KOMPAK is well positioned to provide evidence for the development-case for GESI and advocate for policy reform – to date it has only done so in limited cases.

5. Strategic Partners – KOMPAK’s eight strategic partners at the provincial level are implementing local level activities focused on improving transparency of village development and social accountability processes and practices. While these partners have extensive local networks enabling provision of direct interventions to villages, as noted above these partners are not well connected to provincial teams and KOMPAK overall. KOMPAK might consider directly contracting community-based organisations at the local level to assist with program work, and embedding a process for regular partnership ‘health checks’ to assess the performance, relevance and ongoing shared value of its strategic partners. The partners themselves noted the potential for their increased collaboration, with KOMPAK’s role at the sub-national level best placed as being one of facilitation and coordination rather than direct implementation, while also noting the critical influencing role of KOMPAK at national level.

Overall, the IPR team found that the KOMPAK Program is a good investment for the Australian aid program in Indonesia. It is addressing the priorities of both the Australian and Indonesian Governments by contributing to Gol’s poverty reduction efforts, particularly in relation to decentralisation policy, Village Law implementation and improving frontline services delivery. It has developed strong relationships with the Indonesian national Government and the target sub-national governments. The IPR team noted that government counterparts at every level held DFAT and the Program in high esteem. As Indonesia moves away from reliance on donor funds, the KOMPAK Program reflects an effective approach to leverage Indonesia’s budget resources to reduce poverty and increase stability. Nevertheless, the KOMPAK program has some substantial challenges moving forward and the IPR team includes a number of recommendations for improvement.

1.3 Conclusion and Recommendations

The IPR team has identified **20 key recommendations**. These recommendations relate to program focus areas, approaches and delivery strategies, and build on existing strengths in the program while addressing its challenges.

1.3.1 Extension of KOMPAK

R1: The IPR strongly recommends KOMPAK continue until 2022 (as envisaged when the program was tendered in 2014); because it is addressing highly relevant development challenges, has built strong relationships at all levels, and is performing well.

1.3.2 Overall Program Strategic Alignment and Relevance

R2: The structure and approach of KOMPAK remains strategically aligned and relevant to meeting Gol’s development needs, and the IPR team recommends no changes to overall strategic approach of KOMPAK.

1.3.3 Program Focus - End of Facility Outcomes

R3: By June 2018: Outcome 3 be discontinued and Outcome 2 intermediate outcomes (and the projects that support their achievement), be expanded to include a focus on achieving improved village governance of economic development.

I.3.4 Strategic Partners

By June 2018:

- R4: KOMPAK and Strategic Partners should jointly develop improved ways of working at national and sub-national levels that build better working relationships.

After June 2018:

- R5: Streamline the number of Strategic Partners and rationalise their purpose. Selecting only those that have demonstrated successes in delivering outcomes to date, and in working collaboratively at sub-national levels. To ensure that their interventions are strategically aligned with KOMPAK's outcomes.

One way to achieve the above is to ensure that sub-national teams are involved in the design of new approaches, and that mechanisms for strong collaboration at sub-national level are institutionalised.

- R6: The social accountability work should be redesigned so that local community-based organisations (CBOs) are contracted directly to the KOMPAK provincial offices who work collaboratively with them to redesign their work

I.3.5 Governance

- R7: Given the resources associated with maintaining relationships across Ministries, DFAT and Gol should streamline the number of Ministries on the Steering Committee from five to four.

I.3.6 Strengthening the Facility Modality

By June 2018:

- R8: KOMPAK to put in place a set of principles and criteria that strengthens the requirement for strategic alignment between KOMPAK and TA, and articulates a robust proposal and decision-making process for responding to Gol requests for new activities and new locations, and the use of technical assistance (TA) to Gol ministries. Accompanying communications products should be developed that better articulate use of TA, as well as outlining assessment criteria and decision-making processes for new activities, locations, etc. to GOI partners.

After June 2018:

- R9: KOMPAK to continue as a Facility Model, drawing upon its internal design and processes and the relevant governance committees for ongoing decision-making.
- R10: Upscale the KOMPAK approach to replication of successes at the district and provincial levels, developing and drawing upon a range of replication strategies and shifting from piloting good ideas to a focus on their rollout.
- R11: DFAT should consider piloting a model for establishing KOMPAK as a platform for sub-national administrative and coordination for all other DFAT programs in that geographical area. This would see KOMPAK "house" administrative, office, and logistics functions for all of DFAT sub-national investments within a province, as well provide value-adding coordinating support to

leverage joint work across investments. The pilot should be designed jointly with relevant DFAT programs to ensure it meets their needs.

I.3.7 Efficiency and Value for Money

After June 2018:

R12: The IPR team recommends that KOMPAK should consider a further shift in resources towards sub-national implementation, particularly in the areas of M&E, learning, replication activities, and gender.

I.3.8 Theory of Change

After June 2018:

R13: The IPR team recommends that the Program Logic and the Theory of Change be revisited and brought together in a single model.

I.3.9 Monitoring and Evaluation

By June 2018:

R14: The IPR recommends that KOMPAK invest in getting their MIS operational, including by bringing in an M&E expert with substantial skills in the design and management of databases and information systems, to ensure that the system is set-up correctly, and training all staff in its use.

R15: It is recommended that KOMPAK revisit the indicators and targets for 2019 to make them more realistic, and strengthen the indicators associated with the intermediate outcome level.

R16: The IPR team recommends that KOMPAK ensure timely delivery of collated data to the provinces to feed into their regular workshops and meetings.

R17: The IPR team recommends that the existing M&E tools be reviewed with a view to improving their ability to measure change – in knowledge, attitudes and practices of the people within systems, and then measure the consequences and impacts of those changes on populations.

I.3.10 Gender Equality and Social Inclusion

By June 2018 :

R18: KOMPAK needs to give higher priority to issues of gender equality and women's empowerment, including increasing resourcing and expertise to strengthen its twin track approach (i.e. both mainstreaming gender into all initiatives and undertaking specific gender equality and women's empowerment initiatives); and ensuring provincial teams have a better gender balance across levels of seniority.

1.3.11 Innovation

By June 2018:

R19: The IPR team recommends that the KOMPAK team scope out possible directions for “big-bang” type of innovations that could be developed or imported into the Indonesian context – particularly innovations in e-governance and the use of digital technology for poverty alleviation.

After June 2018:

R20: In keeping with the continuous process of evolution through iterative adaptation, KOMPAK should increasingly move away from piloting and testing of new methods and approaches and increase its emphasis on replication across village, sub-districts, districts and provinces. This is particularly important for those innovations that have already been integrated into national policy but are not being implemented due to capacity constraints at the sub-national level.

2. Introduction

2.1 Background on Issues and Challenges Facing Indonesia

This section presents a brief overview of the history of issues and challenges that the KOMPAK Program seeks to address. It provides the audience of this report with some useful background insights and information, which contextualise both the KOMPAK program and the recommendations within this report¹.

2.1.1 Decentralisation

Indonesia's decentralisation agenda began with the reforms following the end of the Suharto presidency in 1998 and continue to this day. The first wave of reforms began almost immediately with the introduction of democratically elected local governments that were granted responsibilities for a range of functions. More than 500 district governments were increasingly mandated with political, administrative, legislative and financial functions, which came with responsibility for sub-national civil service personnel. In parallel, the dismantling of authoritarian structures and regulations gave way to democratic reforms that freed the press and NGOs, allowed the formation of political parties, and strengthened the delineation of powers between the legislative, executive and judicial arms of government. The approach to Indonesia's decentralisation agenda is commonly referred to as "Big Bang decentralisation".

Decentralisation has continued at a pace in Indonesia, placing numerous demands upon sub-national governments that are not all able to keep up with the pace of change. This is particularly true for Indonesia's poorest regions that, almost 20 years on, continue to struggle with low capacity for effectively managing their responsibilities. Issues of capacity constraints are oftentimes compounded by confusion regarding how to exercise their new mandates, corruption, and a bureaucratic culture that lacks motivation and/or imagination for reform.

KOMPAK has identified that one of the current complicating factors of the ongoing decentralisation process is the replication of activities across all levels of sub-national governance. KOMPAK is successfully bringing ministries together over program initiatives through peer-to-peer approaches and has noted that one of the important factors for change is leadership by district heads. The need for interconnectedness across sub-national levels is mirrored by the need to cement the linkages between sub-national and national levels. KOMPAK is playing an important brokering role to encourage collaborative action and dialogue that supports better integration across all levels of governance.

2.1.2 Poverty Rate and inequality

Despite continued economic growth, Indonesia continues to have high rates of poverty. The Indonesian economy expanded from USD \$163.8 billion in 1999 to USD \$861.9 billion in 2015, and Indonesia became a member of the G20 group of major economies in 2008. In 2014, over 11 percent or nearly 30 million Indonesians were poor, and more than 60 million considered near poor.

¹ The necessity for brevity of this overview results in complex and multi-faceted issues not being granted their due analytical rigour. There are, however, many studies and reports that take Indonesia's decentralisation as their subject and that are readily obtained through open access sources.

Furthermore, inequality measured by the Gini coefficient increased from 0.30 in 2000 to 0.41 in 2012. has increased and continues at a high rate. Growing rates of inequality within a context of good economic growth reflect systemic problems in the distribution of economic benefits, which, in turn, hamper efforts to reduce poverty. The challenge for the Government of Indonesia is to more equitably and effectively distribute the benefits of economic growth to Indonesia’s poor, and embed systemic reform for sustained change.

The following table provides poverty and inequality figures - both relative and absolute – for Indonesia.

Table 1. Indonesian Poverty & Inequality Statistics:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Relative Poverty (% of population)	16.6	15.4	14.2	13.3	12.5	11.7	11.5	11.0	11.1	10.9 ¹
Absolute Poverty (in millions)	37	35	33	31	30	29	29	28	29	28 ¹
Gini Coefficient/ Gini Ratio	0.35	0.35	0.37	0.38	0.41	0.41	0.41	0.41	0.41	0.40

¹ March 2016

Sources: Statistics Indonesia (BPS) and World Bank

There has been a gradual, yet steady, decline in national poverty rates.² The above places the poverty line at less than USD \$1 per day. When applying a poverty line of USD \$2.00 per day the rates increase sharply; at least 100 million Indonesians are living on less than USD \$2 per day. These data show that while absolute poverty may be in slow and steady decline, there is still a significant portion (40%) of Indonesians for whom the benefits of even low to middle income status (i.e. basic services) remain out of reach. It is for this population segment, defined by KOMPAK as both poor and vulnerable, that the Program can and is achieving the most effective reach and impact.

2.1.3 Village Law

Indonesia’s decentralisation took another big step forward in January 2014 with the introduction of the Village Law. Village level governments, of which there are almost 75,000, were mandated with a raft of responsibilities and, for the first time, a budget to support village level governance and development priorities. Mirroring the challenges of the Big Bang decentralisation a decade earlier, many village governments, particularly in poor areas, struggle to implement their new mandate.

“Under Indonesia’s centralized government structure during the Soeharto era, local government officials were accustomed to making decisions about their village’s priorities based on what the central government deemed a

² The Indonesian government defines the poverty line at a monthly per capita income of IDR 354,386 (approx. USD \$26.6 or less than USD \$1.00 per day).

priority. They lacked experience in a decentralized governance approach, and are still learning how to involve the community in a way that is inclusive and efficient.”³

The Village Law sets aside 10 percent of the state budget for villages annually, an average of IDR 1 billion (AUD 100,000) per village. The GoI put in place incremental increases, starting with 5% of the state budget in 2015 and rising to 10% by 2017. In 2017, each village received an average IDR 800 million (AUD 75,000). By comparison, prior to the Village Law, each village managed on average IDR 100 million (AUD 10,000) per year. The Village Funds are managed by the village government and are intended to drive local development.

Alongside the funding allocation, the Village Law strengthens the legal status of the village and increases their powers, responsibilities and accountabilities, particularly in relation to local development. The Law embeds requirement for participatory planning and decision-making processes, use of village funds for development priorities, the roles and responsibilities of village councils, and the process for village elections. However, there is an absence of specific guidelines that detail how villages should exercise their new responsibilities and the capacity and confidence of village governments to implement the Village Law effectively varies widely.

“There is potential for the law to increase government responsiveness and rural development — if it is combined with strong financial management systems, new national institutional arrangements, and empowered citizens who can apply pressure on village governments to work in the interests of communities.”⁴

The Village Law implementation and the increasing budget of village governments across Indonesia, hold the potential for local level empowerment and development in Indonesia’s poorest regions. However, if implementation is ineffective, there are risks of corruption and political manipulation at village levels, leading to increasing inequality and unrest. The Government of Indonesia is highly invested in ensuring the Village Law benefits democratisation and a more prosperous Indonesia, and Australian support to the GoI through KOMPAK seeks to influence this trajectory positively.

2.2 Background to KOMPAK

KOMPAK is an Australia–Indonesia Government partnership working to reduce poverty and inequality in Indonesia, by supporting the Government of Indonesia (GoI) to improve governance, basic services and economic opportunities for the poor and vulnerable. KOMPAK has some degree of flexibility to explore and design specific interventions within its ‘corridor’ for achieving its three high-level outcomes (End-of-Facility Outcomes), namely:

- Outcome 1: Local government and service units better address the needs of basic service users
- Outcome 2: The poor and vulnerable benefit from improved village governance.

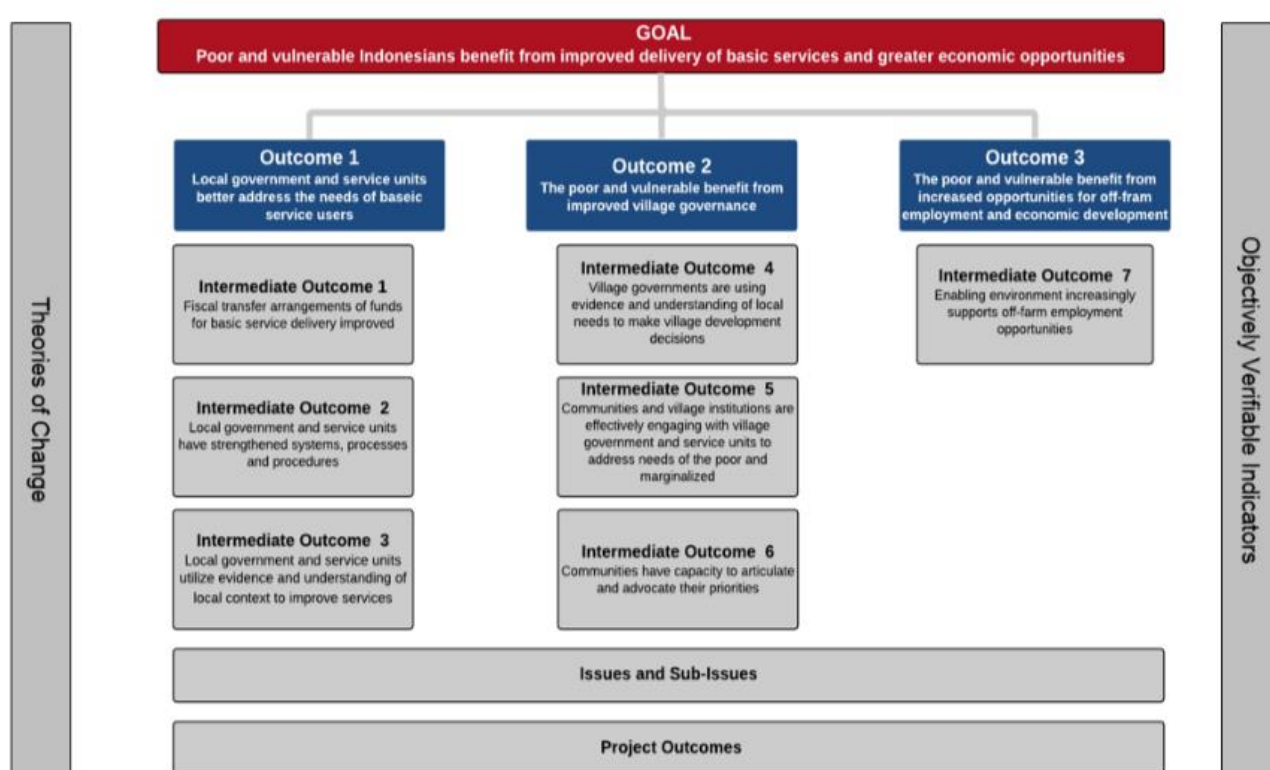
³ Novi Anggriani, Indonesia’s Village Law: A Step Toward Inclusive Governance, February 17, 2016, The Asia Foundation, <https://asiafoundation.org/2016/02/17/indonesias-village-law-a-step-toward-inclusive-governance/>

⁴ Hans Antlov, Leni Dharmawan & Anna Wetterberg, The promise and pitfalls of Indonesia’s village law, Sept 2016, <http://sdgcenter.unpad.ac.id/2016/09/the-promise-and-pitfalls-of-indonesias-village-law/>

- Outcome 3: The poor and vulnerable benefit from increased opportunities for off-farm employment and economic development

A high level Strategic Performance Framework enables the complex KOMPAK story to be presented in a single easy to understand diagram (see Figure 1). Given the ambition, scale and complexity of KOMPAK there is no one overarching theory of change, instead, there are many (See Annex 1: Terms of Reference) which are being tested through implementation.

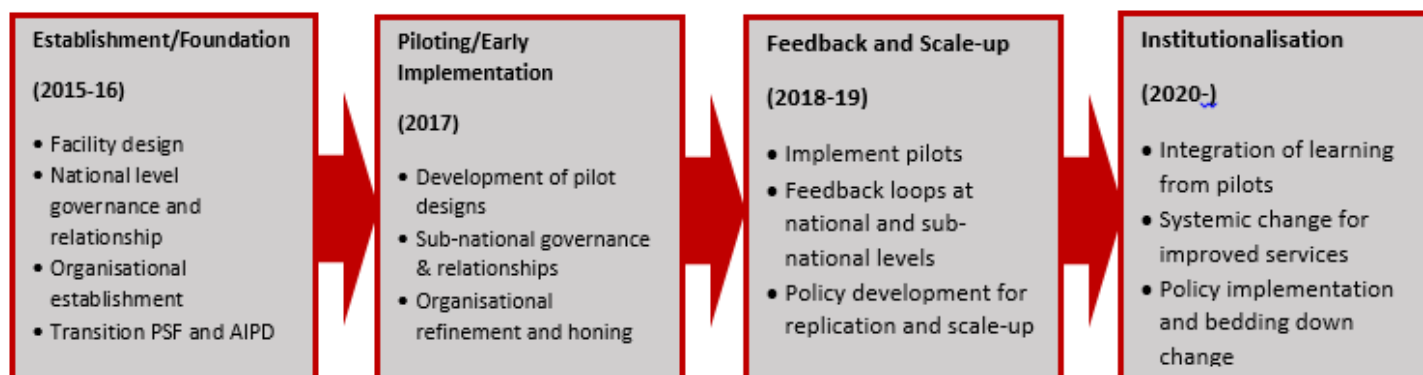
Figure 1: KOMPAK Strategic Framework



As outlined in the Strategic Performance Framework (Figure 1 above), KOMPAK achieves these three Outcomes through seven Intermediate Outcomes, and by implementing projects in support of the seven intermediate Outcomes over a 7-year period (until 2021). Performance Indicators are attached to each of these outcomes and to each of the Intermediate Outcomes (IO). KOMPAK indicators are aligned to the indicators defined by DFAT’s Performance Assessment Framework.

At the time of this review, KOMPAK has been operating for three years (Jan 2015-Nov 2017) with expenditure of AUD 60.645 million. KOMPAK has implemented a variety of pilots and models that will inform revisions to the Theory of Change going forward.

Figure 2: KOMPAK's Evolution and Trajectory



Although KOMPAK is entering its third year of existence (the contract start was early 2015), it is not entering its third year of program implementation. KOMPAK was initiated as a design – implementation model, i.e. design of program activities was intended to occur following contracting of the program rather than before. This paved the way for the program to undertake the design of activities jointly with Government of Indonesia. Once contracted, the program supported the development of the government-to-government Subsidiary Agreement and concomitant governance structures that were finalised in December 2015. Thereafter, the program moved from a broad set of directions to designing specific interventions, followed by approvals and then implementation. Therefore, it can reasonably be concluded that the program did not begin implementation until March-June 2016 and has therefore had 18 months of implementation to date.

KOMPAK operates in seven selected provinces (Aceh, South Sulawesi, East Java, Central Java, Papua and West Papua), each of importance to Australia for various reasons. For example, Australia is keen to continue its support to peace and stability in Aceh (particularly following the Boxing Day tsunami of 2004), and to development in Papua and West Papua; Australia has been a solid and continuous presence in support of Indonesia's poorest provinces in Eastern Indonesia such as NTB. The locations are relevant and strategically aligned with both Indonesian and Australian priorities.

2.2.1 Evolution of KOMPAK

KOMPAK was procured as a “Design-Implement” model, meaning much of its first 12 months were dedicated to the development of a strategic framework together with Gol and GoA counterparts, and then to design of the work to be implemented under each of its three end of program outcomes. A complication during the early stage of establishing KOMPAK was the necessity for it to carry forward several activities from previous DFAT investments including:

- technical advisers previously attached to the PNPM Support Facility (PSF) which was perceived as a precursor to KOMPAK;
- initiatives carried over from the Australia-Indonesia Partnership for Decentralisation (AIPD), a DFAT Program working with sub-national governments in locations that were destined to also be KOMPAK

locations; and various elements of support that reached across ministries to support poverty reduction efforts and/or were the result of KOMPAK not yet having been contracted.

KOMPAK in 2015 focused on establishment: of the organisational backbone; of the design (of the Facility and of pilots); on relationships with Gol partner agencies; transition of existing programs into KOMPAK; and the establishment of the governance mechanisms. In addition, 2015 was characterised by shifting Government of Indonesia and Government of Australia priorities, which caused a difficult process of getting to a shared articulation of the KOMPAK strategic direction. The first Steering Committee meeting (the peak joint governance mechanism) was held in December 2015 and those present approved the Guiding Strategy of KOMPAK. This paved the way forward for more detailed design and work-planning and detailed the program's role in addressing the barriers to Indonesia's successful decentralisation efforts, which were less about provision of resources and finance (moving away from 'donor/recipient' relationship), but reflected the emerging 'economic development partnership' through focus on such issues as:

- Clarifying complex policies, systems, and processes for better implementation at all levels
- The pace of devolution outstripping governance capacities
- Strengthening systems of accountability and coordination
- Improvements in systemic links between governments and civil society, and
- Processes to address crosscutting issues.

In 2016, whilst the establishment was ongoing, the first round of pilots and initiatives were also being mobilised, and KOMPAK provincial presence expanded to seven provinces, bringing with it a range of new operational and program establishment challenges. During 2017, the program strengthened sub-national implementation, achieved early outcomes, strengthened relationships and produced evidence to inform sub-national implementation and achievement of policy development.

3. Findings and Analysis

3.1 Overall Findings

Overall, the IPR team finds that the **KOMPAK Program is relevant and strategically aligned to both Indonesia's development priorities, and Australia's aid program priorities, and is effective in achieving outcomes.**

For Indonesia, **KOMPAK is playing a strategic role in assisting the ongoing decentralisation agenda that seeks to promote democracy and reduce poverty** through the implementation of the 2014 Village Law, and by exploring ways to improve the quality and reach of government frontline services (particularly in health, education and legal identity).

For Australia, **KOMPAK is building and cementing bilateral relationships** with numerous government ministries at the central level and with sub-national governments across seven provinces with which Australia has had an enduring aid program relationship. **KOMPAK is a highly visible and practical demonstration of Australia's commitment to supporting Indonesia's ongoing decentralisation and democratisation process**, and to helping the Government of Indonesia use its economic resources to reduce poverty.

3.2 Strategic Alignment and Relevance

The IPR team found that **KOMPAK Program aligns with Indonesia's own development objectives** as articulated in the National Medium-Term Development Plan 2015-19 (RPJMN) and in the continued roll-out and strengthening of the Village Law. **KOMPAK assists the government to develop sound policies** based upon evidence and testing of what works. GoI ministries responsible for policy development do not often have the resources or mandate to pilot ideas and undertake research; **it is a niche value-add that the Australian Government brings to Indonesia's development agenda.**

The approaches to development taken by the KOMPAK program are relevant to the Program Outcomes. The design-implement approach, the facility modality, and the iterative-adaptive management model, are all relevant to a program that seeks to leverage its own relatively small resource envelope to achieve good outcomes for poverty reduction; assisting the government to distribute the benefits of economic growth to a larger number of people and institutionalise those approaches. **This assistance has become increasingly important as Indonesia's economic growth slows and inequality rises.**

3.2.1 Indonesia's Needs and Priorities

The KOMPAK program has focused on the most pressing issues facing Indonesia's decentralisation agenda. Continuing challenges in making the earlier decentralisation reforms remain, and new challenges for making Village Law work well have emerged. In particular, decentralisation of responsibility for basic services (e.g. in health and education) continues to challenge district governments in many poor regions. In addition, the Village Law architecture at national level requires further definition and refinement, whilst at the village level (particularly in poor villages) village governments struggle to implement their mandate and budget for development outcomes.

The KOMPAK program continues the Australian Government's decades-long history of supporting the decentralisation agenda in Indonesia. Previous Australian aid program investments include the Australia-Indonesia Partnership for Decentralisation (AIPD) and ANTARA before it; the LOGICA (Local Government and Community assistance) Program in Aceh; the ACCESS program in Eastern Indonesia (supporting demand side engagement in development); and numerous other programs that include support to multi-lateral institutions engaged in decentralisation efforts. The KOMPAK program specifically seeks to work at both national and sub-national levels to strengthen Frontline basic services delivery and village governance.

These programs brought with them numerous legacy commitments that had varying relevance to the emerging KOMPAK strategic direction. Rather than close off these initiatives, DFAT sought KOMPAK to take over their management, assess their potential for integration within and if necessary, reduce their stake in the Program over time. Over the past three years, KOMPAK has successfully closed or reduced less relevant activities wherever possible (being mindful of the demands on KOMPAK from various Government stakeholders), and reformed other activities to be more relevant to the new agenda.

KOMPAK and DFAT have worked together to minimise any potential fall-out from the reduction in technical adviser numbers, particularly in relation to relationships with government counterparts. A notable exception has been the withdrawal of technical advisers from the Coordinating Ministry for Human Development and Cultural Affairs (this ministry also sits on the KOMPAK Steering Committee). However, it is the conclusion of the IPR team that ceasing technical assistance to this ministry was a good decision given the work was not consistent with the direction and outcomes of KOMPAK.

The IPR team conducted stakeholder interviews with each of the five national GoI partner ministries and provincial level government agencies. They described their ongoing needs and priorities of KOMPAK as follows, noting there were already gains across most areas:

- Improved coordination, communication, synergy and integration at all levels – internally within KOMPAK, between KOMPAK and ministries, and between KOMPAK and local governments
- Avoiding inter-ministerial overlap by ensuring KOMPAK aligns and priorities its activities with individual ministries' priorities, particularly noting that the work of MOHA and MOV must be synchronised.
- Regulations to support decentralisation – progressing, implementing, determining potential overlap/replication (i.e. between new and existing regulations; accountabilities between sub-national actors).
- Enabling and facilitating collaboration between sub-national actors.
- Sub-national government capacity development, technical guidance (MOF), and budget/expenditure monitoring and management.

The competing tension between the Government of Indonesia's economic development priority and KOMPAK's sub-national governance, social accountability and basic service delivery strategic focus areas was noted by stakeholders across the board, with impacts including GoI government funding commitments, for example with KOMPAK's legal identity activities.

3.2.2 Strategic Use of Australian Aid Policy

While Australia remains one of Indonesia's largest bilateral aid partners, its roughly A\$300m annual bilateral development assistance represents under 0.3 percent of Gol's national revenue. **Australia's aid program to Indonesia has evolved and matured over the past decade** in the following ways:

- The aid program is more closely aligned with Indonesia's own development agenda with subsidiary agreements clearly articulating the program contribution to achievement of RPJM (medium-term development plan) objectives, and more robust governance arrangements;
- The aid program leverages its relatively small amount of funding (relative to Indonesia's budget) to improve the reach and quality of Indonesia's own resources – both public and private;
- The aid program does far less direct service delivery and instead works through government systems; eliminating parallel systems and unsustainable program approaches; and
- The Australian aid program has prioritised working to support the Indonesian Government's own poverty reduction efforts which, in turn, displaces claims for attribution of outcomes (i.e. the Australian aid program was solely responsible for achievement of outcomes), and instead places greater significance on the notion of "contribution" towards outcomes.

The new approaches build stronger relationships with Indonesian Government at both senior officials' levels and at working levels. Steering Committees and their related technical teams and working groups, are more active, and central to the ongoing program management and credibility. The emergent Australian aid program approaches are building more and stronger relationships between Indonesian and Australian government officials. **The KOMPAK program embodies these new ways of working and heightened priority for leveraging Indonesia's own development resources.**

KOMPAK's focus on improving frontline services delivery is well aligned with the maturation of Australia's aid program in large emerging middle-income countries where aid needs to be highly targeted to support inclusive development. Frontline services (for example in health and education) in Indonesia's poorer districts struggle to provide the level and quality of services required to accelerate human development outcomes and achieve the SDGs – both reflecting and reinforcing widening inequality.

3.3 Effectiveness

3.3.1 What is Working?

Australian aid, through KOMPAK, is producing improved frontline services in its target locations, and those successes are being replicated in neighbouring locations with the government's own funds. There are examples of successful approaches being explored and adopted into policy for national scale. KOMPAK has nurtured strong working relationships with the Ministry of Finance, the Ministry of Home Affairs, and the Ministry of Villages, including through the strategic placement of technical advisers within these ministries. These connections have enabled KOMPAK to utilise its implementation knowledge (generated at the sub-

national levels), to influence frontline services delivery policy nationally. For example, KOMPAK has demonstrated the utility of formally empowering the sub-district level of government to promote improved services, and is getting the attention and interest of central government for these promising reforms⁵.

Initiatives towards achieving Outcome 1 and Outcome 2 have successfully integrated vertically (across Ministries at national and sub-national levels) and vertically (between national and sub-national levels) to achieve outcomes. This integrated approach has enabled KOMPAK initiatives to leverage wide-ranging networks, and exert a good amount of influence with government counterparts. This is because: **KOMPAK's approach is steeped in the Indonesian cultural context**; the team members see themselves as facilitators (helping counterparts to learn) rather than advisers (telling counterparts what they think they should know); KOMPAK brings stakeholders together to jointly learn and problem-solve in a variety of forums; and the team members are astute to political sensitivities and nuances.

KOMPAK's Outcome 1 (improving frontline services) and Outcome 2 (improving village governance) are relevant, effective and strategically aligned. Initiatives under each of the outcome areas are contributing to achievement of the Outcomes and many initiatives contribute to both.

The Government of Indonesia established a new ministry, the Ministry of Villages, to support implementation of village law. The Ministry of Villages is an important counterpart for KOMPAK and it is benefitting from KOMPAK's initiatives. KOMPAK implements pilots (with the endorsement of the Ministry of Villages) to test approaches to improving village governance and the allocation of village funds. The advisory support that KOMPAK provides at central levels draws upon the evidence produced by pilots to influence ongoing reform and implementation of village law and village funds management and distribution. In supporting the implementation of village law, the Australian Government aid program directly targets a high priority Indonesian Government initiative, whilst simultaneously remaining focused on poverty reduction and inclusive development.

3.3.2 What is Not Working?

Outcome 3 is less relevant to the work of KOMPAK in strengthening governance for poverty reduction, and initiatives under this Outcome have been less effective in leveraging KOMPAK's resources for reform. Unlike initiatives under Outcome 1 and Outcome 2, the Outcome 3 initiatives have few (if any) cross-linkages with other KOMPAK activities and do not experience a good fit with the broader work of KOMPAK. This notwithstanding, there is a high demand and need for improved policy and guidance on village government-led economic development, and Outcome 3 has piloted some work in this area.

Initiatives under Outcome 3 (economic development and employment) are, as they currently stand, not well aligned to KOMPAK's central foci of poverty reduction, and consequently the initiatives do not benefit from the traction that has been evident in Outcome 1 and Outcome 2 initiatives. Initiatives under Outcome 1 and Outcome 2 tend to be well-integrated and synergised – together producing momentum at local and national

⁵ Indonesia's decentralisation laws (2001) shifted responsibility for services delivery (including in health and education) to district level governments, and the 2014 village law empowers village levels of government for development. However, many districts have upwards of 200 villages contained within their mandated locations. Districts wanting to support villages as they scale-up their responsibilities can be overwhelmed by the numbers of villages requiring their support. Sub-district governments (in between districts and villages) are well-placed to support villages to take on their responsibilities.

levels for reform. Outcome 3 initiatives are not well integrated (tending to be more stand-alone), and therefore are less able to leverage networks and attract attention from target ministries and policy makers, making them less effective in terms of reach.

Village law and subsequent regulations have included space for village governments to introduce village government-owned enterprises. The IPR team found that at both national and sub-national levels of government there is a substantial demand for KOMPAK to support village government-owned enterprises. However, the Australian Government does not want to support government-owned enterprises that may undermine community micro and small enterprises (rightly – in the view of the IPR team). This reluctance to support government-owned enterprises has become a sticking point for KOMPAK. The IPR team believes it could be resolved by eliminating Outcome 3 and instead supporting village governments to manage local economic development through Outcome 2.

Improving village governance for economic development could become a lower order outcome (potentially an intermediate outcome) under Outcome 2. This would ensure alignment of initiatives with improved governance for poverty reduction objectives. If piloted, it could focus village governments on ways they can support micro, small and medium sized enterprise development. The pilots could draw upon the successful market systems development (MSD) approaches utilised by the DFAT PRISMA program. If successful, the KOMPAK program would assist the Government of Indonesia to embed a MSD approach to economic development through villages; this is more sustainable approach to economic development than village government-owned enterprises, and likely to produce better results for employment and livelihoods. KOMPAK has already begun to trial this approach, albeit tentatively, through Outcome 3, and early indications demonstrate that this approach could produce good results both for the villages subject to the trials, and for informing national strategy on how economic development might be incentivised at the village level. However, it needs to be embedded within Outcome 2 to ensure it aligns with the theory of change. Initiatives that recognise and synergise the links between economic development and employment and poverty reduction may have more impact when Outcome 3 is aligned to Outcome 2.

3.3.3 Progress on Outcome 1: Local Government Service Delivery

Outcome 1: Local Governments And Service Units Better Address The Needs Of Basic Service Users	
Intermediate Outcome 1:	Fiscal transfer arrangements of funds for basic service delivery are improved
Intermediate Outcome 2:	Local governments and service units have strengthened systems, processes and procedures
Intermediate Outcome 3:	Local governments and service units utilise evidence and understanding of local context to improve services

KOMPAK has made good progress towards Outcome 1 on supporting the government to ensure service units address the needs of basic service users better at both national and sub-national levels. The work on fiscal transfers was started through the World Bank PSF program and at the sub-national level through AIPD. A large number of technical advisers within the MoF were novated to KOMPAK through the transition period. The

advisers were generally very expensive and did not represent good value for money in terms of outcome achievements. KOMPAK has reduced their number to five, all of them senior Indonesian nationals (as opposed to international advisers) who are highly regarded in academic and financial management circles. This has brought greater credibility and focus to the work of in-line advisers in the MoF.

Allocation of Village Funds

KOMPAK was a substantial contributor to influencing the reform of the formula for allocation of Village Funds (together with the World Bank and TNP2K⁶). Consequently, of the IDR 60 trillion budget for Village Fund in 2018, there will be an increased proportion of funds to the poorest rural villages. KOMPAK provided assistance to the Ministry of Finance and to BAPPENAS; helping to build the case for revision of the formula based on analysis of trends and impact of the current distribution method.

The formula to date has seen 90% of Village Funds distributed equally between villages across Indonesia, regardless of poverty rates, population size and geography. The remaining 10% took account of population, poverty, and other variables. Given wide disparity across Indonesia, the consequences of this distribution method were increasing inequality. The contribution of KOMPAK and other Australian aid funded programs has generated a reform that will see sub-districts with Underdeveloped Villages (DT) and Very Disadvantaged Villages (DSTs), including 30% of the villages with the largest poor population in Indonesia, receive additional Village Fund allocations:

From 2018, the revised Village Funds formula gives greater weight to the number of poor citizens living in each village, with 77% of the Village Fund divided equally and 20% divided between the villages with the highest number of poor people. The final 3% is allocated to the poorest villages.

KOMPAK notes that the reform is sub-optimal in terms of addressing poverty and inequality, however it represents a positive trajectory for future pro-poor reforms, which the Gol is already discussing.

At the sub-national level, the village fund allocation has been rising sharply each year and is set to rise again in 2018. KOMPAK has been working with the village head, the village apparatus, and community stakeholders to ensure that the funds are managed well and address the most pressing development needs. The table below sets out the village funds received in 2016 and 2017 for the KOMPAK target locations, including for the poorest villages (identified in the table as underdeveloped – “*tertinggal*”). Slightly over 42 percent of KOMPAK’S working areas are classified as underdeveloped.

⁶ Both the World Bank (through the LSP) and TNP2K (through support from the Mahkota program) drew upon Australian aid funding to support their interventions.

Table 2: Comparison of Village Fund allocation to KOMPAK villages 2016 to 2017

Province	District	Tertinggal	Village Fund 2016 (DD)	Per Capita 2016 (DD)	Village Fund 2017 (DD)	Per Capita 2017 (DD)
Aceh	Aceh Barat	No	189,083,713	960.4	240,737,847	1222.8
Aceh	Bener Meriah	No	136,989,746	984.7	174,350,988	1253.3
Aceh	Bireuen	No	356,336,571	807	453,877,914	1028
Jawa Tengah	Brebes	No	212,385,910	118.8	270,922,338	151.6
Jawa Tengah	Pekalongan	No	174,527,576	198.7	222,535,590	253.3
Jawa Tengah	Pemalang	No	149,607,350	115.8	191,002,083	147.9
Jawa Timur	Bondowoso	Yes	136,213,107	178.3	173,908,433	227.6
Jawa Timur	Lumajang	No	129,202,929	125.1	165,136,155	159.9
Jawa Timur	Pacitan	No	104,921,170	190	134,532,774	243.6
Jawa Timur	Trenggalek	No	98,943,538	143.2	126,272,713	182.8
NTB	Bima	Yes	121,722,136	257.6	155,258,138	328.5
NTB	Lombok Timur	Yes	164,468,763	140.4	209,358,120	178.7
NTB	Lombok Utara	Yes	27,022,708	126.4	34,848,033	162.9
NTB	Sumbawa	Yes	101,242,549	227.8	129,333,647	291
Sulawesi Selatan	Bantaeng	No	30,302,235	164.4	38,832,355	210.7
Sulawesi Selatan	Pangkajene & Kepulauan	No	44,093,759	135.3	55,879,672	171.5
Papua Barat	Fakfak	No	89,688,622	1197.1	113,154,978	1510.3
Papua Barat	Kaimana	No	56,309,616	1020.7	71,057,178	1288.1
Papua Barat	Manokwari Selatan	No	37,552,811	1679.2	47,764,559	2135.8
Papua Barat	Sorong	Yes	135,314,883	1677.3	172,569,955	2139.2
Papua	Asmat	Yes	140,449,193	1562.7	178,814,588	1989.5
Papua	Boven Digoel	Yes	75,955,423	1182.1	96,871,584	1507.6
Papua	Jayapura	No	86,264,503	694.1	190,375,379	1531.7
Papua	Lanny Jaya	Yes	213,087,357	1231.5	270,406,247	1562.8
Papua	Nabire	Yes	48,641,193	342.2	61,575,843	433.2
Papua	Waropen	Yes	64,138,009	2234.8	81,865,746	2852.5
Total/ unweighted Average	N/A	% yes (42.3)	120,171,145	680.6	156,201,648	890.9

Note: Per capita equals district fund allocation divided by district population. Population data is derived from March 2016 Susenas (conducted in 2014) in, 000 IDR.

Because of the reformulation, allocations in 2018 will see more funds go to poor and very poor villages.

Reformulation of the District Special Allocation and Regional Incentive Funds

Reformulation of the criteria for access to the District Special Allocation (DAK) and the Regional Incentive Fund (DID) has resulted in increased funds flows to poorer and more remote regions.

KOMPAK assisted the MoF to revise the formula for local government ratings that underpins the allocation of DID. This work has direct implications for funds available to districts to invest in frontline services and village development. KOMPAK's recommendation on the calculation of local government ratings, used to determine which provinces and districts receive DID, was used for the 2017 allocation. The new ratings formula highlights

less developed districts that are making good progress, rather than those which have achieved a level of development but have plateaued. The revised policy also enables districts and provinces to allocate funds to sectors where progress is lagging. The DID allocation includes a base allocation (for areas with a perfect audit result), and a performance allocation, calculated using indicators related to, among other things, health, education, and other basic services. Therefore, it incentivises investment in these areas.

KOMPAK will commence analysis in 2018 to identify the number of districts with increased DIDs and how the DID was utilised.

Technical assistance to the Ministry of Finance to formulate law 33 on intergovernmental fiscal balance transfers (the backbone of decentralisation), will institutionalise several fiscal reforms (fiscal balance – transfer; loans financial management; relations between SOEs, national and sub-national) that KOMPAK has positively influenced but that have not yet been made into law.

KOMPAK has worked with MoF and development partners to provide the Ministry of Finance and BAPPENAS with pro-poor policy recommendations drawn from evidence-based analysis.

Key outcomes of their policy advocacy work for improved fiscal transfer arrangements are:

1. The formula for fiscal transfer better reflects local diversity and reduces inequality;
2. There are more performance-based incentives linked to improved basic services; and
3. The utilisation of an improved information system to collect and collate data.

Improving Basic Health and Education Services

KOMPAK's work with GoI in policy development and implementation has contributed to higher quality health and education services made available at national and sub-national levels, leading to increased patient numbers at sub-national level – patients who previously would have to travel further afield to access services.

KOMPAK has supported GoI efforts to strengthen the regulatory framework guiding supervision and coordination of services at the national level, and then mirroring this with local government regulations. There has also been considerable focus on increasing the attention to minimum services standards for basic services in budget allocation and planning at a local level, with national oversight and coordination. At the sub-national level, KOMPAK has supported health and education services to achieve the national Minimum Services Standards.

KOMPAK supported 132 health facilities, and 121 schools to achieve minimum services standards, enabling them to apply for national accreditation and increased government funding allocation.

To achieve the national Minimum Service Standards (MSS), health and education facilities need to upgrade their approaches across a number of different categories including (but not only): access and reach of services; management and staffing (including qualification levels); and financial management and reporting. KOMPAK has supported training and mentoring of health facility staff in the development and implementation of Standard Operating Procedures (SOPs) to meet MSS. (Detail on KOMPAK's specific activities and outputs in this area is at Annex 6: Provincial Implementation.) An example of the impact of these upgrades on the utilisation of services is demonstrated in the following table. Comparing the data for a 12-month period in 2016 with the data for a six-month period in 2017 for a single health centre shows a marked increase in number of visits (i.e. double) and

demonstrates the importance of MSS to services delivery and to the population. In addition, KOMPAK has supported the Ministry of Health to develop a Health Sector Roadmap on Inclusive Health System and Services for People with Disabilities. The Road Map will provide guidance for disability inclusion into the national health system for 2017-2030.

Table 3: Health Centre data for Liukang North Tuppabiring⁷

	Jan-Dec 2016 (12 month-period)	Jan-June 2017* (6 month-period)
Number of outpatient visits	1032 people	1421 people
number of prenatal check ups	184 people	184 people
The average number of inpatients	2 people	5 people
The average number of patients per day	3-5 people / day	10-40 people / day

* Following KOMPAK assistance.

Strengthening the Role Of Sub-District Offices

Early outcomes from KOMPAK initiatives to strengthen sub-district office capacity are tracking in positive trajectory. These include improved horizontal and vertical integration of sub-national government offices (ie better communications, networking and collaboration between them), and better provision and outreach of front line government services at sub-national level, such as with legal identity documents (birth certificates, ID) and better quality health services. This has resulted in more individuals at sub-national level accessing and benefitting from higher quality government services, with cost and time savings to villagers who no longer need to travel great distances to access good quality, basic services. Provision of legal identity documents is enabling individuals and households to access social protection schemes for health insurance and education.

KOMPAK has supported the delegation of authority and funds from district to sub-district level. It serves as a pilot program to demonstrate ways to better facilitate the reach and quality of services and is being coordinated centrally by the KOMPAK team, together with MoHA and MoF. At a central level, KOMPAK has made a substantial investment in revision of the government regulation on the role of the sub-district. The revised regulation intends to improve local leadership, coordination, and allocation of resources, particularly related to frontline services delivery. The draft of the regulation has been finalised. The delegations include granting sub-district governments:

1. A greater role in monitoring the quality and access to basic services. For example, separate line ministries are responsible for implementation of health (hospitals and health clinics), education (schools) and legal identity services (based at district level). The delegation gives sub-district governments the authority to coordinate with and monitor the service delivery units; reporting to district governments on areas of need.

⁷ Source: Head of Puskesmas Liukang Tupabbiring UtaraSetelah

2. Authority to deliver a range of documentation services directly to the public, including permits and some legal identity papers. These services are provided with budget support from the districts and delivered at no cost to the public. Previously, individuals would have to travel long distances to access these services from the district office – at large personal costs (in terms of time and money), making them inaccessible for the poor and marginalised. Sub-district offices are significantly more accessible.
3. Provision of technical support to villages through the development of sub-district level technical teams, and village clinics. The village clinics are a one-stop shop, providing support to village heads and apparatus in development planning, budgeting, and implementation of the village law. The technical teams include support personnel in health, education, civil registry, and other technical areas that schools, health clinics and village personnel can access for support in improving services delivery.

KOMPAK worked with MoHA to develop training modules that build competencies of sub-district staff for managing the delegated authority. The modules have been tested and trialled in seven KOMPAK dedicated provinces. Immediate results have been observed, particularly with high evaluation scores from participants, and the emergence of innovative proposals from some sub-district heads following the training.

The intent of the regulation, particularly the role of the head of the sub district in supporting basic frontline services, has begun to be implemented in KOMPAK districts. On 5 June 2016, an Integrity Pact, was signed by the heads of 16 districts/cities and MoHA’s Regional Administration Department, evidencing a commitment to delegating authority to the sub-districts for basic services.

The delegation of authority of funds from district to sub-district has reduced the burden on district offices of providing documentation to villagers in their district (most districts have 100-250 villages). It has also made a number of services more accessible to the population and has reinvigorated the role of sub-districts in bridging the gap between districts and villages⁸. Examples of the cost-savings to the population in accessing services directly from the sub-district office are provided in the below table.

Table 4: Examples Of Average Savings To Individuals Through Improved Sub-District Services

Example	Estimated Average of Savings to Individuals
Sabutung, Island Community Health Centre Pangkep District, South Sulawesi province	Sabutung island has only one health service - Puskesmas Sabutung. Prior to KOMPAK assistance, its services were poor quality (frequently without staff or medicine, and high rates of staff absence). The population were therefore compelled to utilise the mainland health services. The public boat took 30 minutes and cost IDR 10.000-20.000 for a round trip and was only available at certain times. The health centre now sees more than double the number of patients and is open 24 hours a day to accommodate emergencies. The savings for the individual household are not only in terms of expense and time, but also in terms of earlier access to health services.

⁸ Each district may have between 10 to 20 sub-districts, each covering 10-20 villages.

Legal Identity Service (“Jekduk”), Pekalongan, Central Java province	<p>Before the KOMPAK initiative with the sub-district villagers would pay IDR 150,000 (approx. AUD \$15) and spend two hours to take a motorcycle taxi to access the legal identity services in the sub-district office. The <i>Jekduk</i> innovation brings services to households, saving them both time and money. To November 2017, Jekduk services had produced 638 legal identity documents (family cards and birth certificates). In addition to the transport savings, households also benefit from saving the opportunity cost of losing a day’s work - approx. IDR 75,000 (approx. AUD 7.50). The total savings to the individuals (in terms of expense and opportunity costs) is the equivalent of three days’ work (or AUD 22.50).</p>
Integrated Population Administration Services for the Isolated Islands Residents (Legal identity service), South Sulawesi province	<p>North Liukang Tupabbiring sub-district is located +10 kilometres from the mainland and comprises 7 villages and 17 islands. Accessing legal identity services at the district office was expensive and time-consuming. On average, villagers spend IDR 120,000-350,000 (approx. AUD 12.00 to AUD 35.00) for the boat ride to the mainland. Following the KOMPAK initiative GERTAK (Free and Completed Population and Civil Registration Administration Movement), villagers access the integrated services in the sub-district office. To September 2017, GERTAK produced 12,399 legal identity documents (included family card, ID card, birth and marriage certificate). The saving cost for transportation and opportunity cost for sacrificing working hours is significant. In addition, the identity documents allow the individuals and households to access a range of social protection schemes including health insurance and education.</p>

KOMPAK at the sub-national level have supported districts to put in place the guidance documents that support the delegation of authority to sub-districts. They have supported sub-districts to develop their services and explore models for supporting the village governments to implement the Village Law and the Village Fund. The IPR team noted that the KOMPAK team often employ a PDIA style approach in working to bridge the different levels of government, and the various service units. Multi-stakeholder focus group discussions have been dynamic and interactive, with KOMPAK teams facilitating participants to explore problems and find solutions that they can implement. This approach has seen sub-districts become highly motivated towards continuous improvement.

Delegated authority to sub-districts on its own is not enough to build a governance layer that is responsive to villages, increases services to populations, and undertakes useful monitoring of health and education service units. Sub-districts require regulations, guidelines and support to assist them in establishing services, build a culture of customer service, and build capacity to provide useful technical support to village heads and village governments. The sub-national work with sub-districts includes trialling and testing training programs that build sub-district capacity and explore how best to implement their delegated authorities. The models used, and evidence of what works and what doesn’t, is utilised by KOMPAK at central level to assist MoHA⁹ to look at how the training programs can be incorporated into MoHA’s national civil service training programs, and with district governments to look at how they ought best design delegated authority and its related regulations and technical guidance.

⁹ Ministry of Home Affairs is responsible for the civil service.

Since April 2016, KOMPAK has provided technical assistance and support for facilitation of inter-ministerial coordination to BAPPENAS to develop a system for pro-poor planning, budgeting and monitoring (P3BM) linked with the existing integrated management system for poverty reduction (SIMPADU). This intends to assist local governments to improve their planning, budgeting, monitoring, and evaluation of poverty reduction focused on regional development, specifically through use of better analytical tools. The system is intended to be aligned with the other systems.

The analytical tools being developed include scorecards, poverty maps, budget analysis, priority charts, pivot analysis, working group monitoring systems, community-based monitoring system, poverty projections, and a social protection support toolkit.

The above examples highlight the effectiveness of the KOMPAK approaches, linking sub-national and central level work vertically, and linking basic services delivery (health, education and civil registry and identity) with governments horizontally, particularly at district, sub-district and village levels of government. KOMPAK has managed to ensure consistency across the provinces, bring key ministries together to solve problems, and strengthen the bridge between national and sub-national. Although this is seemingly a complex network of linkages with multiple stakeholders, it has also been an essential approach to leveraging reforms.

Increasing the Coverage of Legal Identity

KOMPAK strategic partners have implemented accelerated civil registration and vital statistics (CRVS) services. The design was completed at the end of 2016, and implementation started in January 2017. The program includes demand side activities to increase civil registration seeking behaviour at community level, and supply side activities to strengthen civil registration services. The program also aims to strengthen coordinated inter-sectoral CRVS planning, programs and policies; and improve the quality of vital data produced by the civil registration system and its use for planning and budgeting.

Still in its early stages, CRVS work has contributed to the following outcomes:

- In Aceh province as of August 2017, the rate of birth certificate coverage for children aged 0 – 18 increased 3.89 percentage points; 16.62% to 62 percent in Bireuen district; and 6.27 percentage points to 72 percent in Aceh Barat district;
- In Lombok Utara district, NTB province between June and October 2016 the district achieved 80% birth certificates coverage, up from 69%; and
- In Bima district, NTB province, birth certificate coverage for children aged 0–18 years increased from 46% in December 2016 to 81% in June 2017.

Local government regulations and funding have supported these results, and KOMPAK has supported local governments to institutionalise and automate systems for legal identity documents for future generations.

3.3.4 Progress on Outcome 2: Helping the Poor and Vulnerable to Benefit from Improved Village Governance

Outcome 2: The Poor And Vulnerable Benefit From Improved Village Governance	
Intermediate Outcome 4:	Village governments are more responsive and accountable to the identified needs of their communities, particularly those of the poor and vulnerable
Intermediate Outcome 5:	Village institutions and other actors (e.g. private sector, CSOs) are effectively engaging with village government and service units to address needs of the poor and marginalised
Intermediate Outcome 6:	Communities are increasingly advocating their priorities in relation to the village development, including access to frontline services

The cross-linkages between the work of Outcome 1 and Outcome 2 is evident. The comprehensive support directly from KOMPAK at village and sub-district and district levels contributed to the improvements. The inter-relatedness of support, and the importance of this to outcomes, is not lost upon KOMPAK at the national level. The national KOMPAK team and their embedded advisors are aware of and support the leveraging of reforms across ministries on several fronts.

Strengthening Regulations and Guidelines for Village Governance

The work of KOMPAK in strengthening village governance has been impressive and the success is visible on the ground. Both demand and supply sides working together have contributed to good outcomes – although more coordination and mainstreaming of activities on the demand side would be beneficial (see strategic partners section below). The IPR team noted that village heads talked extensively about their newfound approaches to governance and village expenditure that has resulted from the KOMPAK support. Transparency of village budgets and increased attention to basic services and the needs of marginalised groups is evident. **KOMPAK support has built the capacity and confidence of village heads.**¹⁰ For example:

- In Bima district, the Head of District (Bupati) introduced a regulation that requires villages to allocate a minimum of 20 percent of their budgets for basic services; and
- District governments in Pangkep (South Sulawesi) and West Aceh (Aceh province) have established MoUs on mainstreaming basic services in planning and budgeting.

Four national regulations have been finalised with significant input from KOMPAK:

¹⁰ Village heads lack confidence to spend the village budget because they lack guidance on how to procure goods and services; in the absence of guidance they fear that they may inadvertently mis-use funds and find themselves in legal trouble. The police and military have recently been granted authority to monitor village funds, creating an even more precarious situation for village heads who lack confidence and / or knowledge of the complex legal requirements related to government expenditure.

- Permendagri (MOHA Ministerial regulation) 1 / 2016 Clarifying village head and village apparatus authorities and boundaries in managing village assets, including markets, water and sanitation facilities, communal buildings, productive assets owned by the village, and land. It also covers issues such as purchase, rent, sale, inventory, and rehabilitation and maintenance;
- Permendagri (MOHA Ministerial regulation) 110/2017 on the oversight responsibilities of BPD, and clarifying the appointment process, structure, roles, and accountabilities of the village consultative committee (BPD)
- Permendagri (MOHA Ministerial regulation) 44 / 2016 on village authorities). Formalising in detail, for the first time, the authority of the village governments concerning village administration, development, community development and empowerment.
- Safeguarding the basic principles of Village Law (Law No 6 of 2014) that give authority to the village and emphasise the role of the village assembly in identifying expenditure priorities according to local development needs.

A further three national regulations were completed in 2015 with some support from KOMPAK.

KOMPAK has been active in working with villages to develop guidelines on procurement of goods and services; a necessary pre-cursor for village governments to spend village funds confidently. It is not enough for village governments to have the funds at their disposal, they also need to be able to spend those funds well. In the absence of guidelines, the funds may be subject to corruption, spent only on building roads (a very traditional way for village funds to securely and easily expend funds), or not spent at all. KOMPAK support to the development of local regulations related to Village Law, to July 2017, includes 60 local regulations finalised, and 70 in progress (draft).

Strengthening the Village Consultative Councils

KOMPAK has been focusing on strengthening the Village Consultative Councils to be an effective instrument of democratic government. Village Consultative Councils are a critical complement to the decentralisation of government functions to the village level but have, to date, been either inactive or ineffective in most villages across Indonesia. The Village Law provides them with an important role in ensuring transparency, accountability, and responsiveness in monitoring village governments and the implementation of village funds, however their development is still in train. Their core responsibilities include facilitating the village development forums; participating in drafting of village regulations; and to oversight the performance of the village head.

KOMPAK is working with MoHA at the national level to implement a range of strategies to strengthen the capacity of Village Consultative Councils to fulfil these responsibilities. **KOMPAK support to MOHA has resulted in regulations to support their oversight responsibilities, appointment/election processes, structure, roles and accountabilities.** At the community level, KOMPAK's strategic partners delivered training on their roles and responsibilities. Given the limited time since implementation began, results to date are at the input and output level.

Village Consultative Council membership can be an important leadership step for women, who are otherwise underrepresented in village governments. **KOMPAK has successfully advocated for a minimum proportion of**

women representatives, and a requirement that sub-villages nominate a male and woman candidate for the Councils. In terms of an outcome, KOMPAK contributed to the following:

The new regulation requires at least one woman be a member of the Village Consultative Councils, regardless of total number of councillors. KOMPAK advocated, successfully, for broadening the definition of suitable female candidates, ridding the regulation of prescribing that the appropriate role for women on the councils be tied to education or health services.

Given MoHA's resistance to a quota for women's representation – that is, as a percentage of total members per council – the KOMPAK investment in the relationship, and the politically astute approach of advisers, has been useful in achieving the above results. It is highly likely that in KOMPAK's absence there would be no acknowledgement on the importance of women's representation in the Village Consultative Council. It should be noted that while the current requirement ensures some (absolute minimal) women's representation, it is clearly insufficient and disproportional to women in the general population. There is still a significant amount of work to be done in this area to support women's political participation and leadership, particularly at sub-national levels.

KOMPAK also worked closely with MoHA on the development of a road map for Village Consultative Council capacity strengthening, including development and future testing of a training module for implementation through the local governments.

KOMPAK is partnering with the National Secretariat of the Indonesian Forum for Budget Transparency (Seknas Fitra) to implement additional activities to strengthen Village Consultative Committees:

- **The Sekolah Anggaran Desa (village budget training) provides training for members on planning and budget processes in the context of village law; mentoring support to review village budgets, track implementation and analyse budget realisation; mentoring support to communities to actively engage with village, sub-district and district governments; and support to BPD to promote public access at the village level to budget and expenditure information.**

Seknas Fitra trained the elected Village Consultative Council on the village budget including how to promote women and vulnerable groups' participation in village development.

Village Information Systems

KOMPAK provided support to establish and implement a village information system and to undertake a household survey (or census that would populate the information system with an impressive array of detailed data.

KOMPAK has helped to establish a village information system in 307 villages (a total population of 591,106 people). In 291 of those villages, the information includes data on the population with disabilities.

The IPR team noticed that **many village heads became aware of issues in their village that they had previously been blind to, because the household surveys gave these issues visibility. This informed their village budget plans for the following year. For example, many village heads were unaware of the number of people living**

with a disability in their locality, or the lack of water and sanitation services in certain locations, etc.¹¹. Shedding light on these issues through the collection and collation of village data has enabled village heads to act for improvements. The findings that have resulted from the collection of household data have had an impact at the sub-district and district level. For example, one sub-district head exclaimed at the IPR workshop “we have 47 people who are disabled in one village alone – can you believe it! 47!”.

The IPR team found that the village census and information was being utilised by sub-districts and districts to better understand issues and act upon the new information about development needs. In all locations visited by the IPR team, except for East Java (see Annex 6: Provincial Implementation), the village information system and the household survey that populates the system, have produced beneficial results to the poor and marginalised in those locations in terms of awareness and budgets to serve needs.

Village Information System and Census in Papua and West Papua

In Papua and West Papua, KOMPAK Landasan has conducted training on the village information system and village population census with 429 village cadres in 205 villages. Some village cadres have become trainers themselves and are now coaching additional cadres to develop village information systems and conduct a village census in other areas. The Jayapura district government has since budgeted for the introduction of the information system in six districts and is committed to procuring laptops to develop the census information. There are also efforts to share data across systems for planning and budgeting purposes.

KOMPAK’s focus is on encouraging the use of information systems to improve the targeting, management, and transparency of village funds, and to facilitate access to data and information by local citizens. KOMPAK has also promoted minimum standards for the type of data, included gender disaggregated data, data on water and sanitation and housing conditions, and disability data. KOMPAK also helps village governments ensure that data collected can be shared with other supra-village systems, avoiding duplication of work and potential for error. KOMPAK is supporting village information systems in all its working areas, as well as work on the village financial system run through MoF (Sistem Keuangan Desa – Siskeudes), and SEPAKAT – a pro-poor planning and budgeting tool run by BAPPENAS. In future, KOMPAK might consider trialling a tool such as the Individual Deprivation Measure, a multidimensional and gender-sensitive tool that assesses poverty beneath the household level.¹²

Gender Equality and Social Inclusion

KOMPAK’s gender equality and women’s empowerment work has had mixed results. The demand-side work of Strategic Partners in empowering women in villages to become advocates for gender and social inclusion, particularly the Women’s Academy, is producing visible results. However, the work across the rest of the KOMPAK program is less impressive. Gender issues on KOMPAK are not granted the level of priority that the Program, and the Indonesian context, warrants. Indonesia is witnessing a more confident and strident religious

¹¹ National data is notoriously inaccurate and therefore not widely utilised for planning and budgeting purposes. Indeed, the work of collecting household data brought to the light the surprising extent of inaccurate data held at the national level.

¹² <http://www.individualdeprivationmeasure.org/>

fundamentalism alongside decentralisation of power, bringing with it new challenges on new fronts for women's empowerment, and putting at risk gains made for women's rights and gender equality. **The KOMPAK Program is well positioned to draw government attention to the challenges, and help the government (across levels) to "see" gender and make well-informed decisions.** This report contains numerous recommendations for KOMPAK to step-up its gender equality and women's empowerment efforts.

KOMPAK's work towards the empowerment of poor women and people living with a disability has generated real outcomes in terms of service provision. KOMPAK's strategic partner, PEKKA, has been implementing a program titled "Akademi Paradigta". It is an academy for women to prepare them to participate in, and facilitate, more inclusive and participatory village decision making and development. The program combines formal classroom training with field mentoring and coaching on a range of topics including leadership and advocacy and the technical details of village budgeting and planning. It is implemented over a one-year period. The women who graduate are known as "cadres":

- In February-March 2017, 470 female cadres in 87 villages across seven provinces graduated from the 2016 intake of the program.
- 219 mentors, also from the seven provinces, have been trained¹³, and a further 160 have been identified for the next training round.
- 21 educational coordinators have also been trained and assessed to have the knowledge and skills to implement the Akademi Paradigta program.

There are several achievements reported from the first two years of implementation, including:

- An Endorsement letter from the Ministry of Village for Akademi Paradigta as a grassroots women's empowerment model to strengthen village governance.
- The Kubu Raya district (West Kalimantan) regulation on the allocation of village funds enables allocation of the district budget for women's empowerment including supporting Akademi Paradigta; the same has been reported from NTT and NTB.
- Some alumni have been appointed to formal leadership roles.

The IPR team notes that their own experience of both attending the academy, and talking with village heads about the academy, was very positive. The women interviewed had clearly experienced an empowerment process and were using their newfound skills in their households, in the community, and in their advocacy with village governments. Village heads that were interviewed were very positive about the program, acknowledging that they were initially sceptical but now listen to the voices of women and appreciate their insights and contribution to village development. Initial caution has given way to support, including by way of funding support in a number of cases.

Examples from the achievements of women's empowerment work are presented in the following table.

¹³ Mentors have three years' experience as a PEKKA cadre, or have completed Akademi Paradigta and are willing and able to support future Akademi participants.

Table 5. Examples of KOMPAK's Work on Empowerment with Women and other Marginalised Groups

Examples of Empowerment Work in KOMPAK
Across 22 villages in West Kalimantan province the Village Head has added a budget item for women's empowerment programs – a total of Rupiah 15 million (AUD 1,500.00) for each village.
In Sukabumi district West Java province, there has been an increase in funds to women's empowerment from Rupiah 140 million to Rupiah 350 million.
In 48 villages where women have been trained to voice their needs and advocate for women's empowerment, a total of Rupiah 364.5 million has been budgeted.
In Wanatirta and Kedungoleng villages the budget for 2018 includes rupiah 608.4 million (previously only 50 million) for vulnerable populations

The IPR team noted that the village heads and village apparatus key informants were more aware of the issues facing poor women and people living with a disability, and more willing to act for improvements. However, the improvements are not universal across all locations and depend upon the strengths of local implementing partners (see section below on strategic partners).

KOMPAK works to encourage marginalised groups to be more active in village development and governance through a range of social accountability measures. This work is primarily contracted through strategic partners who sub-grant to local community-based organisations (CBOs). Activities include community organising and capacity building on how to use oversight village processes for good governance and financial management, and developing media opportunities and raising awareness of issues through citizen journalism for example. Several disabled people's organisations (DPOs) have been developed and supported to advocate for the needs of their community.

The IPR team had the opportunity to see and speak with numerous groups involved in the social accountability work of KOMPAK's strategic partners. The IPR team felt that much of this work was not well targeted. For example, the complaints handling mechanisms were poorly conceived in some areas - e.g. putting a complaints box at the entrance to the village government offices or health centre where the author of a complaint is in plain view of the staff. The outcomes from citizen journalism are difficult to ascertain (given many marginalised groups do not read and/or write); and reach to communities utilising local radio is questionable. Surprisingly, there were not attempts to utilise mobile phone technology (most people have a phone and most households have a smart phone) to promote social accountability.

ICT for Improved Village Fund Management

KOMPAK has been successfully working with the Ministry of Villages on developing and implementing appropriate technology with a focus on improving village fund management, transparency and public awareness, with good progress gained so far towards achieving broader program outcomes.

KOMPAK and the Ministry of Villages developed an android-based application, Ruang Desa (village room) launched in January 2017 with a pilot that tested its usefulness in East Java, Aceh, and West Nusa Tenggara, and available for free download in all areas. The application links village officials with technical advice related to

implementation of the village law. Village officials also receive notifications and information from the Ministry of Villages. The Ministry can monitor the types of questions, frequency of support requests per region, and the quality of support provided. The Ministry intends to use this to inform future policy and capacity development support. In terms of outcomes to date (noting that at time of this evaluation, this initiative was still in the pilot phase of its application):

- **Out of 99 villages surveyed in the KOMPAK mid-year village scan (2017), 45 reported having access to and using Ruang Desa, 37 have it but are not yet using it, and 15 did not have the application.**

KOMPAK also worked with the Coordinating Ministry for Human Development and Culture to develop the Village Development Management Guidebook (Buku Bantu), published in June 2016 as a reference to the Village Law and its derivative regulations. It presents information in phases, from planning, budgeting, implementation, procurement, monitoring, monitoring and evaluation:

- **Out of 99 villages surveyed in the KOMPAK mid-year village scan (2017), 55 reported having and using the Buku Bantu, and eight not having it.¹⁴**

Village Level Anti-Corruption Efforts

KOMPAK has worked in collaboration with the Corruption Eradication Commission (KPK) and the Australia Indonesia Partnership for Justice (AIPJ) to develop the TRATA games (transparent, accountable, and appropriate use of village funds). TRATA is a package of group games and resources that are designed to increase public awareness and oversight of village development process, and aims to increase community awareness of and dialogue regarding the quality of village fund allocation, including a range of community organisations such as youth organisations and mass-based religious organisations.

TRATA has been picked-up in Papua and is being rolled out by the Gerbang Mas (community development) facilitators in 15 districts and has been socialised among 20 district technical teams through their annual Papua Jamboree. TRATA translates the delicate issues of development processes and risks for corrupt behaviour in a simple and fun way. Since the launch in April 2017:

- 182 participants (103 women, including two with disabilities, and 79 men) have completed the initial TRATA facilitation training. Participants were drawn from disability, indigenous peoples, women, or youth focused organisations, village facilitators and other cadres, KOMPAK strategic partners, faith-based organisations, and the village leadership.
- As at September 2017, ToT alumni have trained more than 660 new SPAK-TRATA facilitators to use the games¹⁵.
- 1,500 TRATA kits have been produced and 1350 disseminated.
- KOMPAK sub-national staff report that TRATA has been used in Bantaeng and Pangkep by community organisations to promote the rights of women and people with disability, and in Bantaeng by representatives of community organisations to identify corrupt practices in rural development.

¹⁴ There is no information on the villages having used it.

¹⁵ This data was collected from various TRATA WhatsApp groups, so it likely to be an underestimation.

Use of Strategic Partners

KOMPAK's work with strategic partners has produced mixed results to date. KOMPAK has provided grants to seven Strategic Partners¹⁶, all of them NGOs, to implement demand side activities at sub-national level (but also some policy advocacy activities at national level). The Strategic Partners were selected by way of a competitive grants process, each putting forward different approaches to achieving outcomes. Some of the strategic partners are a consortium of two or more NGOs, and/or sub-grant to local NGOs and CBOs to undertake the work.

The IPR team found that at both national and sub-national levels there were strained relationships between Strategic Partners and KOMPAK (not in all cases, but in many). The causes for this were difficult to decipher with certainty through the IPR in-country mission, but issues of coordination and alignment between KOMPAK activities and those of Strategic Partners seemed to be of greatest concern.

The IPR found wide variation in the relevance, effectiveness and strategic alignment between the work of the Strategic Partners. Some of the work of the Strategic Partners has been highly successful, for example, the CRVS work on increasing the number of people with identity papers such a birth certificates. However, not all of the work is relevant or successful, some of the problems include:

- In some locations there are too many strategic partners, trying to implement too many different approaches and competing with each other and with other DFAT programs for beneficiary participation;
- In some locations, the strategic partners and KOMPAK teams are working in silos from each other and not collaborating in order to leverage outcomes;
- The evidence being generated by strategic partners is not collated at the provincial level and therefore does not contribute to whole-of-program learning and adaption at that level;
- The M&E system of KOMPAK does not necessarily capture the outcomes being generated by strategic partners; and
- The approaches of strategic partners are not necessarily context driven and instead driven by the design contained in proposals and subsequent grant agreements, making iterative adaptation difficult.

The Strategic Partners have implementation teams at sub-national levels and they are accountable to the central head office of the NGO, who are in turn accountable to KOMPAK's Jakarta office. The design of the work of the Strategic Partners was decided through an open competitive grants process in 2016, and before most of the KOMPAK sub-national teams were established. KOMPAK has since evolved and the work of Strategic Partners is sometimes not well aligned or relevant to KOMPAK's broader objectives, and to the work within the Provinces.

Coordination of the work of strategic partners with the activities of the KOMPAK managed teams at sub-national levels varies widely between provinces. Some provinces, for example in NTB, have a close working relationship

¹⁶ The IPR team does not include Bakti as a strategic partner for the purposes of this discussion because they were selected differently, have a very different scope of services, and a different contract. See section on Papua and West Papua for more information.

whilst in other provinces there is very limited coordination and collaboration. Success of the relationship appears to rely upon the willingness of the respective team leaders/managers to engage and collaborate.

Within KOMPAK, there is a debate as to whether the Strategic Partners should report to the KOMPAK Provincial Managers, rather than reporting to their own HQs. However, the debate is born out of a frustration that will not necessarily be solved by a re-structure of accountabilities; a more nuanced approach is called for.

Particular strengths and weaknesses of Strategic Partners, as noted by the IPR team, include:

- The Women's Akademi is a strong approach to empowering poor and marginalised women to have voice within village governance, and the impact of their voice was making a difference to village governance and allocation of village funds;
- The work of Strategic Partners on civil registration was broadly highly successful, no more so than in areas where they worked closely and collaboratively with the KOMPAK team;
- The IRE consortia approach tended to have less success, with implementers on the ground feeling locked into a design that was not necessarily well suited to their context, undermining a context driven adaptive approach;
- The disability inclusion work was particularly strong in South Sulawesi and NTB and demonstrates a good model for disability inclusion going forward;
- The social accountability work in relation to complaints handling mechanisms, citizen journalism, and village councils was less impressive.

The above statements are caveated by the fact that the IPR team did not have opportunity to conduct an in-depth comparative review and hence recommends that this take place to inform future activities.

3.3.5 Progress on Outcome 3: Increased Opportunities for Employment and Economic Development

Outcome 3: The poor and vulnerable benefit from increased opportunities for off-farm employment and increased economic development
Intermediate Outcome 7: Enabling environment increasingly supports off-farm enabling environment.

While some progress has been made towards Outcome 3, KOMPAK's work in this area is not well aligned to its other outcome areas and is not a value add to existing GoI initiatives, which is limiting potential progress and impact. The Government of Indonesia places a high priority on generating improved livelihoods and access to employment for reducing poverty and promoting economic growth, as reflected in the RPJMN (the National Mid-Term Development Plan) 2015-2019. KOMPAK's Outcome 3 responds to this objective through the following:

- Innovations for employment
- Market orientated livelihoods
- Financial inclusion

Innovations for Employment

KOMPAK supported BAPPENAS to establish Skill Development Centres, and to develop the SKKNI (National Standard of Competencies). The IPR noted, based on the document review, that:

- National competency standards for 8 sectors have been finalised;
- 6 SDCs have been established in 6 districts;
- These initiatives are using the budget of BAPPENAS, with only minimal funds from KOMPAK’s budget; and
- SDCs are now being replicated to another 14 districts.

The training outcomes for 2018 are expected to be:

Table 6: Skills Training Centre Expected Outcomes in 2018

Sector	Number of People to be Trained
Construction	800
Retail Trade	800
Metal Manufacturing	6,000
Hotel and Restaurant	4,300
Oil and Gas/	100
Others (Textile, Animation/Creative)	5,300
Target for 2018	17,300

This work is an example of leveraging relatively small Australian aid program funds to assist a key government counterpart to establish an initiative, however it is unclear whether the work was value-adding, given that the GoI could fund and resource this work itself. While KOMPAK’s work in this area may be deemed effective in achieving what it set out to do, the work is not directly relevant to KOMPAK’s focus on poverty reduction because SDCs and competency standards are targeted at wage earners (who are not usually classified as “poor”), and it has no linkages to the sub-national levels of government such as village, district and sub-district and their governance capacity.

Market Orientated livelihoods

The 'Market Linkages' initiative piloted under Outcome 3 provides tools and networks to existing small-scale livelihood enterprises (including village owned enterprises) to support their growth by linking MSMEs with markets and business development support services. The pilot is based upon the Market Systems for Development (MSD) model that has been successfully applied more broadly through the DFAT funded PRISMA program but tailored to be village-centred for the KOMPAK pilot. The pilot has achieved some early success. For example:

- Ketro Kebonagung village improved packaging of cassava flour has increased production capacity and sales from 5kg per month to 40kg per month.

However, given resourcing limitations and the lack of a senior champion at national level, it is unlikely that this initiative will achieve the momentum it requires to make widespread impact.

Financial Inclusion

KOMPAK has provided support to the Financial Services Authority (OJK) to develop and disseminate tools to financial institutions to improve their capacity to implement financial inclusion initiatives for specific target groups. KOMPAK provided policy advice on financial inclusion to BAPPENAS, OJK, and the Coordinating Ministry of Economics by sourcing subject matter experts and market-research data for Gol and OJK to support the design of strategies and tools to increase financial access for the target groups.

Outcome 3 Relevance and Effectiveness

Although the Outcome 3 approaches may be relevant to supporting economic development, they are less relevant and less effective to the work of KOMPAK in strengthening *governance* for poverty reduction for the following reasons:

- Unlike initiatives under Outcome 1 and Outcome 2, the Outcome 3 initiatives have few (if any) cross-linkages with other KOMPAK activities and therefore do not benefit from the value-add of bringing together demand and supply side initiatives that operate at national and sub-national levels.
- Outcome 3 does not have adequate resources (human and financial resources, as well as networks and government entry points for influence), to leverage substantial impact in increasing opportunities for off-farm employment and increased economic development. Consequently, although many of the initiatives are achieving project-level success, those successes are unlikely to gaining traction for leveraging national level reform and initiatives.
- There is limited opportunity for Outcome 1 to draw upon and leverage KOMPAK's in-house expertise because the nature of its work does not align with KOMPAK's core governance strengthening expertise.
- Although Outcome 1 and Outcome 2 have a shared audience and shared stakeholders (enabling cross-program leveraging), the audience for much of the Outcome 3 work (e.g. OJK and the Ministry of Manpower) does not intersect with KOMPAK in other national fora or in other levels of government.

Outcome 3's fit with the broader work of KOMPAK was a widely shared concern. The IPR team notes that it has a poor fit with the other parts of KOMPAK but has some potential. Outcome 2 is focused on village level governance across a range of sectors and themes (basic services, information systems and data, decision making processes, accountability mechanisms, etc.), but it has not yet addressed the village governance of economic development – a surprising gap in its otherwise strong inter-sectoral approach.

The IPR team recommends that Outcome 3 be discontinued and that the Outcome 2 intermediate outcomes (and the projects that support their achievement), be expanded to include a focus on achieving improved village governance of economic development.

This recommendation will not surprise many of the people that were interviewed during the IPR in-country mission, including many government counterparts. Many key informants questioned the viability of Outcome 3 as a stand-alone end of facility outcome but were hesitant to suggest dropping it altogether. The Ministry of Villages noted the importance of supporting the new roles and responsibilities of village government in local economic development and village government-owned enterprises.

The Village Law includes the promotion and use of Village Funds to support local economic development, and there is a strong push at national policy levels, and at sub-national levels, towards the promotion of village government-owned enterprises as a pathway to economic development. KOMPAK receives a good deal of requests to do more work on helping village governments to implement village government-owned enterprises. KOMPAK's response has been cautious given the limitations of a village government-owned enterprises model for economic growth, and the capacity constraints governments have in managing businesses.

To date, KOMPAK has conducted a roadshow of success stories in village government-owned enterprises, to help village governments learn what works and what does not. However, the serious concerns regarding the economic viability and sustainability of government owned enterprises at the village level remains. Village governments generally lack the capacity to establish and maintain successful village enterprises, and there is potential that such enterprises squeeze out local micro, small and medium enterprise (MSME) development. KOMPAK is rightly hesitant to involve itself in this area of work. However, village level economic governance is a high priority development challenge that needs to be addressed and rather than ignore it, it may be better to try to influence its direction.

Bringing together:

- The strengths of KOMPAK in local governance and influencing national reform with key ministries;
- The high demand from goi for support in strengthening village government led economic development;
- The Australian aid program's strength in market systems development as seen through the PRISMA (Promoting Rural Incomes through Strengthening Markets in Agriculture) program; and
- The opportunity to help steer village level economic development away from village-owned enterprises and towards proven approaches to leveraging-in market systems

There is potential for a way forward.

The village level market linkages work is an initiative of Outcome 3 that fits well within KOMPAK's broader framework of strengthening village level governance (Outcome 2) and has the potential to provide lessons to the Ministry of Villages as it seeks to develop policy for village level economic development.

The DFAT funded PRISMA program offers valuable lessons and insights into the critical importance of the private sector in building sustainable market systems. Bringing its strengths in markets systems together with KOMPAK's strengths in village level government would create an opportunity to explore potential development solutions that may assist the Government of Indonesia to address this challenge better. The IPR team recommends that KOMPAK and PRISMA, together with DFAT, undertake some early scoping of the kind of support that might prove useful in this area. This would be timely for the Government of Indonesia that has recently increased the funds for, and focus on, village level economic development through the Village Fund, but currently lacks the right approaches for success.

Opportunities and Risks

At present, Outcome 2's focus on village governance and Outcome 3 on economic development are siloed in both theory (as expressed in the KOMPAK Theory of Change) and practice (in activities implementation). KOMPAK's approach to economic development work might be sharpened and its activity less thinly spread should Outcome 3 be demoted as an intermediate outcome beneath Outcome 2. This would enable better alignment of economic development work with village governance strengthening. The IPR team noted the following opportunities presented by such a change:

- The Steering Committee of KOMPAK, particularly BAPPENAS and the Ministry of Villages, have indicated their support for the shift of Outcome 3 under Outcome 2.
- KOMPAK and DFAT have an opportunity to work with these key Ministries to design new pilots and explore policy options related to village governance of economic development – including the opportunity to demonstrate the effectiveness of market systems approaches vis-à-vis village owned enterprise approaches.
- Given that the “ship has already sailed” regarding the inclusion of village-owned enterprises as a tool for economic development, it is better for KOMPAK to be part of the dialogue and shaping of its trajectory rather than watch from the sidelines.
- There is opportunity for DFAT to leverage two of its strengths in aid programming – governance and market systems, by bringing together the expertise of PRISMA and KOMPAK in support of piloting, demonstrating and supporting good village governance economic policy directions.
- This IPR report recommends that KOMPAK review and strengthen its Theory of Change (see chapter six). This will provide a good opportunity to simultaneously reduce the number of Outcomes to two, and bring some elements of Outcome 3 in line under Outcome 2.

The risks associated with this change include:

- In 2015, BAPPENAS was particularly enthusiastic for KOMPAK to include Outcome 3 within its mandate, in part because of the potential to pilot a large-scale financial inclusion program. It would

have been a risk for KOMPAK to exclude such a high priority GoI agenda item. However, that financial inclusion program has since been deferred and is no longer a driver for Outcome 3, and therefore no longer presents a high risk for bilateral relationships.

- There is a risk in stopping initiatives midstream – this includes the innovations in employment and support for skills development centres. The potential outcomes associated with those projects would be at risk, as would the relationships with key stakeholders. Given that the inputs associated with these initiatives are small, KOMPAK should work with DFAT and GoI counterparts to develop an exit strategy that ensures project outcomes and relationships are protected. The IPR team notes that a number of the initiatives are due for completion by mid-2018 and would recommend they be allowed to run their full course before eliminating Outcome 3.

On balance, the change recommended by the IPR team is low risk and brings good entry points and opportunities for leveraging positive change.

3.3.6 Governance

Challenges notwithstanding, few aid programs achieve the level of partnership that is evident in KOMPAK.

The Australian aid program could draw upon the lessons of KOMPAK as a model in government-to-government partnership programming.

KOMPAK is governed by a Steering Committee that is jointly chaired by DFAT and BAPPENAS (Indonesia's National Development Agency). Other members of the Steering Committee include:

1. Ministry of Villages
2. Ministry of Home Affairs
3. Ministry of Finance
4. Coordinating Ministry of Human Development and Culture

More recently, the Coordinating Ministry of Human Development and Culture joined BAPPENAS as a co-chair of the Steering Committee. The Steering Committee regularly attracts ministry staff at the echelon one level (equivalent to FAS – First Assistant Secretary - in Australia).

The Technical Team sits below the Steering Committee, meets more regularly and delves into more detail than the Steering Committee. It includes representatives of the various directorates that KOMPAK is engaged with across the five Ministries. The three Working Groups (one for each of the outcome areas) also meet regularly, include representatives from directorates relevant to the outcome area, and have a more detailed technical and operational focus.

The IPR team learned that the governance committee meetings are one of the few (if only) times that these senior bureaucrats meet, and several members noted the opportunity it afforded them to coordinate on initiatives. A good deal of collaboration between committee members is carried out via relatively informal dialogue on the sidelines of the meeting – often immediately prior to the formal meeting. KOMPAK should create more time for these discussions through regular breakfasts or lunches immediately prior to the meetings, and through the opportunity afforded by joint field monitoring missions.

DFAT and KOMPAK have paid attention to building the governance structures of the Program at sub-national levels, to ensure they align with the expectations and machinery of government at sub-national levels. KOMPAK has developed Technical Teams within each province and district where it has a presence, replicating the governance structures at central level for sub-national levels. This aligns the KOMPAK program with the Government of Indonesia's own governance structures. Whilst a resource intensive governance approach that at times slows decision making, the sub-national governance structures have been critical to promoting replication of successes across districts within a single province, and to ensuring that successes are scaled-up nationally.

The IPR team notes that the relationship building efforts, and secretariat support services, are time and resource consuming. KOMPAK investment in relationships has generally paid off in terms of influencing positive change, leveraging substantial Government of Indonesia funds and goodwill, and building the credibility of Australia and KOMPAK. Support for this type of relationship nurturing and secretariat services should continue to be a feature of KOMPAK efforts where the relationships are important to achieving objectives.

Given the costs associated with maintaining relationships, DFAT and KOMPAK should consider reducing the number of Ministries on the Steering Committee from five to four. The Coordinating Ministry for Human Development and Culture is now less relevant to the KOMPAK program of work. The earlier support to the Ministry was carried forward from the previous PSF (PNPM Support Facility) when it was subsumed by the KOMPAK program and assisted in the operations of PNPM. However, with the introduction of Village Law and the subsequent cessation of the PNPM program, and as KOMPAK has continued to sharpen its focus, the inputs to this Coordinating Ministry became increasingly less relevant and have since ceased. By contrast, KOMPAK's work with the other four ministries at the technical and operational level is directly relevant to the theory of change.

KOMPAK has achieved a substantial level of buy-in and engagement with each of the other four ministries on its governance committees, due in large part to the teams' proactive engagement with members on a daily or weekly basis, evidenced by:

1. Government counterparts at central level feel a strong sense of shared responsibility for the program and often referred to KOMPAK as their own;
2. Without exception, government counterparts at central and sub-national levels (and across seniority levels) had substantial and detailed knowledge about KOMPAK and its initiatives; and
3. All counterparts, at all levels, were aware that it was an Australian aid initiative in partnership with the Government of Indonesia.

KOMPAK's success in terms of partnership and joint Australia-Indonesia ownership of the Program also brings challenges that include:

1. Decision making is slower because it needs to be joint;
2. Not all decisions are aligned with what DFAT and/or the Program would choose themselves;
3. Relationship building, shared responsibility, and participatory decision-making, are resource intensive for DFAT and the Program.

Overall, the governance structures and processes have been relevant and effective, bringing and reflecting a high degree of GoI buy-in and investment in the Program. However, given the costs associated with maintaining relationships, DFAT and KOMPAK should consider reducing the number of Ministries on the Steering Committee from five to four. While the engagement of the Coordinating Ministry for Human Development and Culture was useful in the initial stages of KOMPAK, their ongoing involvement has become less relevant to the program and hence should be removed from the governance committees.

3.3.7 KOMPAK Modality

Design-Implement Approach

The KOMPAK program went to tender as a “design-implement” model. DFAT, working closely with the Government of Indonesia, particularly BAPPENAS, developed a concept and high-level strategic directions for KOMPAK. There was a strong desire at the time (and this was reiterated to the IPR team) that KOMPAK operate in-step with the GoI and in support of its development agenda, as opposed to numerous other donor projects that are not well-aligned with Government (the PNPM Support Facility was cited as such a program).

Within this context, the design-implement approach enables the GoI stakeholders more opportunities to engage in design processes. A traditional design first, then tender, then implement model provides far fewer opportunities for joint design processes. Design tends to be achieved by a fly-in / fly-out design team with limited time and therefore limited opportunity for in-depth scoping with government partners. Generally, the only opportunities afforded government counterparts is through a position on the design team (usually limited to one or two people), or as someone consulted by the design team (usually a one-hour long meeting). Additionally, design teams can tend to be “fly-in, fly-out” which brings a sense of distance between governments and the program design process.

By contrast, once a program is tendered and the program team mobilised, the team can engage with government counterparts closely and over longer periods to develop the design and its various component parts jointly. KOMPAK was able to engage across numerous ministries with different ministries and different parts of ministries getting involved in different key areas of interest. As well, the more senior bureaucrats could get regular updates and engage in strategic directions. Throughout the six-month design process, the KOMPAK team brought together key stakeholders at strategic moments to consolidate, reflect and ensure alignment with strategic directions.

A strength of the design-implement model in the case of KOMPAK has been that the GoI (across ministries and levels) are strongly invested in its success. They feel ownership for the program and have intimate knowledge of its initiatives and approaches. This outcome is because the program management team sought to consistently encourage government leadership; with the program team supporting their decision making with evidence, ideas, and facilitated problem solving and planning approaches. In other cases, this may not be the case and therefore the opportunity for substantial government ownership and buy-in is lost.

The design-implementation model provided the space for KOMPAK and the GoI to build close working relationships and jointly design the Program, kick starting ongoing high-level of buy-in from GoI to the Program. It supported a highly inclusive and iterative approach to program design that continues to be the approach for

adopting new initiatives (or changing existing initiatives) throughout the life of the Program. Design-implement has enabled an iterative-adaptive approach on an on-going basis, which is critical to a Program seeking to pilot and explore potential solutions to complex development programs.

KOMPAK delivered its three-year guiding strategy six-months from contract start. Thereafter came the design of the initiatives and the building of the governance arrangements. These processes were conducted jointly, cementing an approach that has become a hallmark of the program. There were numerous comments made to the IPR team, from government counterparts across ministries and levels that they preferred KOMPAK to other programs because the team do not “talk-down” to them or tell them what to do. In the view of the IPR team, the design-implement model, and how this opportunity was utilised by KOMPAK, nurtured effective working relationships (effective in terms of their ability to produce change), that have been followed-up and reinforced by effective ways of working (see following sections).

The Facility Modality

KOMPAK was tendered as a “facility” modality: The facility modality has served DFAT’s interests well because:

1. it allowed KOMPAK to incorporate past Australian aid program initiatives at a time when it would have been politically and practically difficult to close them.
2. it enabled DFAT to respond to GoI requests for assistance that were deemed important to the KOMPAK agenda but sought prior to the completion of design processes.
3. it gave the space required for a design-implement model to ensure substantial government participation and ownership of the design process and outcomes.
4. it continues to enable the program to shift with the context and be a useful instrument for government of Indonesia to further its own development objectives.

Following the first 18 months of KOMPAK, **the facility modality enabled KOMPAK to build on successes and eliminate initiatives and approaches that were not working well or not aligned to the evolving strategic direction of KOMPAK.** For example, KOMPAK was able to reduce the number of technical advisers to central and sub-national government agencies following design processes that led KOMPAK to instead draw upon alternative development approaches and ways of working (e.g. use of joint pilots to test ideas).

The facility modality, with its inherent flexibility, is vulnerable to distraction and lack of focus in the absence of strong and united leadership. With numerous diverse stakeholders (including five Government of Indonesia Ministries plus sub-national government counterparts) each bringing to the table their own ideas and interests, KOMPAK has had to work hard to unify the governance committees around a clear forward direction. In the absence of this leadership it is easy to imagine the program being pushed and pulled in too many directions and losing its focus.

KOMPAK has an internal process for the iterative development and approval of initiatives, which has helped to harness the program directions. Although pressure has reduced from earlier years, KOMPAK is still asked to fund many initiatives (predominantly requests for technical advisers to various government agencies), that are not well aligned to the KOMPAK direction. Whilst these requests are well managed, KOMPAK may find it useful to

put in place criteria that strengthens the requirement for strategic alignment between KOMPAK and TA, and articulates a robust proposal and decision-making process. This will add a layer of credibility and neutrality to determinations regarding TA.

The facility model is necessary to the KOMPAK program, allowing it to flex and adjust with the context. The alternatives bring pre-determined work programs that weaken Government of Indonesia ownership and participation in the program and undermine iterative learning and adaptation that ensures the program stays on track to achieve outcomes (even when the track needs to change). The positives of the facility model substantially outweigh its readily manageable limitations.

At the time of the IPR in-country mission, KOMPAK was finalising an internal review and revitalisation process. The process has successfully re-positioned KOMPAK to reflect its stage of development as a program, and to build the right platform for KOMPAKs' future directions. The changes have granted sub-national implementation units greater technical resourcing, provided more appropriate operational support, and streamlined management structures. DFAT and KOMPAK have worked together to design and influence the changes through an inclusive and participatory change process. The change process has been managed exceptionally well, with no discernible disruption to implementation and the staff were positive about the changes.

The facility modality, with its inherent flexibility, is a fit for purpose modality for the KOMPAK program because it provides the flexibility required to explore solutions to complex development problems, and iteratively adapt throughout implementation. Given that KOMPAK works with the GoI to test solutions that have potential for national rollout and replication, it is vital that the program have the flexibility to implement joint initiatives.

As a facility, KOMPAK can be highly flexible in its implementation, allowing it to respond more efficiently to the changing context and to emerging program lessons. In order to guide decision making within the framework of a facility, the Program put in place an internal process for activity identification, design and approval. The process replicates (albeit on a smaller scale) the program development process that DFAT employs for aid program initiatives in that it includes concept note development and approval; joint (i.e. with key stakeholders) design; peer review and iterative finalisation; final approval internally and joint Steering Committee approval annually. The executive decision-making team can be readily called together to assess and review concepts and designs, making the process relatively easy to manage and "light" in terms of potential for bureaucratic delays.

A Potential Platform for DFAT Programs Sub-Nationally

The Australian aid program in Indonesia has programs operating at national and sub-national levels across priority development agendas including women's empowerment, governance, market systems development, infrastructure development, economic development, to name a few. To facilitate specialisation and manageability, these initiatives are managed through separately contracted programs.

There are points of overlap between programs, particularly at the sub-national level. Siloing of programs sub-nationally is an ongoing problem; programs rarely take the initiative to work alongside other programs (not only because they are managed by different contractors but also because of different workplans and timeframes for deliverables). However, there is duplication of sub-national administrative infrastructure required to support

the various programs. For example, some provincial locations have up to three DFAT project offices each operating separately.

One potential solution is to make one program responsible for providing an administrative and coordination function at the sub-national level – providing a platform for DFAT programs sub-nationally. KOMPAK is well positioned to take on this role because of its presence in seven provinces, and its close relationship with provincial governments in these locations.

There are a range of services that the platform could provide, including:

1. Office space and administrative services (similar to those provided by a serviced office);
2. Coordination activities with DFAT programs working across the province;
3. Support for relationship development between new programs and the government;
4. Information on the government apparatus and government policy relevant to the programs and location.

Extending the idea further, a single program could also provide management of programs sub-nationally. However, this approach will likely create confusion for teams operating at the sub-national level (reporting to a management team nationally and to another team sub-nationally). It would also generate contracting issues between the various managing contractors that have been selected to implement DFAT's programs.

DFAT might consider trialling an approach that would see KOMPAK provide administrative, logistics and office support, as well take on some responsibilities for coordinating of teams locally. Coordination could include hosting cross-program learning events (seminars, workshops and planning), disseminating information and communications products, and promoting dialogue or workshops for cross-sector problem solving. The likely cost-savings to minimal, but the potential for value-add and leveraging joint initiatives at the sub-national level are more significant.

DFAT's Management of KOMPAK

The IPR team terms of reference and priorities did not include reference to DFAT's management of the Program, however the team did have the opportunity to make some observations and they are included here.

KOMPAK is a complex program with multiple relationships and initiatives across multiple levels of government. Whilst complex, this is also its strength, and brings the kind of relationships that contribute positively to the bilateral aid partnership. It is very demanding for the DFAT team to stay abreast of all developments across all initiatives in the program, maintain the array of relationships with counterparts and other stakeholders, and manage the contract. The IPR team noticed the demanding workload on the DFAT KOMPAK team.

At counsellor level and above, it was challenging to get a good understanding of the KOMPAK Program; i.e. a good sense of what it is and what it achieves. There was a sense that it is too difficult to explain the Program and this, in turn, created problems for justifying the Program. There seemed to be a number of issues at play, as follows:

- KOMPAK itself does not well articulate, in non-technical language, the Program and what it does (perhaps because they are so steeped in the detail). It is better when the Program describes itself in poverty reduction terms; i.e. it helps the government to reduce poverty by making government programs work better.
- The KOMPAK Program M&E system needs to better support aggregation of data for outcome statements. Currently, the M&E relies heavily on examples of change but less so on contribution to outcomes at the higher level. This is partly because many of the initiatives are in their infancy and therefore there is not a lot of change to report, and partly because the M&E system is not yet fit for purpose (see M&E section).
- There is a large knowledge gap between the DFAT KOMPAK team (who have intimate knowledge of the Program) and the rest of DFAT. Knowledge of the Program is being used only for “downward” management purposes and not for other functions such as internal DFAT communications and learning.

The DFAT KOMPAK team may be too close to the day-to-day management of the Program and this is creating a lot of work that displaces other potential roles that the DFAT team could be playing. It would be useful to review the breadth of roles that DFAT expects of the Program teams, the priorities, and how the roles are best fulfilled. This may help the DFAT KOMPAK team to extricate themselves from the minutia of KOMPAK implementation and focus on other areas, such as DFAT’s need for more understanding of the Program.

3.3.8 Innovations - Pilots and Demonstrations

KOMPAK works closely with Government Ministries at the central level to pilot poverty reduction models at the sub-national level, drawing upon the lessons and evidence to inform national policy and scale-up successes. The success of this approach is evidenced by the examples of national level reforms documented throughout this report. Critical to the success has been the significant involvement of central government counterparts (at senior and working levels) in the design of pilots and their monitoring in the field. It was evident that the field monitoring organised by KOMPAK for central government officials was an important factor in influencing their policy development direction.

Replication across villages and sub-districts, and across districts, has been substantial. For example, delegation of authority from districts to sub-districts (authority to monitor basic services delivery and to support village governments) has been replicated in seven districts and three provinces. For example, in Papua and West Papua, the program develops “model” schools and health clinics to incentivise neighbouring locations to improve their own basic services. This approach was informed by a deep understanding of culture and how competition and incentives operate between traditional groups.

The success of KOMPAK in producing many pro-poor outcomes at the national and sub-national level have been highly dependent upon the selection and mix of approaches that include TWP, PDIA, replication across locations, and bridging central policy reform with grassroot pilots for national scale-up. The IPR team concludes that this combination of approaches has been far more successful to achieving development outcomes than technical assistance can achieve on its own.

The KOMPAK Innovation team has pursued and developed numerous initiatives(. Impressive innovations include the “PATEN++ Model” that strengthens the authority of sub-district governments (kecamatan) and their role in service delivery. This innovation has been trialled sub-nationally and is currently being replicated across

numerous sub-districts at the district government's own initiative. The sub-district government Learning Clinic facilitates technical support and learning for the village apparatus. It too has been piloted and found successful and is currently being replicated by district governments in target provinces.

The *Universitas Membangun Desa* (UMD) is an initiative that sees university students utilise their student placement assignments to support village level initiatives. All of Indonesia's more than 3,000 universities and higher institutions have a field school program, where students are expected to contribute to local community development. To date, the program has delivered little due to poor coordination and management, with few useful options presented to students and host communities. KOMPAK has initiated Universitas Membangun Desa (UMD) to leverage this existing resource for better outcomes for villages, communities and local governments, and the participating students and universities. The pilot round focused on village information systems and data, women and children's health and women's economic empowerment. UMD is active in 18 villages, 4 districts of 4 provinces. The program has provided students with a focused approach to their learning and has provided villages with additional support to undertake niche activities. The program has been widely well received and is being rolled out nationally.

The *Akademi Pardigta* (Women's Academy) is an initiative of a Strategic Partner (PEKKA) to empower, inspire and educate women. The program brings together poor and marginalised women from villages to take them through a ten-month learning and development journey (approx. two half days per week). The program builds women's awareness of village law, explores the gender dimensions of village governance and budgeting, and facilitates women to formulate advocacy positions and speak with confidence to public officials. The program includes a mentoring program whereby graduates support the advocacy work and initiatives of other women who are entering the program.

The IPR did a small-scale stock-take of the innovations of KOMPAK. Innovations that have been successful within villages and sub-districts have tended to be replicated within districts, but less so across districts and across provinces. **Going forward, KOMPAK should consider scaling up efforts to replicate district and provincial level successes, shifting from piloting good ideas to focusing on broader rollout.**

The Innovation Team at KOMPAK has spearheaded many of these innovations. There is always a risk that the innovations developed within a single team are siloed and not picked up by the implementing units, however this has not been the tendency within KOMPAK. The innovation team has developed and integrated pilots in close coordination with implementation teams, this also promotes ready iterative adaption of pilots.

Given the success of some of the innovations in sub-national governance, and the ability of the implementation teams to promote and replicate these successes, it may be timely for the Innovation Hub of KOMPAK to look towards more large-scale innovations that have national applicability. Innovations in e-governance and the use of digital technology for poverty alleviation, have not gained a lot of traction in Indonesia (compared to numerous countries in Africa for example), yet could have far-reaching positive outcomes. The IPR team recommends that the KOMPAK team scope out possible directions for "big-bang" innovations that could be developed or imported into the Indonesian context.

3.3.9 Approaches and Ways of Working

KOMPAK introduces a range of ways of working that are appropriate to aid programming within a large emerging middle-income country that has resources for development but lacks a solid history and lessons on how to best utilise those resources for accelerated human development. KOMPAK adopts a Doing Development Differently (DDD) approach. DDD integrates approaches such as Problem Driven Iterative Adaptation (PDIA) and Thinking and Working Politically (TWP). The effectiveness of KOMPAK approaches are explored in this section.

KOMPAK is founded on the Doing Development Differently model that incorporates thinking and working politically strategies, as well as problem-driven iterative adaptation. Key features of the KOMPAK approach include:

- Working closely with and supporting the GoI, at national and sub-national levels, to achieve their development targets. Therefore, KOMPAK has put GoI relationship building, particularly at the national level, at the forefront of its efforts.
- Understanding the political economy of reform, has seen KOMPAK develop relationships with key influencers inside and outside of government, undertake research and design pilots that are informed by political economy analysis, and form strategic partnerships with organisations that may drive change.
- Iterative-adaptation is embedded in the KOMPAK way of working, including within its internal management approach – encouraging learning and reflection at critical junctures in the design-implement cycle.
- Piloting and trialling have been a cornerstone of KOMPAK, enabling DFAT, the Program team, the Government, and program strategic partners to learn what works and what doesn't work in achieving development outcomes.

Leveraging Indonesia's Own Development Resources

The approaches to implementation employed by the Program have been driven by a concern for “leverage”: i.e. how to use a relatively small amount of funds to leverage large sums of money from GoI budgets to reduce poverty nationally. Although not yet quantified (see notes on M&E in the following chapter), there are numerous examples of success in achieving leverage, including:

- KOMPAK has assisted thousands of poor and marginalised Indonesians to obtain civil legal identity papers (e.g. birth certificates) that enable those individuals to access government social protection programs such as health insurance **through its support to the GoI Civil Registry and Vital Statistics (CRVS) Strategy at the national level and its implementation in target districts.**
- **Total estimated savings for Indonesia's 542 local government units is between 27 to 48 days per local government unit (district government), a total of 26,016 to 39,024 days across Indonesia¹⁷**

¹⁷ The reform of DAK applications into an e-planning DAK platform will reduce the time needed for district governments to prepare and submit their applications. The estimated savings in time for district governments is based on: 1) Reduction in number of days to be spent in Jakarta (from 3 days to 1 day) to identify scale of priorities for the DAK proposals. This usually involves 30 people from 10 Dinas in the district government. 2) Reduction in number of days to be spent in regional consolidation workshops to provide additional requirements or supporting data. Usually each district government would send 2-3 staff who will attend the consolidation meeting for two sectors (health and public works).

were achieved with KOMPAK support to the introduction of E-Planning through BAPPENAS. The E-Planning system has enabled districts to submit a single proposal for special allocation funds, rather than five separate proposals to five separate ministries; saving significant time and resources for district level governments across Indonesia.

- **KOMPAK, through its Strategic Partners, have trained 470 women to be village cadres who have influenced 87 village governments to allocate funds in favour of women and children’s basic services.**

Leveraging reform and resources requires KOMPAK to draw upon the following type of approaches:

- Demonstrations and pilots for replication and scale-up;
- Engaging and influencing the right stakeholders to promote change;
- Facilitating inter-ministerial and inter-sectoral meetings and working groups;
- Institutionalising reform through laws and regulation;
- Utilising culturally appropriate incentives to motivate institutional change;
- Building the capacity of poor and marginalised people to negotiate and influence systems; and
- Employing a problem-solving iterative adaption approach (PDIA).¹⁸

Over the past three years, KOMPAK has focused on testing approaches and learning. The next step will be to focus on replicating and scaling-up successes.

The catalytic role of KOMPAK helps GoI to address priority development needs better than the Government would achieve otherwise. Going forward, KOMPAK needs to maintain its role in catalysing change rather than uncritically serving the Government agenda, which is always a risk when working in close tandem with government.

Problem Driven Iterative Adaptation (PDIA)

KOMPAK adopts a PDIA (problem-driven iterative adaptation) methodology at sub-national levels. The IPR team is keen to distinguish between PDIA, and an iterative-adaptive approach to internal learning and management:

1. PDIA is an approach to development that facilitates stakeholders and beneficiaries to work together to identify and solve problems – learning from efforts and reforming solutions as they progress.
2. Iterative-adaptation is a management approach that uses evidence, reflection and learning, and adaptation to ensure that program teams continuously improve their own structures, systems, approaches and methodologies.

At sub-national levels, the PDIA approach is being successfully utilised in most settings (sensibly, KOMPAK teams and partners do not name the approach “PDIA”). **KOMPAK teams have been instrumental in bringing together stakeholders from across different levels of government**, and bridging service levels (e.g. line departments such as health and education) with district, sub-district and village levels of government. The stakeholders together

¹⁸ Not usually referred to as PDIA in the field.

work on a single problem (for example, high rates of teen child marriage), and develop solutions that they test, monitor and improve based upon their learning. The PDIA approach has been successful in motivating governments for pro-poor reforms. The IPR team found a high level of ownership and enthusiasm for improving services to the community from governments and service units.

Thinking and Working Politically

The KOMPAK Program has explicitly adopted Thinking and Working Politically (TWP) as an approach to creating change for poverty reduction. TWP as a development approach is described as:

“Evidence tells us that domestic political factors are usually much more important in determining developmental impact than the scale of aid funding or the technical quality of programming... Successful implementation usually happens when programs are aligned with a domestic support base that is influential enough to generate reform momentum, and overcome the resistance of those benefitting from the status quo... Many influential thinkers have looked at the difference between success and failure in development, and all point to the centrality of domestic politics... we have learned that progressive change usually involves local political processes of contestation and bargaining among interest groups, and that development programs can significantly improve their impact by understanding and responding to these dynamics. Recent evidence indicates the importance of reform-oriented leaders, who find ways to make progress by facilitating local problem solving and collaboration among wide-ranging interest groups.... ‘Politically smart’ development assistance combines political-economy knowledge with more responsive, adaptable and contextually relevant operations¹⁹.”

KOMPAK has embedded this approach in its governance structures (ensuring broad-based representation at every level), its relationships (proactive and intensive engagement with key decision makers and implementers within government), and in its ways of working at national and sub-national level (facilitating multi-stakeholder problem solving approaches).

Thinking and Working Politically (TWP) is deeply embedded in KOMPAK’s team; including through team selection, at national and sub-national levels. Team members are predominantly Indonesian nationals with a history of working on reform processes. The few international advisers bring deep contextual experience and knowledge of Indonesian politics and ways of working and creating change. The IPR team found that **KOMPAK team members were knowledgeable about Indonesia’s political dynamics, including the inter-relationship between political and bureaucratic incentives** and how to use these incentives to further pro-poor objectives.

The establishment of highly inclusive and active governance mechanisms at national and sub-national levels has ensured a high level of buy-in and ownership of the program from key stakeholders vertically and horizontally. Unlike many programs, the KOMPAK governance arrangements are not “set and forget”. Formal meetings of governance bodies are the culmination of a good deal of day to day work with the members of the governance body and their respective teams within the bureaucracies represented (except for the Coordinating Ministry for Human Development and Cultural Affairs – see Governance section of this chapter).

¹⁹ The case for thinking and working politically: The implications of ‘doing development differently’, <http://www.dlprog.org/research/thinking-and-working-politically-community-of-practice.php>.



Strategic Partners

The IPR found wide variation in the relevance, effectiveness and strategic alignment between the work of the Strategic Partners. Some of the work of the Strategic Partners has been highly successful, for example, the work on increasing the number of people with identity papers such as birth certificates. However, not all work is relevant or successful, and there are problems of coordination at the central level and at sub-national levels. There are also too many strategic partners trying to do too many things.

4. Gender Equality and Social Inclusion


The KOMPAK program has done some very good work on disability inclusion at the sub-national level. The Strategic Partners and the sub-national teams have been pro-active in helping governments to identify people living with a disability and pay attention to their needs, particularly by ensuring that the census data brings to light the numbers of people and the types of disability they are facing. In addition, the demand side work has engaged with people living with a disability and helped them to form support and advocacy groups. This has made the people, and the issues they face, more visible at village level and has resulted in village funds directed towards the provision of assistance (in many instances).

The KOMPAK program has some impressive work at the sub-national level on gender equality. In particular, the Women's Academy has assisted poor women to have greater confidence and voice at the village level. The model provides ongoing training and support to help women understand village law and build their confidence to speak publicly and represent their interests. This has led to village heads being more aware of the needs of women, and channelling village funds to support their empowerment. Some villages have even provided funds to support women to attend the Akademi. The success of the Akademi lies in the model that has been put in place which includes flexible options for attendance, a supportive and empowering environment for women, a long-term approach to support through the ten-month course and thereafter through local mentors, and training content that is relevant to the lives of poor women.

The success of the above-mentioned initiatives notwithstanding, **the approach to gender equality and women's empowerment is not well mainstreamed across the program and across the KOMPAK teams.** This is largely due to the fact that the program has only one GESI specialist who (although exceptionally skilled) has a huge task in trying to mainstream GESI through the program, support GESI initiatives, and service the needs of the program at both sub-national and national levels. As well, the position is managed under EOFO 2, undermining the priority of GESI for the whole of program. More resources and a higher priority for GESI mainstreaming is a high priority need for the KOMPAK program.

Recommendations to achieve greater attention to GESI include the following:

1. Increase the number of resources, particularly human resources that support GESI initiatives and GESI mainstreaming across the program. Potentially, each EOFO should have a GESI specialist and a GESI program coordinator.
2. The senior GESI specialist should be a member of the Executive team and report directly to the team leader.
3. Consider appointing a GESI officer to each of the provincial offices, or two provinces sharing a GESI officer.
4. Equalise the gender balance of teams, particularly at sub-national level and potentially by using quotas, and ensure women are in leadership positions at provincial level.
5. Conduct regular gender transformative training for all team members at sub-national level and monitor the success of the training in changing attitudes, behaviours, and approaches.
6. Conduct an internal gender audit annually, utilising international standards for gender equality (such as the Australian Workplace Gender Equality Agency (WGEA) standards, and set targets against the audit.



The IPR team found that there was a good deal more that KOMPAK could be doing to institutionalise GESI both within their own organisational structure and culture, and within the program initiatives. The above recommendations will help KOMPAK to make a good start on effecting change on this issue, however a more thorough review would likely produce a more specific suite of recommendations and interventions on which to base future improvements to the KOMPAK GESI approach.

5. Efficiency and Value for Money

Overall, KOMPAK has maintained its value for money in terms of providing very strong relationships at national level and subnational levels as a foundation to influencing change, leveraging GoI funds, and replicating successes.

From a budgetary and financial management perspective, KOMPAK provides efficiency and value for money. Recent improvements to the financial management system have generated a more efficient and effective approach to budget management. KOMPAK's recent Review and Revitalisation process saw resources shift from the national to the sub-national level – which was timely for the program.

KOMPAK has been efficient in optimising and rationalising the use of Technical Experts/Advisors hired for Government of Indonesia partners. The Program has significantly reduced the number of technical advisers provided to GoI counterparts and has moved away from input-based contracts to output based contracts. This has resulted in a more outcome focused TA cohort, who have specific roles, responsibilities and deliverables.

KOMPAK is proving successful at leveraging Government of Indonesia spending from its pilots and policy influencing work. There are numerous examples of reform being widely implemented; from concerted efforts at policy change and replication of good practices. It would be worthwhile to examine the extent of leverage that has been achieved, however the system for M&E data collation and analysis currently lacks the sophistication to enable this.

The IPR team noted a significant improvement in the management of operations, which has recently improved efficiency at the provincial level, particularly with more appropriate financial delegation and the use of an online financial management application (NetSuite).

KOMPAK has been less efficient in managing the process for engaging the Strategic Partners; a time-consuming process that caused late implementation and a lack of integration with other KOMPAK activities. The strategic partners' design process took 6 months followed by a 3-month lag before implementation began. The IPR team recommends that the use of Strategic Partners be reviewed with a view to reducing their number, streamlining their work, and ensuring greater synergy with other KOMPAK work at the provincial and local levels.


There are no significant issues regarding budget over-spend or under-spend. KOMPAK has been successful in managing the budget and spending.²⁰ Early problems in fully expending the budget have been resolved. The financial management system and approach has recently been upgraded with positive benefits that include access to timelier financial information; ability for more accurate forecasting; a project life-cycle budget; automated systems for financial processing and management in the provinces; and more accessibility to financial information and data to more people (depending upon delegated authority).

The KOMPAK Program, by the end June 2018, will have spent 81.2% of its budget on program costs, and 18.8% of its budget on personnel and operational costs²¹. This represents a good balance between core costs and program costs.

The resourcing at the national and sub-national level is currently well balanced, with approximately 70% of funds spent at the national level, and 30% of funds spent for the seven provinces (forecast expenditure to end of June 2018). This, in part, reflects the more expensive costs of staffing at national levels. KOMPAK has been proactive

²⁰ Although the most recent Six-Monthly report noted that Outcome 3 is experiencing underspend due to delayed implementation.

²¹ These figures exclude management fee costs.



in increasingly shifting funds away from the central level and towards sub-national implementation. The most recent example was the Review and Revitalisation process of mid-2017 that shifted resources to sub-national level implementation support. In future, DFAT should consider another re-balancing of KOMPAK activities in favour of provincial level replication of successful initiatives.

6. Theory of Change

KOMPAK's Theory of Change (at Figure 1) was developed in 2015 and designed to provide the program with broad strategic directions, enabling more detailed planning to follow. It guided the design of initiatives through 2015 and 2016. However, the existing program logic model (articulated in the Strategic Performance Assessment Framework) does not integrate the Theory of Change and therefore does not provide a compelling demonstration of cause and effect; it tends to be too broad, with large gaps between outcome levels. This first iteration, with its lack of specificity, was useful for the early stages of KOMPAK because it allowed the Government of Indonesia, DFAT, and the program team to work together to shape KOMPAK. However, the Program has now matured and is in a good position to bring the Theory of Change together with the Program Logic model into a single model going forward and provide a more robust case for how change and achievement of outcomes will happen.

In relation to relevance and strategic alignment of the highest order outcomes in KOMPAK's existing Program Logic, the IPR finds the following:

- EOFO 1 is still highly relevant with clear and coherent theory of change.
- EOFO 2 is still relevant, but with mixed clarity and results on the links between inputs, outputs and outcomes.
- EOFO 3 has limited relevancy and does not complement and align with the rest of KOMPAK – to the extent that the EOFO should be dropped.

The elements of Outcome 3 of most relevance to KOMPAK are those initiatives related to governance at the village level, i.e. those that seek to support village government build local economies. However, these initiatives are too small to have real impact. (there is a more detailed account of Outcome 3 issues in section 4.2.3).

7. Monitoring and Evaluation

This section discusses the quality and effectiveness of the monitoring and evaluation framework that KOMPAK has developed and proposes ideas for improvement of M&E system/plan.

Overall findings from the IPR team in relation to the Program's monitoring and evaluation show that **reporting against outcomes has been constrained by an M&E system that lacks sophistication both in terms of its technological backbone (i.e. a functioning MIS), and in terms of its tools and methodology for data collection.** The IPR team noted (as is evident in this report), that much of the M&E information rests upon examples rather than upon aggregated data. This made IPR team assessments difficult; if it were not for the extensive range of in-country meetings, the IPR team would have lacked the necessary information to assess the Program. The lack of a sufficient MIS has meant much of the data collation is done manually – limiting its potential for generating findings and analysis. A strong MIS would enable the KOMPAK data to be integrated with population data and poverty statistics (for example) to undertake comparative analysis, and aggregate contribution of the program overall. A strong set of data collection tools, and a more robust methodology, would strengthen the ability of the Program to track and measure governance changes over time.

7.1 Effectiveness of the Performance Framework

KOMPAK uses a flexible and informed 'Project Framework' approach to its Performance Framework. This has been operationalised through a cascaded Performance Framework that has two levels: the Strategic Performance Framework level and Operational Performance Framework Level as shown in Figure 1. The Operational Performance Framework identifies the project-level outcomes and gives a lower level and clearer indication of what KOMPAK will achieve by June 2018. This review utilised the recently developed Consolidated Project Level Framework (August 2017 v.2) as the guiding framework for measuring progress. This framework links the expected outputs/outcomes of the 10 projects with the higher-level outcomes. It includes the KOMPAK Indicators and how they will be measured, by whom and with what frequency.

To operationalize this approach, KOMPAK has adopted a cascaded Performance Framework that has two levels; the Strategic Performance Framework level and Operational Performance Framework level. The Strategic Performance Framework identifies the high-level Goal, the End of Facility Outcomes, Intermediate Outcomes and the key Projects to be implemented towards achieving the desired outcomes. The three Operational Performance Frameworks go further in describing the specific Activities within the Projects with the Intermediate Outcomes at the Strategic Performance Framework level becoming the outcomes at an operational level. In other words, the Goal-level of KOMPAK's Strategic Performance Framework identifies the broader systemic changes towards which KOMPAK seeks to contribute. The EOFO level of the Strategic Performance Framework is where KOMPAK expects to achieve measurable changes that can be attributed to KOMPAK by the end of the Facility.

KOMPAK has defined three levels of indicators at the EOFO, Intermediate Outcomes and Projects/Activities:

- Level 1 indicators align with the Outcomes and represent development outcomes to which KOMPAK can reasonably be held accountable for achieving;
- Level 2 indicators at the Intermediate Outcome levels will measure progress towards the changes KOMPAK expects to achieve throughout its life; and

- Level 3 indicators at the Project/Activity levels measure progress towards the Project level outputs contributing to the Intermediate Outcomes.

The strategic performance framework has sufficient indicators at Level 1 (impact and high-level results), however very few of these were reported in the latest KOMPAK progress report. KOMPAK has developed sufficient indicators at Level 3 (project/activity output level) through the district scan (see following section). However, KOMPAK is missing good Level 2 (intermediate outcomes) indicators. KOMPAK could fill this “missing middle” by looking to more open-qualitative indicators that help describe changes of behaviour, changes of practice, and changes of systems, and the impact of those changes on populations (utilising a range of well-being indicators). KOMPAK may want to consider using a ‘contribution analysis’ approach; tracking the contribution lines from each of the activities to subsequent behaviour change and then impact. In addition, the district scan (currently one of KOMPAK’s M&E Tools) could be utilised more effectively to measure change at Level 2 using additional indicators and an improved data collation system (see following section).

Only contribution (not attribution) can be reasonably claimed at the Goal-level of the Strategic Performance Framework. The Goal-Level indicators and the indicators that cut across all outcomes, as presented in KOMPAK’s strategic performance framework, are presented in the following table.

Table 7: Goal Level and Whole of EOFO Level Indicators

GOAL: Poor and Vulnerable Indonesians Benefit from Improved Delivery of Basic Services and Greater Economic Opportunities	
Indicator	2019 target
Poverty level	7-8% (10.96% in Sept 2014)
Number of underdeveloped villages	Reduce to 5,000 villages
Number of self-sustained villages	Increase at least by 2,000 villages
Legal identity for poorest 40%	
<ul style="list-style-type: none"> • Birth registration among 0-17 year old 	77.4% (64.6% in 2013)
Health:	
<ul style="list-style-type: none"> • The number of sub-districts that have at least one accredited Puskesmas 	5,600
<ul style="list-style-type: none"> • Percentage of districts / cities which reaches 80 percent complete basic immunization in infants 	95 %
<ul style="list-style-type: none"> • The number of Puskesmas that have at least five types of health personnel 	5,600 (1,015 in 2014)

Education:	
• SD with B Accreditation	84 % (69 % in 2014)
• SMP with B Accreditation	81 % (63 % in 2014)
• SMA with B Accreditation	85 % (74 % in 2014)
All Outcomes	
<ul style="list-style-type: none"> • Number of significant instances where KOMPAK support resulted in improved policy at (i) village; (ii) sub- district; (iii) district/provincial or (iv) central level. (PAF #15, #19) • PAF # 9: Number of women and men who apply improved technical skills to deliver better quality services • PAF # 16: Number of people, especially women and marginalized groups, who contribute to improved policy • PAF # 17: Number of platforms that support inclusive development. 	

The IPR team is concerned that some of these performance indicators are influenced by too many other, more powerful variables, and are therefore not useful to measuring the more limited “attribution” of the Program. For example, given Indonesia’s growth trajectory it is likely to reduce poverty rates to the level of 7-8% without KOMPAK’s intervention. It is recommended that KOMPAK revisit these indicators and targets to create targets that are more realistic for 2019, and a more realistic reflection of contribution of the KOMPAK Program.

The Performance Indicators at the whole of Outcome level are targets that are more realistic and directly align with the PAF. KOMPAK has been working towards the PAF indicators presented in the table below.

Table 8. KOMPAK Relevant DFAT Performance Assessment Framework Indicators

KOMPAK Relevant DFAT PAF Indicators 2.0
6. Number of improvements to public revenue and expenditure management
9. Number of women and men who apply improved technical skills to deliver better quality services
12. Number of districts that made improvements in service delivery practices and policies
13. Number of service units with improved institutional capacity to address frontline service needs
15. Number of instances of improved policy for human development
16. Number of people, especially women and marginalized groups, who contribute to improved policy
17. Number of platforms that support inclusive development
19. Number of instances of improved policy for inclusive development

KOMPAK’s performance management framework is comprehensive in terms of how its indicators are expressed but it has not been delivering sufficient, good quality data and information to the Program, DFAT,

or the Government of Indonesia. The IPR team assesses that the cause for this may be in the quality of the M&E tools being implemented (see following section for more information), and the lack of capacity within KOMPAK (particularly in relation to a quality MIS) to properly collate and analyse data received. The performance framework itself could be reviewed and update in conjunction with an extensive update of the M&E tools and how the data is collated and analysis.

The IPR noted that KOMPAK collects data from the provincial offices on a regular basis but does not provide timely collated and analysed data back to the provincial teams. M&E is therefore somewhat extractive and not being used to inform practice and direction at the implementation level. The IPR team recommends that KOMPAK ensure timely delivery of collated data to the provinces to feed into their regular workshops and meetings.

7.2 Effectiveness of the M&E Tools

The Performance Framework also identifies the indicators for each outcome and the data collection methodology for each. These can be found in the KOMPAK Performance Assessment Framework. In summary, the following data collection methodologies are utilised, and the IPR impression and/or assessment of the tool's utility for measuring against outcomes:

KOMPAK M&E Tools and Processes	IPR Observation and Assessment
<p>KOMPAK Tool #1: Baseline Study</p> <p>The baseline study includes:</p> <p>A baseline survey completed at household, village (village apparatus), sub-district levels (by a survey contractor) that includes budget analysis and draws upon data from other KOMPAK studies.</p>	<p>The Baseline Study report has not yet been completed and the early report provided to the IPR team was not sufficient to make an assessment.</p> <p>Parts of the survey are to be updated annually however the team appears to be behind schedule on this. It is recommended that a mid-line survey be conducted rather than an annual survey, providing a more realistic timeframe for changes and for conduct of the survey. At this time, the survey has not provided a measure of progress.</p>
<p>KOMPAK Tool #2: Internal Policy Engagement Review</p> <p>Contributes to 6 monthly report and documents achievement of policy change.</p>	<p>The reports rely heavily upon narrative and qualitative descriptions of policy change. These are very useful for learning but the IPR team recommends that they also include quantitative data regarding likely reach and impact of the changes.</p>
<p>KOMPAK Tool #3: After Event Report</p> <p>The After Event Report (AER) form documents events (workshops, missions, presentations, piloting, trainings, etc.), and provides information on activities and resulting outputs of KOMPAK.</p>	<p>The AER is a useful tool for input and output level reporting. It would be useful for KOMPAK to consider conducting follow-up data collection (potentially a survey instrument) to assess knowledge, attitudes and behaviour change, and to assess systemic changes that may have resulted from the event.</p>

<p>KOMPAK Tool #4: Participant Assessment Survey</p> <p>This form is customised depending on the type of event and desired outcomes.</p>	<p>This survey could be utilised to assess pre-training, post-training, and six-month follow-up knowledge, attitudes and behaviours. It could also benefit from standard questions (across all forms) to measure successful methodologies for generating change.</p>
<p>KOMPAK Tool #5: Story of Change and Story of No Change Template</p> <p>Used to describe any changes or results than can be linked to KOMPAK's work. Stories of Change can include news or social media items, photos, audio or video files, interviews or quotes.</p>	<p>Stories of Change provide useful and easily digestible illustrations of the impact of KOMPAK's work on people and institutions. However, whilst they are a useful tool for communications, they are not a useful tool for M&E because they provide no quantitative information and are limited in terms of their ability to provide qualitative information. They are useful in reflection and refocus session in terms of illustration a point, but not for evidence of that point. For stories of change to be useful as an M&E tool, they need to be systematised through a robust methodology such as Most Significant Change.</p>
<p>KOMPAK Tool #6: District/sub-district scan and Village scan</p> <p>The purpose of the six-monthly district/sub-district scan is to identify changes systematically that have occurred in relation to KOMPAK outcomes or indicators.</p>	<p>The district/sub-district and village scan includes some very useful information and hold a lot of potential for more outcomes and results orientated information. However, the lack of a properly functioning M&E database severely restricts the ability to use the data for interesting analysis (setting different variables such as gender against other pieces of information).</p>
<p>Longitudinal case studies, using a hybrid participatory video/documentary methodology, centred initially on a small selection of frontline services and then later potentially village governance structures.</p>	<p>The IPR has no information on this tool.</p>
<p>Specific studies and evaluations to address knowledge gaps, evidence the theories of change, and provide real-time information for decision-making.</p>	<p>KOMPAK has been undertaking specific studies however the IPR is not able to assess the extent to which the evidence and analysis they provide has been integrated into the program.</p>

The M&E tools utilised by KOMPAK are not very sophisticated. The District / Sub-district / Village scan holds potential to bridge the information gaps, but this is unlikely to be realised in the absence of a well-functioning Management Information System that provides an appropriate database. The IPR team notes that this is in progress but recommends that it be completed as a matter of priority. In parallel, the IPR team recommends that the existing tools be reviewed with a view to improving their ability to measure change – in, knowledge, attitudes and practices of the people within systems they are trying to change and of the systems themselves - and then measure the consequences and impacts of those changes on populations. At present, the tools do not provide a robust approach to measuring changes at all levels – there are a number of tools missing in the toolkit. Each of KOMPAK's projects has a results chain that links with Program Logic. This approach has been useful to ensure KOMPAK projects align with its higher order outcomes. Each results chain brings its own performance

indicators that ideally, should link with the whole of program M&E Framework. However, the Program has a “missing middle” in terms of M&E and indicators (as noted above); this can be seen in two specific locations:

- The M&E of strategic partners is not well linked into the overall M&E Framework and does not provide the KOMPAK program with the right data at the right time. There are wide variations in the capacity of the Strategic Partners to deliver M&E data that is outcome and results focused rather than input and output focused.
- The project level M&E undertaken at the provincial level is not currently serving the need for higher order (EOFO and Intermediate Outcome levels) outcome data and tends to be project specific. The KOMPAK Program is not yet utilising this data to aggregate for higher order outcomes.

7.3 Database & Management Information System

The IPR team noted that KOMPAK is currently developing a database and management information system (MIS) with the CASPIO platform. The IPR team is not very familiar with Caspio but a precursory review of its features suggests that it should be able to provide KOMPAK with the data collation and analytics it needs to improve its performance reporting. However, the IPR team is more familiar with software that is designed specifically for the development industry and is unsure if Caspio can provide the sophisticated analysis that a large and complex program such as KOMPAK requires. The IPR recommends that KOMPAK bring in an M&E / MIS expert with substantial skills in the design and management of databases and information systems in the development sector, to ensure that the system is set-up correctly.

No clear schedule of M&E activities is provided in the performance framework. An M&E Activity Plan would be useful for the sake of transparency and team planning and ensure and track the implementation of the M&E based on the framework.

KOMPAK has a provincial office-based M&E officer with responsibility for data collection and reporting, within each province. However, the M&E officer does not provide services to the provincial teams at present, but could facilitate the use of evidence in learning and development events in the future. With approximately 3% of the overall KOMPAK budget, the M&E team may not be well-enough resourced, however this is hard to assess given the limitation in data collation and analysis (previously noted). Resourcing of M&E should be monitored as the system develops. In addition, it is not clear how the M&E from strategic partners integrates with the overall M&E and there is a risk that large amounts of data are not being captured, analysed and/ or utilised.

8. Conclusion and Recommendations

8.1 Conclusion

The KOMPAK Program is relevant and strategically aligned to Indonesia's development agenda and is effective in achieving progress towards outcomes. Implementation is in its early stages (with only 18 months of implementation at the time of the IPR). In this time, KOMPAK has built a solid sub-national presence in seven provinces, developed effective working relationships at national and sub-national levels, and delivered governance reforms that will directly impact on the lives of Indonesia's poorest. Most notably, KOMPAK has:

- Influenced reform nationally (village law, fiscal transfers, and improved targeting of district allocations) to ensure an increasing allocation of funds to Indonesia's poorest villages and districts;
- Increased the CRVS to ensure poor people have the documentation to access social protection;
- Improved village governments ability to spend their village funds on local development priorities; and
- Improved frontline services in target areas, particularly in health, education and legal identity.

These outcomes have been achieved through effective relationships and partnership approaches with Government of Indonesia counterparts at all levels. The governance mechanisms in place are operating effectively to support achievement of GoI priorities. However, as KOMPAK has honed its program through the design process and in its early implementation phase, the membership of the Steering Committee could be reduced to those Ministries that are now most relevant for the Program.

The "Facility" modality has enabled the Program to develop and evolve with GoI and thereby create and/or exploit opportunities for reform. It was instrumental in providing the space to work with GoI to design the Program and its initiatives because it is flexible enough to cater to a complex and evolving operating environment – moving with GoI instead of to a pre-determined agenda. KOMPAK has put in place internal processes (in particular the project management cycle and initiative decision making processes) to ensure that the flexibility offered by a facility model is harnessed for program outcomes.

KOMPAK is not without its challenges and areas of weakness that need to be improved. Most notably:

- The rapid scale-up of implementation and initiatives was not matched by a rapid scale-up of the monitoring and evaluation system that continues to lag and hence does not provide the data necessary for sophisticated reporting and analysis.
- The approach to gender equality and women's empowerment, particularly in terms of its mainstreaming across the initiatives, is also lagging and needs attention – particularly at provincial levels and in some locations more than others.
- The use of Strategic Partners needs to be streamlined; both in terms of their number and their mandates, and their work better integrated with KOMPAK's other initiatives at national and sub-national levels.
- Much of the work of EOFO3 lacks relevance and compatibility with the rest of the KOMPAK Program. It's most relevant aspects relate to assisting village governments to develop sustainable approaches to local economic development – drawing upon a markets systems development approach. This

objective could be pursued under EOFO2 and draw upon the expertise of the DFAT funded PRISMA program.

Meeting the challenges detailed throughout this report are manageable and achievable for the KOMPAK program. The IPR recommends a continuation of the program to phase II.

8.2 Recommendations

The IPR team has identified **20 key recommendations**, one being a recommendation for DFAT and nineteen recommendations to be addressed by the Program either in its current phase (to June 2018) or to be actioned by KOMPAK in the early stages of the four-year extension period. These recommendations relate to program focus areas, approaches and delivery strategies, and build on existing strengths in the program while addressing its challenges.

8.2.1 Extension of KOMPAK

R1: The IPR strongly recommends KOMPAK continue until 2022 (as envisaged when the program was tendered in 2014); because it is addressing highly relevant development challenges, has built strong relationships at all levels, and is performing well.

8.2.2 Overall Program Strategic Alignment and Relevance

R2: The structure and approach of KOMPAK remains strategically aligned and relevant to meeting Gol's development needs, and the IPR team recommends no changes to overall strategic approach of KOMPAK.

8.2.3 Program Focus - End of Facility Outcomes

R3: By June 2018: Outcome 3 be discontinued and Outcome 2 intermediate outcomes (and the projects that support their achievement), be expanded to include a focus on achieving improved village governance of economic development.

8.2.4 Strategic Partners

By June 2018:

R4: KOMPAK and Strategic Partners should jointly develop improved ways of working at national and sub-national levels that build better working relationships.

By end 2019:

R5: Streamline the number of Strategic Partners and rationalise their purpose. Selecting only those that have demonstrated successes in delivering outcomes to date, and in working collaboratively at sub-national levels. To ensure that their interventions are strategically aligned with KOMPAK's outcomes.

One way to achieve the above is to ensure that sub-national teams are involved in the design of new approaches, and that mechanisms for strong collaboration at sub-national level are institutionalised.

- R6: The social accountability work should be redesigned so that local community-based organisations (CBOs) are contracted directly to the KOMPAK provincial offices who work collaboratively with them to redesign their work.

8.2.5 Governance

- R7: Given the resources associated with maintaining relationships across Ministries, DFAT and GoI should streamline the number of Ministries on the Steering Committee from five to four.

8.2.6 Strengthening the Facility Modality

By June 2018:

- R8: KOMPAK to put in place a set of principles and criteria that strengthens the requirement for strategic alignment between KOMPAK and TA, and articulates a robust proposal and decision-making process for responding to GoI requests for new activities and new locations, and the use of technical assistance (TA) to GoI ministries. Accompanying communications products should be developed that better articulate use of TA, as well as outlining assessment criteria and decision-making processes for new activities, locations, etc. to GOI partners.

By end 2019:

- R9: KOMPAK to continue as a Facility Model, drawing upon its internal design and processes and the relevant governance committees for ongoing decision-making.
- R10: Upscale the KOMPAK approach to replication of successes at the district and provincial levels, developing and drawing upon a range of replication strategies and shifting from piloting good ideas to a focus on their rollout.
- R11: DFAT should consider piloting a model for establishing KOMPAK as a platform for sub-national administrative and coordination for all other DFAT programs in that geographical area. This would see KOMPAK “house” administrative, office, and logistics functions for all of DFAT sub-national investments within a province, as well provide value-adding coordinating support to leverage joint work across investments. The pilot should be designed jointly with relevant DFAT programs to ensure it meets their needs.

8.2.7 Efficiency and Value for Money

By end 2019:

- R12: The IPR team recommends that KOMPAK should consider a further shift in resources towards sub-national implementation, particularly in the areas of M&E, learning, replication activities, and gender.

8.2.8 Theory of Change

By end 2019:

- R13: The IPR team recommends that the Program Logic and the Theory of Change be revisited and brought together in a single model.

8.2.9 Monitoring and Evaluation

By June 2018:

- R14: The IPR recommends that KOMPAK invest in getting their MIS operational, including by bringing in an M&E expert with substantial skills in the design and management of databases and information systems, to ensure that the system is set-up correctly, and training all staff in its use.
- R15: It is recommended that KOMPAK revisit the indicators and targets for 2019 to make them more realistic, and strengthen the indicators associated with the intermediate outcome level.
- R16: The IPR team recommends that KOMPAK ensure timely delivery of collated data to the provinces to feed into their regular workshops and meetings.
- R17: The IPR team recommends that the existing M&E tools be reviewed with a view to improving their ability to measure change – in knowledge, attitudes and practices of the people within systems, and then measure the consequences and impacts of those changes on populations.

8.2.10 Gender Equality and Social Inclusion

By end 2019:

- R18: KOMPAK needs to give higher priority to issues of gender equality and women's empowerment, including increasing resourcing and expertise to strengthen its twin track approach (i.e. both mainstreaming gender into all initiatives and undertaking specific gender equality and women's empowerment initiatives); and ensuring provincial teams have a better gender balance across levels of seniority.

8.2.11 Innovation

By June 2018:

- R19: The IPR team recommends that the KOMPAK team scope out possible directions for "big-bang" type of innovations that could be developed or imported into the Indonesian context – particularly innovations in e-governance and the use of digital technology for poverty alleviation.

By end 2019:

- R20: In keeping with the continuous process of evolution through iterative adaptation, KOMPAK should increasingly move away from piloting and testing of new methods and approaches and increase its emphasis on replication across village, sub-districts, districts and provinces. This is particularly important for those innovations that have already been integrated into national policy but are not being implemented due to capacity constraints at the sub-national level.

Annexes

All annexes are attached as separate documents.

- Annex 1: IPR Terms of Reference
- Annex 2: IPR Evaluation Plan
- Annex 3: IPR Mission Schedule
- Annex 4: IPR Methodology