

PARTNER-LED DESIGN- Investment Design Summary

Investment Design Title: Indonesia Health Transformation Multi-Donor Trust Fund (MDTF)
Start date: May 2023
End date: May 2026
Total proposed DFAT funding: Up to AUD9.6m
Total proposed funding from all donor/s: AUD68m
Current program fund annual allocation: AUD265m
AidWorks investment number: INO207
Risk: medium
Value: medium
Quality Assurance completed: Informal QA
Approval: Delegate at Post: Madeleine Moss, Minister Counsellor, Governance and Human Development, Jakarta Post

TABLE OF CONTENTS

Acronyms and Abbreviations	3
A. Executive Summary	4
B. Development Context and Situational Analysis	6
C. Strategic Intent and Rationale	8
D. Proposed outcomes and Investment options	10
E. Implementation arrangements	14
F. Monitoring and Evaluation	15
G. Gender, Disability and Other Cross Cutting Issues	17
H. Budgeting and Resourcing	18
I. Risk Management and Safeguards	19
J. Quality assurance	21
K. Annexes	21
Annex 1: World Bank Concept Note (provided as a separate document)	
Annex 2: Indonesia Ministry of Health - 6 Pillars of Indonesia's Health Transformation	
Annex 3: Partner and Policy Dialogue Matrix	
Annex 4: Monitoring and Evaluation Framework	
Annex 5: Risk and Safeguards Assessment (provided as a separate document)	

Acronyms and Abbreviations

Acronym/abbreviation	Definition
ABIP	Australia-Indonesia Bank Partnership Trust Fund
AIHSP	Australia-Indonesia Health Security Partnership
AUD	Australian dollars
Bappenas	National Development Planning Agency (Badan Perencanaan Pembangunan Nasional)
COVID-19	Coronavirus disease 2019
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DFAT	Australian Government Department of Foreign Affairs and Trade
DHOM	Deputy Head of Mission
EOPO	End of Program outcome
ESF	Environmental and Social Framework
Gavi	Gavi, the Vaccine Alliance
GEDSI	Gender, equity, disability and social inclusion
Gol	Government of Indonesia
HSS-IPF	Health System Strengthening Investment Project Financing
HT-MDTF	Health Transformation Multi-Donor Trust Fund
JKN	National Health Insurance (Jaminan Kesehatan Nasional)
M&E	Monitoring and evaluation
MoF	Indonesian Government Ministry of Finance
MoH	Indonesian Government Ministry of Health
MTR	Mid-Term Review
Posyandu Prima	District level health centres
Posyandu	Village level health centres
Puskesmas	Community Health Centres
RPJMN	National Medium-Term Development Plan
USD	United States dollars

A. Executive Summary

Vulnerabilities in the Indonesian health system, including financing shortfalls¹, gaps in health infrastructure², the availability and quality of health workers³, and unequal access to health care⁴ have been long-standing issues well before the COVID-19 pandemic. Since 2001, Indonesia's economy grew by an average of 5.5 percent of GDP per year, leading to its subsequent transition to an upper-middle-income country in 2019. This growth was accompanied by a significant decline in poverty rates from 19.1 percent in 2000 to 9.8 percent in 2020. In this time, Indonesia's health system experienced significant changes which led to improvements in certain health outcomes including significant rises in life expectancy, reductions in child stunting and infant mortality rates, and notable progress towards universal health coverage.

Despite these advances, significant challenges remain. Health outcomes in relation to maternal and child health, nutrition and communicable diseases have continued to lag well behind comparable middle-income countries. Meanwhile, the growing trend of non-communicable and chronic diseases now accounts for 76 percent of all deaths in Indonesia (2019). This epidemiologic transition has placed a double burden on Indonesia's health expenditure which increased by 222 percent from 2009 to 2017. Government investment in the health system, however, has been low relative to the country's income level (2.9 percent of GDP in 2019)⁵. This underinvestment has led to limitations in service delivery capacity with insufficient infrastructure and human resources to meet the growing demand for public health services. Deep inequalities also persist both in terms of health status and access to services across regions, age, gender, sexual orientation, economic status, education level, employment and the presence of a disability. While the system has undergone reforms including efforts to improve the quality of health workers in 2013, and the introduction of universal health care in 2014, there has been consistent calls for systemic reform to address the challenges posed by the country's changing demographic and epidemiological landscape.

The devastating impact of the COVID-19 pandemic reversed many of the significant health gains in Indonesia and further exposed the significant gaps in the system, particularly in the primary care setting that was impacted by weaknesses in the patient referral system, a significant loss of human capital and the fragility of medical supply chains. In response to this, President Joko Widodo has mandated a **comprehensive health system transformation for Indonesia with a vision for a "healthy, productive, independent and just Indonesian people"**. Under the leadership of reformist Health Minister Budi Gunadi Sadikin, the Indonesian Ministry of Health (MoH) has embarked on an ambitious plan to implement these reforms with the objective of improving maternal and child health, family planning and reproductive health, community nutrition, and disease control, and creating a culture around health and wellbeing. These reforms reflect a shift away from costly curative services to prioritise health promotion and disease prevention, by boosting the availability, accessibility, and equity of primary health care for all, from infancy to the elderly. The blueprint for this reform includes six key pillars (i) primary care service delivery capacity, population education, and prevention; (ii) equitable access to secondary care; (iii) health system resilience for emergency response and the pharma/medical devices sectors; (iv) health financing, focusing on equitable allocation and efficient utilization of resources; (v) health talent creation; and (vi) improvements in health technology, especially IT systems and biotechnology⁶. Health stakeholders assess these reforms to be transformational in scope, describing them as the best opportunity for health reform in Indonesia in 25 years.

To ensure the sustainability of these reforms beyond the current administration Minister Sadikin has announced the establishment of a **World Bank USD4 billion 'Health System Strengthening' Investment Project Financing loan operation (HSS-IPF) and USD45 million 'Health Transformation' Multi-Donor Trust Fund (HT-MDTF)**. The six-year loan operation (2023 – 2029) will finance measures to address the spatial and socioeconomic gaps in health service availability across Indonesia. It will be led by the World Bank in partnership with the Asian Development Bank, Asian Infrastructure Investment Bank, German Development Bank and the Islamic Development Bank. The HT-MDTF will be a 'recipient-executed' grant, providing a

¹ The Republic Of Indonesia Health System Review, Asia Pacific Observatory on Health Systems and Policies, 2017)

² Towards a Healthy Indonesia?, Bulletin of Indonesian Economic Studies, ANU Indonesia Project, 2019

³ New Insights into the Provision of Health Services in Indonesia, The World Bank, 2010.

⁴ State of health inequality Indonesia, World Health Organisation, 2017

⁵ ASEAN 2019 Health Expenditure (%of GDP) – Cambodia 6.99%, Malaysia 3.83%, Thailand 3.79%, Philippines 4.08%, Laos 2.08%, Singapore 4.08%, Brunei Darussalam 2.16%, Myanmar 4.68%

⁶ Annex 1 – Ministry of Health – Six Pillars of Health Transformation

central, integrated source of funding to the MoH to procure analytical and technical support for the implementation of the health transformation agenda, with a strong focus on addressing critical gaps in accessibility and quality of health services for women and girls, people with disabilities and remote communities⁷. **Together, the HT-MDTF and HSS-IPF loan will be the core catalytic drivers behind the Indonesian health reform agenda.**

Within this context, Indonesia is seeking Australia's support to the World Bank-managed HT-MDTF. This request was first raised by Minister Sadikin in a meeting with the Australian Minister for Health, Mark Butler in October 2022. In February 2023, the Secretary General for MoH, Dr Kunta Nugraha, met with DFAT and other donors, formally inviting support for the HT-MDTF which will become the primary mechanism for partnering with the Government of Indonesia (GoI) on implementation of the health reform agenda.

Australia is well-positioned to take a leading role in supporting Indonesia's health reform agenda. Australia supported Indonesia's COVID-19 response, committing AUD101.9 million for vaccine access, support to Indonesia's national vaccination rollout; and technical assistance at national and provincial levels to build stronger systems to prevent, detect and respond to public health threats. We also delivered over eight million vaccine doses from our domestic COVID-19 vaccine supply. Australia's bilateral health programs are supporting Indonesia to provide better quality health services by working at the national level and sub-national levels to support policymaking and improve service quality, governance and accountability. Australia is also supporting the World Bank-managed Program for Results operation (USD400 million, 2022-26) which aims to strengthen the quality and efficiency of Indonesia's National Health Insurance program (JKN). We are providing USD3.5 million in co-financing and technical assistance under the World Bank Advance Universal Health Coverage multi-donor trust fund.

Australia's support to Indonesia's health reforms through our bilateral health programs is achieving strong results, building trust and influence with Indonesia's Health Minister. In August 2022, Minister Sadikin expressed his enthusiasm in working with Australia in health reform delivery through the *Australia Indonesia Health Security Partnership (AIHSP)* and the *Australia Indonesia Partnership for Economic Development (Prospera)*. These programs have provided public health expertise to inform the design and implementation of reform measures, as well as intensive change management expertise to build MoH institutional capacity ensuring internal readiness for the implementation of the transformation roadmap. Supporting the HT-MDTF will provide Australia with a unique opportunity to build on our reputation as a trusted health development partner and to position us at the centre of this transformation agenda.

The World Bank is a trusted long-term partner in Indonesia's health sector. Given the scale of these 'once a generation reforms', the World Bank is best placed to support this national transformation agenda, given its longstanding health partnership with GoI and the MoH, its extensive lending portfolio, wide-ranging technical expertise, convening power, and capacity to leverage funding and mobilise resources. In line with Indonesia's National Medium-Term Development Plan 2020–2024, the World Bank's 2021-2025 Indonesia Country Partnership Framework has a focus on health system strengthening in the post-pandemic period, which has strong relevance to the six pillars of the health transformation agenda.

The overarching objective of the HT-MDTF is to contribute to and be a key enabler of the Indonesian MoH's Health System Transformation Agenda to strengthen primary and secondary health care, health financing, technology, talent, and health system resilience. A key focus will be providing support to the MoH to reduce inequality for women and girls and people with disability and to build the climate resilience of the health sector. HT-MDTF funding will specifically focus on improving the reform management capability of the MoH through the provision of analytics that will inform and better ensure the effective operationalisation of the reforms. The HT-MDTF will be established in April 2023 with arrangements between the Bank and GoI to be finalised in July 2023.

Australia's contribution to the HT-MDTF will have a total budget of up to AUD9.6 million over three years. Supporting the trust fund will enable Australia to build our influence and leverage in health governance in Indonesia, as well as further our reputation as a trusted partner. Joining early will allow us to sit on a Partnership Council alongside senior echelon GoI counterparts, initial donors and the World Bank, enabling us greater influence over the strategic direction of the HT-MDTF, including setting clear expectations on key

⁷ [Indonesia Country Gender Assessment: Investing in Opportunities for Women. World Bank 2017, pages 32-45](#)

policy priorities, such as GEDSI and climate change. Monitoring and evaluation will be managed by the Jakarta Post Health sub-unit to ensure consistency with other health bilateral programs.

The upcoming 2024 general elections brings with it the risk that a new administration will de-prioritise health transformation reforms. Efforts are underway to embed these reforms beyond the current administration, including through a comprehensive new Health Omnibus Law that will be ratified in July 2023, which represents a massive overhaul of existing health laws and includes a minimum 10 percent budget allocation for health at the national, provincial and city levels.

A key objective of the HT-MDTF will be to ensure the reform process is embedded within MoH institutional arrangements to ensure ongoing sustainability. Flexibility in the arrangements will ensure the HT-MDTF can accommodate a new Health Minister's priority, if these are assessed to be beneficial to Indonesia.

B. Development Context and Situational Analysis

Since the late 1990s, Indonesia embarked on a process of decentralization with responsibility for major public services like health, education, and infrastructure devolving to local authorities at the district level. Over this time Indonesia's health system has undergone rapid changes, accompanied by significant improvements in overall health status with life expectancy at birth rising from 63 years in 1990 to 69 years for men and 74 years for women in 2018, and infant mortality falling from 65 deaths per 1000 live births in 1990, to 29 deaths in 2019. The Indonesian National Health Insurance (Jaminan Kesehatan Nasional/JKN) has had a major role in improving people's access to equitable healthcare services. Since its inception in 2014 JKN coverage has reached over 90 percent of the population and out of pocket expenditure has dropped significantly.⁸

Despite these advances, certain health indicators and service delivery standards in Indonesia are well behind other comparative middle-income countries. Maternal mortality rates remain high (177 deaths per 100,000 live births in 2017), and almost a third (30.8 percent) of children under five are stunted due to undernutrition (2018). Non-communicable disease (NCDs) such as stroke, heart disease and diabetes are the main cause of death in Indonesia. Although decreasing, specific communicable diseases remain significant. Tuberculosis is the fifth leading cause of death⁹ (Indonesia has the second highest burden of Tuberculosis in the world)¹⁰, and there are continuing outbreaks of vaccine preventable illness such as measles and diphtheria, and zoonoses such as anthrax, leptospirosis and rabies¹¹. Malaria causes several hundred thousand infections and around 2,000 deaths annually.

Accessibility and the quality of services received are influenced by geographic, socio-economic and gender inequalities. Indicators measuring the sufficiency of health personnel in *puskesmas* (community health centres) reveal a stark regional contrast – with 99.2 percent of health centres in Yogyakarta having sufficient numbers of general practitioners compared to 34.4 percent in West Papua. Chronic shortages of midwives are also apparent in West Papua with only 12 percent of *puskesmas* having sufficient coverage.

Women and girls continue to be disadvantaged in the Indonesian health context, with persistent poor health outcomes across a range of indicators, including maternal morbidity and mortality, nutrition, adolescent fertility, as well as higher rates of risk factors associated with chronic disease, such as stroke. As noted in the Gender Brief in the attached World Bank's Concept Note at Annex 1 there are several key differences observed in the burden of disease and risk factors associated with NCDs observed for men and women. For example, stroke results in a noticeably higher mortality and loss-of-disability-adjusted life year (DALYs) rate in women (110.69 deaths, and 2,984.87 DALYs lost per 100,000 population, respectively) than for men (83.66 deaths, and 2,381.98 DALYs lost per 100,000 population). At the same time, most primary care workers are female volunteers who receive minimal compensation.

⁸ Out-of-pocket expenditure (% of current health expenditure) in Indonesia was 60.58% in 2010 and 34.76% in 2019, <https://data.worldbank.org>

⁹ <http://www.healthdata.org/indonesia>

¹⁰ <https://www.sciencedirect.com/science/article/pii/S1201971221001934>

¹¹ <https://dfat.gov.au/about-us/publications/Pages/indonesia-aipec-strategic-review-options-development-paper.aspx>

Indonesia experienced devastating impacts from the COVID-19 pandemic with over 6.7 million confirmed cases and 160,956 deaths (as at 16 March 2023). The economic and social impacts were widespread, with GDP contracting by 2.07 percent and poverty rates rising to 10.2 percent in 2020. Three quarters of households reported a reduced income, 12.6 percent of households with children reported food insecurity, and learning loss amongst children and adolescents is estimated at between 0.9 to 1.2 years due to school closures. The pandemic exposed significant capacity gaps in the Indonesian health care system at the primary care level with severe disruptions in regular services, particularly around maternal, newborn, child and adolescent health – leading to the partial erosion of Indonesia’s health and development gains from the past few decades.

With a ranking of 14th of 181 countries on the Global Climate Risk Index, Indonesia’s health system is already experiencing the impacts of climate change, which is likely to intensify particularly in rural, remote areas that are vulnerable to extreme weather events that disrupt health services. Climate change is projected to cause significant morbidity and mortality due to flooding, heat, landslides, drought, and air pollution in Indonesia.

Investment Description

Australia’s contribution of AUD9.6 million to the HT-MDTF will be funded from the Indonesia bilateral development budget over three years (2023 - 2026) with an option for a two-year extension contingent on performance and budget availability. This funding, together with contributions from other development partners (Gavi (the Vaccine Alliance), Global Fund, Gates Foundation, and USAID), will support and build the reform management capability within the MoH. The HT-MDTF will provide funding to the MoH for the procurement of analytical and advisory services, and technical expertise to inform the design and implementation of health reform programs, projects and pilots. In particular, HT-MDTF-supported analytics will inform the operationalisation of interventions to address the inequality faced by women and girls and people with disabilities, and to build the climate resilience of the health sector. Coupled with the significant health sector lending portfolio that will fund the implementation of the reforms, this enabling support to the MoH will ensure the maximum impact.

Guided by the strategic oversight of the Partnership Council, the predominant share (90+ percent) of HT-MDTF donor contributions will be used to finance activities (ie analytics) that will be implemented by the GoI (MoH) and appraised and supervised by the World Bank in accordance with the agreed terms of the trust fund. The remaining share of the HT-MDTF (10 percent) will fund Bank-executed analytics and technical assistance, for instances where international expertise is identified as being required by MoH.

As a founding donor, DFAT has had the opportunity to contribute to shaping the design of the HT-MDTF. However, as a predominantly GoI-executed multi-donor trust fund, consensus on the design and approach will need to be sought from the MoH and other contributing parties. DFAT will continue leverage our strong partnership with the MoH and build a strong alliance with other like-minded donors, through our membership on the Partnership Council to ensure prioritisation of Australia’s key policy priorities.

Under the MoH Secretary General, a MDTF Secretariat will be established within the MoH’s organisational structure and will be responsible for managing the ‘recipient-executed’ component of HT-MDTF contributions, including development and delivery of work plans, procurement of consultants; M&E; progress reporting; communication and outreach; risk management and engagement with development partners to harmonise all health partnerships. The MDTF Secretariat will be resourced with MoH staff, working closely with other MoH Directorates-General to ensure shared ownership of MDTF priorities and activities. Experts in gender, M&E, communications, knowledge management and partnerships will be embedded in the MDTF Secretariat and will be responsible for developing a Gender Strategy, Communications and Visibility Strategy and M&E plan for endorsement by the Partnership Council.

While the HT-MDTF contributions may be used to inform implementation of all six health reform pillars, the MoH have advised the primary focus will be to support the implementation of programs and projects under the primary care and health technology pillars - as the two major bottlenecks that emerged during the COVID-19 pandemic. Under the primary care pillar HT-MDTF analytics will inform the design of population education and information campaigns on topics such as immunization, non-smoking, and disease screening, as well as approaches for strengthening the capacity and capability in primary care sector, including facilities,

equipment, medical supplies and the health workforce. Under the digitalisation/technology pillar, the HT-MDTF technical advice will support the harmonisation of health data and improved data disaggregation to support data-driven, inclusive and evidence-based policymaking and efficient targeting of resources. The HT-MDTF may also provide analytical support to the World Bank's USD4 HSS-IPF loan operation which will primarily address the infrastructure gaps in both primary and secondary health care; and emergency response and health technology, including equipment to health and laboratory facilities across the country.

C. Strategic Intent and Rationale

The **Foreign Policy White Paper** places the prosperity and stability of the Indo-Pacific at the heart of protecting our national interests and requires Australia's aid and diplomacy efforts to be focussed on promoting economic reform and social stability. This HT-MDTF investment contributes to the Foreign Policy White Paper's vision and recognition of the importance of good health and strong and resilient health systems to support productive societies and economic growth.

Reflecting Australia and Indonesia's longstanding relationship as strategic partners, both countries had a shared interest in combatting COVID-19, in particular through our development partnership. Guided by the **Partnerships for Recovery: Australia's COVID-19 Development Response 2020-2022** and **Indonesia COVID-19 Development Response Plan**, Australia reshaped its development partnership to support Indonesia to maximise the effectiveness of its efforts to tackle COVID-19. Under the Health Security pillar of the **COVID-19 Development Response Plan**, the *Australia Indonesia Health Security Partnership (AIHSP)* worked directly with GoI counterparts and in collaboration with international health partners, such as the World Health Organization, to build stronger systems to respond to public health threats, including COVID-19. During the peak of the emergency, Australia provided humanitarian assistance in the form of oxygen-related and other medical equipment, rapid antigen tests, and support for local-level responses for affected populations in hard hit regions. Through DFAT's regional health investments, Australia committed AUD101.9 million under the *Vaccine Access and Health Security Initiative (2020-23)* and AUD33 million under the *Quad partnership (2021-22)* for COVID-19 vaccine access, including delivery support and vaccine procurement. This funding supported Indonesia on critical issues including risk communications, supply chain, cold chain management, genomic sequencing, and providing essential staff such as vaccinators. Funds also assisted the development of a publicly accessible vaccine monitoring dashboard for the national, provincial and district level. Through the World Bank, Australia supported Indonesia to implement a national pharmacovigilance system and install remote temperature monitoring in vaccine storage locations across the country at the province, district and community health level. The AIHSP paired with Commonwealth Scientific and Industrial Research Organisation (CSIRO) experts to assist MoH to develop a prototype platform for advanced Whole Genome Sequencing analysis. Under a regional partnership with UNICEF, Australia procured 10.2 million COVID-19 vaccine doses on behalf of Indonesia which was complemented by the delivery of 8.4 million vaccine doses from Australia's supply.

While Australia's new **International Development Policy** is still pending, the Australian government has flagged our ongoing commitment to improving the health and wellbeing of communities across the Pacific and Southeast Asia to ensure our region's security, prosperity and stability, including working with partners to restore their health systems and build on investments made during the acute phase of the pandemic.

These policy objectives are being implemented through our direct and in-depth health reform assistance to the GoI's health transformation agenda through our existing bilateral programs including:

- › *AIHSP* – providing technical support around health promotion and disease prevention under the primary care pillar, as well as work under the health system resilience, health workforce and health technology pillars. This included technical support for the design, development, implementation, and monitoring of a centralised IT application used by health workers to input and monitor data on patients who receive primary health services. Looking forward it is anticipated AIHSP's support on the health reforms will focus more on implementation at the regional level, including piloting of new approaches.
- › *Prospera* – providing specialist expertise to support MoH internal organisational change, including assessing transformation plans, benchmarking policy actions against international best practice,

identifying gaps, outcomes, persons-in-charge, timeframes, and resourcing needs. This culminated in the identification of the MoH's six reform pillars and 18 priority initiatives which form the basis of a 'Transformation Roadmap', a cohesive plan of action to the MoH for the next five years. In addition, Prospera has supported MoH to design a new standard of primary care services for *Puskesmas*, *Posyandu Prima*, and *Posyandu* (district and village level health centres) currently being piloted by MoH in nine provinces, with the plan to be rolled out nationally as part of the World Bank HSS-IPF loan operation and supported by the HT-MDTF.

Through this HT-MTDF investment and our existing bilateral health partnerships Australia intends to make health a core, ongoing focus of development engagement in Indonesia. This strategic intent will be articulated further in the upcoming **Indonesia Development Partnership Plan**, including how DFAT's health partnerships will work collaboratively in support of Indonesia's health reforms. Over the next three years, it is intended that Australia's contribution to Indonesia's health reforms will primarily be channelled through the HT-MDTF, with the complementary focus of AIHSP on regional implementation of the reforms and targeted health security interventions. Prospera's health support will cease at the end of the 2023-24 financial year, with the remaining work continuing to focus on the execution and sequencing of internal reforms, in order to maximise DFAT's support before the 2024 Presidential election.

Indonesia will also be supported through Australia's new **Partnerships for a Healthy Region program** which will continue to focus on communicable diseases while also expanding its scope to include non-communicable diseases, sexual and reproductive health and rights, and strengthening of health system functions. Australia is also supporting the World Bank-managed Program for Results operation (USD400 million, 2022-26) which aims to strengthen the quality and efficiency of Indonesia's National Health Insurance program (JKN). We are providing USD3.5 million in co-financing and technical assistance under the World Bank **Advance Universal Health Coverage multi-donor trust fund**.

Health is clearly stated as a key focus in the Indonesian constitution and prioritised in Gol's *National Medium-Term Development Plan (RPJMN) 2020–2024*. Aligned with this is the World Bank's *2021-2025 Indonesia Country Partnership Framework* focusing on health system strengthening in the post-pandemic period, as well as MoH's *Healthy Indonesia Program* efforts to accelerate and sustain progress towards Universal Health Coverage. The World Bank is well placed as a convening partner to support the health system transformation through its established engagement strategy in the health and nutrition sectors in Indonesia.

With the election looming in February 2024 and a definite change of government, both the Minister and development partners understand the need to embed funding and policy to take these health reforms forward and mitigate against backsliding. The World Bank HSS-IPF loan operation and HT-MDTF will be key enablers that catalyse and strengthen the sustainability of these reforms and mitigate risks of policy or funding changes following a new government in 2024. Closing spatial disparities in health care quality and access will lower the burden of public health care expenditure and contribute to higher productivity, sustained economic growth and lower poverty rates.

The MoH has identified the HT-MDTF as the single, integrated source for analytical work to support Indonesia's health reforms, with the aim of providing greater coherence and a more effective and strategic way to coordinate support and health partnership. MoH intend this mechanism to be the solution to the current fragmented health support landscape which has the ministry currently managing more than 93 separate agreements with 27 development partners, providing limited visibility and coherence across these separate arrangements. The MoH intend to harmonise donor support through improved internal coordination facilitated by the MDTF Secretariat and a process that over time will see out the terms of these separate agreements, with future donors being encouraged to channel their support through the HT-MDTF. The HT-MDTF therefore provides a unique, comprehensive answer to this fragmented development landscape, and a unifying factor for the main actors in Indonesia's health sector partner landscape to come together around a clear, common set of objectives.

Supporting the HT-MDTF will maximise Australia's influence as a key partner with Gol in health reform, building on the foundational work delivered through our bilateral and regional health investments. Being a founding donor and member of the Partnership Council will broaden DFAT's engagement in health governance, working alongside the MoH, World Bank and other development partners, to steer the critical portfolio of analytical products and engaging in influential policy dialogue. With the potential to leverage

further funding and resourcing, including direct MoH budget support, this investment has the potential to position Australia at the centre of current and future health reforms in Indonesia.

For the implementation of gender mainstreaming in Indonesia, the Presidential Instruction on Gender Mainstreaming in Development No. 9/2000 and subsequent Ministerial joint circular issued in 2012 are the key policy frameworks that support the acceleration of gender responsive planning and budgeting. However, despite this policy intent, there are ongoing challenges in the implementation of gender mainstreaming in planning and budgeting across government agencies at national and subnational levels. Plans are underway for a stronger regulation on gender mainstreaming to be issued by the President this year, and gender will be a key cross-cutting theme of the government's next national medium and long-term development plans (RPJPN/RPJMN). A clear intention of GoI's health system transformation agenda focusses on closing the gaps in gender health outcomes, access, and quality of service, particularly in relation to maternal and child health services, sexual and reproductive health services, and nutrition; as well as working conditions for the largely female health workforce.

A key focus of the HT-MDTF is to ensure the operationalisation of GoI's health reform agenda is gender-sensitive, disability-inclusive and climate resilient in line with DFAT's Gender Equality and Empowerment Strategy, Development for All Strategy and Climate Change Action strategy.

D. Proposed Outcomes and Investment Options

GoI's vision is for "a healthy, productive, independent and just Indonesian people" that will be delivered through the six pillars of the Health System Transformation Agenda.

The key objective of the HT-MDTF is to contribute to and be a key enabler of the Indonesian MoH's Health System Transformation Agenda to strengthen primary and secondary health care, health financing, technology, talent, and health system resilience. Targeted HT-MDTF-facilitated analytics will build the reform management capacity and capability of the MoH ensuring the effective operationalisation of the health agenda.

The three end-of-program outcomes (EOPO) for the HT-MDTF are:

1. **EOPO1:** Health sector reforms are increasingly evidence-based and informed by relevant and credible HT-MDTF-supported analytics and policy dialogue.
2. **EOPO2:** Health sector reforms are informed by HT-MDTF-supported analytics and technical assistance that pay particular attention to addressing inequalities for women and girls, people with disabilities, and climate resilience.
3. **EOPO3:** The Health System Transformation Agenda informs and is reflected in the Government of Indonesia's National Medium-Term Development Plan (RPJMN) and is adequately planned and resourced.

EOPO1 prioritises the application of high-quality, evidence-based, relevant, and credible, analysis and advice that will underpin MoH's implementation efforts on health reform.

EOPO2 prioritises the embedding of gender equality, disability inclusion and climate resilience, and consideration of the inter- and cross- intersectional of these aspects in the implementation of health programs, projects, and pilots.

EOPO3 prioritises the success of MoH's reform management processes, resulting in the embedding of GoI's health agenda in development planning and budgeting.

Quality assurance, including adhering to fiduciary, procurement, environmental and social safeguards standards, gender, disability, inclusivity, climate, and citizen engagement will also be mainstreamed across all HT-MDTF activities. As a World Bank corporate priority, citizen engagement will involve consultations with communities and civil society organisations, including organisations of persons with disabilities.

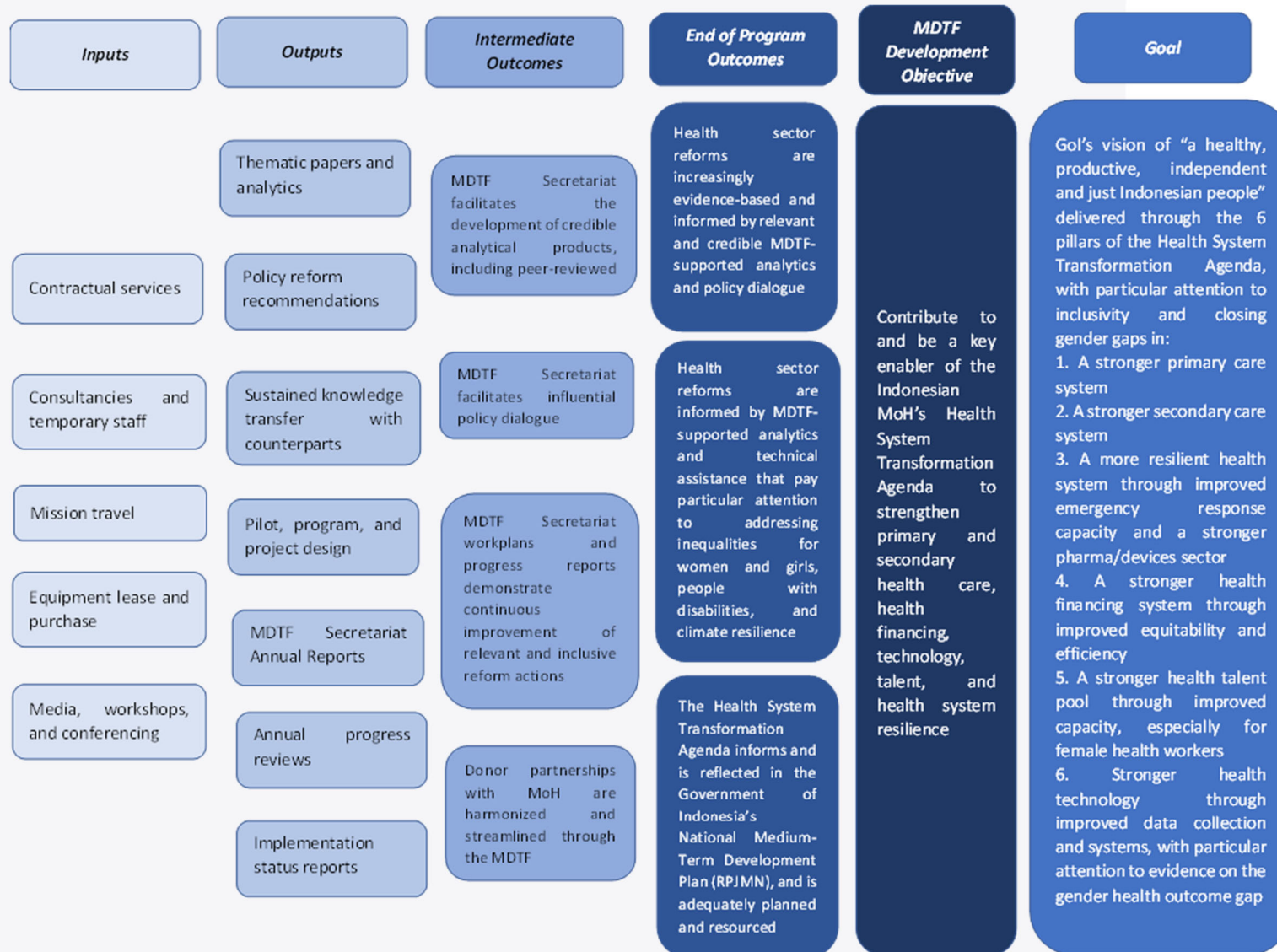
As one party to this multi-donor trust fund DFAT recognises that program outcomes will only be achieved working alongside other partners. The objectives will be delivered through a partnership approach that combines the efforts of Partnership Council members, the MoH (through the MDTF Secretariat as the

convening body of the MoH Directorate Generals), and the World Bank. DFAT's policy dialogue and partnership engagement will therefore provide the key opportunity to influence the direction and approach of the HT-MDTF. As the founding donor, DFAT has had the opportunity to work closely with the World Bank in developing this draft Theory of Change with support from M&E consultants from IOD PARC (See Figure 1 below), however, as one partner in this multi-donor trust fund, this will need to be agreed with Gol and the other members of the Partnership Council.

The program logic is underpinned by a number of **assumptions** outlined below. It is possible that some of these the assumptions will not hold, particularly with the change of administration following the 2024 elections. As such, each of these assumptions and their impact on the achievement of the program outcomes will be monitored through the risk management process.

- › The new Gol administration continues to support Indonesia's health reforms in full.
- › There is a consensus amongst Partnership Council members (including Gol (MoH), World Bank and other donors) on HT-MDTF priorities, objectives and approaches.
- › DFAT can effectively influence implementation of the HT-MDTF, including in accordance with Australia's priorities on gender equality, disability inclusion and climate change.
- › MoH has the capacity to effectively manage HT-MDTF contributions.
- › The political economy within the MoH, including all Directorate Generals, indicates consensus regarding the health reform priorities and objectives of the HT-MDTF
- › Analytics and technical advice, and the convening and consolidation of MoH and donor efforts through the HT-MDTF will leverage additional funding and resourcing from other donors and Gol.

Figure 1: HT-MDTF Draft Theory of Change



Cross-cutting issues: quality assurance, gender equality, disability, inclusion, climate change, citizen engagement

Investment Options

While additional funding could be allocated across existing health bilateral investments, contributing to the World Bank-managed HT-MDTF provides the best option for the large-scale acceleration of this ambitious health agenda.

The principal considerations and conclusions that inform this decision are:

- › The World Bank's capacity to leverage funding and mobilise resources. The HT-MDTF builds on a long-standing relationship between the Bank and the MoH. Through its current suite of lending operations in the health sector (USD3.8 billion) and complementary analytical and advisory services, the Bank has been accelerating Gol's efforts in the health sector to reduce stunting, supporting sustainable progress of universal health coverage, and improving the quality of health spending by strengthening the performance of its primary healthcare system. A further USD4 billion under its HSS-IPF loan operation will support the implementation of the new health reforms.
- › The relatively small contribution to the HT-MDTF represents value for money in light of its potential to leverage the Bank's significant health sector lending portfolio for maximum impact in the implementation of the health reforms.
- › The World Bank's convening power in this sector, demonstrated by its close collaboration with MoH, Ministry of Finance (MoF), Bappenas (National Planning Ministry) and other key health sector stakeholders – a partnership that DFAT will be able to leverage through its engagement in the HT-MDTF.

The latest World Bank Multilateral Performance Assessment (MPR) 2021 provided an overall rating of 5 (good) finding that the Bank's processes and tools conform to international standards and are widely regarded as examples of best practice, ensuring strong levels of accountability, due diligence, operational oversight, risk management and fraud prevention. These processes underwrite the Bank's consistent AAA rating and the trust of its member countries and partners. On risk management specifically the MPR provided a rating of 5, noting the World Bank has a strong internal control and accountability architecture and practices a systematic and rigorous approach to risk management, as well as the number of steps have been taken to modernise its operational policies, grievances mechanisms, and Environmental and Social Framework (ESF).

On gender equality however, while findings from an independent review found that commitment to the gender strategy by Bank management, staff and partners had translated into progress following plans and improvements in project design, implementation actions across their global operations did not consistently match this commitment, nor were commensurate with the level of ambition in the strategy. Likewise, the MPR noted a lack of responsiveness from the Bank on disability and social inclusion issues. More recently the Bank has strengthened their commitments on disability inclusion, by scaling up disability data collection and use, and building capacity of institutions to reduce gaps in the availability of disaggregated core data for evidence-based policy making.

In Indonesia, a recent Independent Mid-term Review (MTR) review of the *Australia World Bank Indonesia Partnership (2020-2025) (ABIP)* found that the partnership between Gol and the Bank was maturing with better supports for institutional strengthening and that considerable progress had been made in elevating gender within the trust fund. This was attributed to DFAT's strong advocacy to ensure ABIP had an explicit focus on gender equality, providing the scope to strengthen attention on disability and social inclusion, through an intersectionality pathway for the remaining time under the investment and under Phase II of ABIP. The review also found that Gol counterparts confirmed the value of the Bank's influential, over-the-horizon and just-in-time research and analytics, credible and authoritative technical assistance, and policy advice; and the opportunity for Gol to access globally recognised expertise, networks, and knowledge exchange. Gol interlocutors also valued the role of the Bank as a neutral actor with the profile to convene development partners and others to foster collaboration on shared issues. Under the HT-MDTF, DFAT will build off the momentum established with the Bank under ABIP. Through our membership on the Partnership Council, we will endeavour to build a strong alliance with Gol, the Bank, and other like-minded donors around our priorities on gender equality, disability inclusion and climate resilience to ensure implementation is commensurate with stated ambitions.

Consideration was given as to whether Australia's contribution to the health reforms could be channelled through the single donor trust fund established under ABIP to the HT-MDTF. However, this would not meet DFAT's financial

reporting requirements and would not provide the opportunity for Australia to directly engage on the health reforms as a member of the HT-MDTF Partnership Council.

E. Implementation Arrangements

Modality

Australia's contribution to the HT-MDTF will be managed through an Administrative Agreement with the World Bank which will outline arrangements for governance, progress reporting, financial management, and allocation and use of funds. DFAT will work closely with the Bank to articulate DFAT's requirements on child protection and prevention of sexual exploitation, abuse and harassment in the agreement which aligns with DFAT Canberra's approach in current negotiations with the Bank at the global partnership level.

The process for establishing the HT-MDTF mechanism has been expedited by the World Bank to enable DFAT to contribute funding this financial year. Other interested donors include Gavi (the Vaccine Alliance), Gates Foundation, USAID, and Global Fund.

Disbursement of funds to Gol will be administered through a single Grant Agreement between the World Bank and Gol through the MoF, with funds to be passed through to the MoH for implementation of the 'recipient-executed' activities as agreed with the HT-MDTF Partnership Council. A World Bank task team will be responsible to ensure these funds are executed in accordance with World Bank trust fund policies and guidelines.

Governance and DFAT Supervision

As the head of Australia's development program in Indonesia, the Deputy Head of Mission (DHOM) will represent the Australian Government on the HT-MDTF Partnership Council. The Council will be made up of MoH (Secretary General level), MoF, World Bank and other contributing donors. Relevant MoH Director-Generals will also participate in Partnership Council meetings. The Council will set the overall strategic direction for the MDTF, approving annual workplans and budgets; engage in risk management and monitoring and evaluation of implementation. The Partnership Council will convene at least three times per year, through at least one annual meeting and biannual joint monitoring visits. Governance arrangement details will be agreed at the inaugural Partnership Council meeting based on the structure provided in the World Bank's Concept Note. Following the establishment of the Council, the MDTF Secretariat will be set up prior to funds being disbursed.

Australia's policy dialogue will focus on supporting the MDTF Secretariat to maximise the impact of MDTF contributions as an enabler of health reform goals; ensuring greater coherence and collaboration across other large health sector projects, including the HSS-IPF loan operation; and the delivery of gender equality, disability inclusion and climate change objectives. It will contribute to broader policy discussions on ensuring the sustainability of the reforms into the future. Priority focal areas for partner engagement are canvassed in more detail in the Policy and Partner Dialogue Matrix (Annex 3). From the outset of these health reforms, there has been regular engagement at senior levels between Jakarta Post and Gol, including HOM/DHOM engagement with the Minister for Health and other Echelon 1 Gol counterparts. In addition to the opportunities to engage with Gol through the Partnership Council it is anticipated that these ad-hoc channels of engagement will continue, providing further opportunity for Australia to contribute to the policy dialogue and to influence the direction and implementation of these reforms.

Australia will work closely with the Bank's Health Task Team, in particular the Task Team Leader who will be responsible for the overall management of the HT-MDTF, including delivery of Bank-executed analysis and technical assistance, in addition to due diligence assessments on anti-corruption, fiduciary and environment and social safeguards requirements for all HT-MDTF activities, in accordance with World Bank regulations and procedures. The World Bank team will undertake quality assurance of analysis and technical support commissioned by the MoH HT-MDTF Secretariat, as well as annual workplans and budgets. The Health Task Team will include a focal point for gender-related coordination, and key activities will be reviewed by the Bank's in-house gender expert team.

The DFAT Jakarta Post Health Team (supported by the Counsellor, Human Development) will be responsible for the day-to-day management of this investment including regular engagement with the World Bank's Health Task Team; contract management of the Administrative Agreement; supporting the strategic oversight of the trust fund, including through DHOM's engagement on the Partnership Council; M&E, risk and safeguards. To ensure complementarity and to foster ongoing collaboration with other bilateral health investments, the Jakarta Post

Health team will convene quarterly meetings with the World Bank and other health development partners to identify opportunities to leverage each other's results and to avoid duplication of efforts in supporting Indonesia's health reforms. The Jakarta Post Health team will also engage directly with the MoH, including attending any meetings convened by the HT-MDTF Secretariat for donors at the operational level.

Through the Partnership Council approval process, DFAT will work with the Bank and MoH MDTF Secretariat during the development of the MDTF Communications and Visibility Strategy, to highlight Australia's expectations regarding co-branding, media and social media engagement, and events, noting in some cases it may be appropriate for our support to be less visible.

Sustainability and Localisation

While previous reviews of the World Bank in Indonesia have found there has been insufficient focus on sustainability, including effective knowledge and capacity transfer to GoI and local organisations, the allocation of more than 90 percent of the HT-MDTF budget to MoH-executed activities will enable GoI to procure its own research and analytics, including from capable local knowledge sector organisations. The HT-MDTF draft Theory of Change includes an explicit focus on institutional strengthening, underpinned by the joint efforts of donors, GoI and the World Bank in knowledge exchange, joint M&E and continuous and adaptive learning to ensure the sustainability of these health reforms.

F. Monitoring and Evaluation

A draft **Theory of Change and Results Framework** has been jointly developed by DFAT and the World Bank, with the support of M&E consultants from IOD PARC. These will be finalised and agreed to by the Partnership Council, along with a monitoring and evaluation plan prepared by the MDTF Secretariat. The Partnership Council will track performance of HT-MDTF activities against a set of agreed whole-of-trust fund outcomes measured through a limited number of key performance indicators (see Table 1: Results Framework below). DFAT will share credit for the results achieved across the entire operation through our overall support to the MDTF.

Table 1: HT-MDTF Results Framework

Outcome	Indicator
EOPO1: Health sector reforms are increasingly evidence-based and informed by relevant and credible MDTF-supported analytics and policy dialogue	E1.1. Documented instances of evidence-informed analytics and policy discussions facilitated by the MDTF Secretariat that inform and shape relevant health sector projects, program, policies, pilots and reforms.
EOPO2: Health sector reforms are informed by MDTF-supported analytics and technical assistance that pay particular attention to addressing inequalities for women and girls, people with disabilities, and climate resilience	E2.1. Documented instances of evidence-informed analytics and policy discussions facilitated by the MDTF Secretariat that pay particular attention to addressing inequality for women and girls, people with disability and climate resilience, as well as the intersectionality between these aspects
EOPO3: The Health System Transformation Agenda informs and is reflected in the Government of Indonesia's National Medium-Term Development Plan (RPJMN), and is adequately planned and resourced	E3.1. MoH costs and resources reform agenda focus areas in annual budgets E3.2. Number and volume of development partner funding contributions (including loans) to health systems transformation E3.3. RPJMN includes core elements of the Health System Transformation Agenda
IO1: MDTF Secretariat facilitates the development of credible analytical products, including peer-reviewed products	I1.1. Documented instances of MDTF Secretariat facilitating the development of analytical inputs on relevant and inclusive projects, programs, policies, and reforms, including peer-reviewed products.

IO2: MDTF Secretariat facilitates influential policy dialogue	I2.1. Documented instances of MDTF Secretariat facilitating influential policy dialogue on relevant and inclusive projects, programs, policy decisions, and reforms.
IO3: MDTF Secretariat workplans and progress reports demonstrate continuous improvement of relevant and inclusive reform actions	I3.1. Documented instances where the MDTF Secretariat has used the knowledge and lessons learned from the monitoring and evaluation components of the MDTF to take policy, project, and programmatic action for the sustainable implementation of the Health System Transformation Agenda.
IO4: Donor partnerships with MoH are harmonized and streamlined through the MDTF	I4.1. Documented instances where MDTF partners have agreed joint priorities and approaches in support of the Health System Transformation Agenda.

DFAT will assess the performance of the HT-MDTF using evidence collated from partner reporting (MoH and World Bank), joint monitoring visits and Post engagement with health development partners. A draft Monitoring and Evaluation Framework at Annex 4 outlines the key performance questions against the theory of change, and relevant data collection sources. This will be finalised in consultation with the World Bank and will inform the M&E plan that will be developed by the MDTF Secretariat.

The MDTF Secretariat will provide an Annual Progress Report to the Partnership Council detailing the implementation status of recipient-executed activities, including financial reporting and progress towards EOPOs. Six months before the completion of the trust fund, a final completion report will be prepared by the Secretariat.

In addition, the World Bank Task Team will provide DFAT with six-monthly Implementation Status Reports providing the results from the Bank’s own M&E processes, including due diligence checks, quality assurance of analytical products and risk assessments. These reports will also be informed by observations and results from joint implementation support missions. In addition, the World Bank MDTF Program Manager will generate an Annual Progress Review that will provide consolidated in-depth performance reporting across analytical products. Financial reporting will be made available to donors through the World Bank’s online Development Partner Centre, with financial statements being subject to an annual trust fund audit required by the Bank.

Partnership Council will play a central role in assessing performance and ensuring the lessons and insights from monitoring activities is continuously informing and shaping HT-MDTF activities.

The Jakarta Post Health team will undertake high-level monitoring of progress and performance of the investment through quarterly meetings with the World Bank Health Task team to discuss progress, performance, and any delays or risks, as well as information gathered from other bilateral health partners on progress related to the health reforms.

After approximately two years of implementation, the World Bank and MDTF contributing partners will commission an independent MTR jointly with MoH. The MTR will identify lessons and challenges in the design, implementation, and management, and provide recommendations on reinforcing initiatives that demonstrate the potential for success. Consideration by the Partnership Council on whether to extend the term of the HT-MDTF will be based on the findings of the MTR.

Two key evaluation questions will guide DFAT’s evaluation of the performance of implementation:

- How effective is the HT-MDTF in supporting the MoH in generating high-quality analytics and policy dialogue and informing implementation of health reform projects, policies, and programs, in particular efforts to close gender and disability inclusion gaps in coverage, access to and quality of health care, and to build a climate-resilient health sector?
- Is there evidence for the sustainability of health system improvements with increased budget and resourcing and increased capacity of the MoH to design and implement current and future reforms?

The MDTF Secretariat will resource a M&E specialist that will be responsible for the design and implementation of the MDTF M&E plan. The Jakarta Post Health team will engage M&E support for this investment through Post’s standing offer with IOD PARC, including capturing of lessons learnt to support DFAT’s engagement with the Bank and MoH. It is DFAT’s expectation that the Bank will sufficiently resource the M&E functions required to effectively meet DFAT’s requirements.

G. Gender, Disability and Other Cross Cutting Issues

Gender equality, disability inclusion and climate resilience are reflected in the ToC as a stand-alone EOPO that focusses attention on addressing the inequality faced by women and girls, and people with disability and the impacts of climate change on the health sector, as well as the intersectionality between these aspects. These priorities will also be mainstreamed across all activities.

Integration of gender equality throughout implementation will be ensured through a dedicated gender expert embedded within the MDTF Secretariat in MoH, development of a Gender Strategy, commissioning of targeted gender analytics and technical support, capacity building of MoH across relevant MoH Directorate Generals in gender-sensitive policy development and programming, support from World Bank gender expertise and gender screening processes, as well as the strong alliance that DFAT will build with other like-minded international donors in addressing gender equality gaps.

A key focus of the analytical work supported by the HT-MDTF will be to address the gaps in accessibility in quality healthcare for women and girls in Indonesia, particularly in remote regions. With HT-MDTF contributions being used to primarily support measures that address shortfalls in primary care, technical assistance will be directly engaged on matters related to women's health including maternal health and sexual and reproductive health services. Likewise support to the health technology pillar, in particular efforts to improve the capture, use and harmonisation of health disaggregated data, will be aimed at delivering evidence-based policies and gender-informed programs.

The World Bank's commitment on gender equality and empowerment is articulated in the *Gender Strategy 2016-2023* and ESF. The World Bank Indonesia Country Partnership Framework (2021-2025) prioritises the mainstreaming of gender equity across all its operations to ensure the equal participation of women, men, girls and boys in all social, economic and political areas throughout the country. This will be facilitated by the Bank's gender screening process that requires a gender analysis to be conducted for all HT-MDTF activities (see the Gender Brief at Annex 1 of the World Bank's Concept Note). A focal point for gender-related coordination will be situated in the World Bank Health Task team and all activities will be reviewed by the Bank's in-house gender expert team. Likewise, a gender specialist will be embedded in the MDTF Secretariat and will be responsible for the development of a Gender Strategy, ensuring all activities are informed by comprehensive gender analysis, M&E, and building the capacity of MoH on gender equality issues.

As detailed in the Gender Brief at Annex 1 to the World Bank Concept Note, this partner-led design has been informed by World Bank evidence and data collated through its ongoing analytical work supporting Indonesia's progress towards gender equality, including health sector operations. This analysis, which forms part of a large body of evidence on gender gaps in primary care in Indonesia, validates the focus of the MDTF to support the strengthening of primary health care, particularly to address gender, socio-economic, and geographical inequalities.

HT-MDTF analytics will also consider the particular challenges faced by people with disabilities in accessing quality health care services in Indonesia, including ensuring universal access to primary and secondary facilities, creating a health workforce focused on providing tailored care for people with disabilities, and that financing mechanisms are inclusive for all. In addition, technical advice provided under the digitalisation pillar will facilitate improved collection of the disability-disaggregated data to support disability-inclusive health program design.

The World Bank's commitments on disability inclusion are articulated in the World Bank *Disability Inclusion and Accountability Framework*. Under its corporate priority on citizen engagement the World Bank notes the intention for all HT-MDTF activities to be informed by feedback from program and project beneficiaries and civil society organizations such as organizations of persons with disabilities.

In 2016, Gol passed legislation providing a legal guarantee for disabled person's right to accessibility and obligating the state at all levels to accommodate persons with disabilities. Disability inclusion is also a priority in the RJPMN (2020-2024). However, implementation of these laws is still limited impacting the day-to-day lives of people with disabilities across Indonesia.

Indonesia's ranking of 14th of 181 countries on the Global Climate Risk Index demonstrates the need to ensure that the **impacts of climate change are considered and mitigated** as a priority. In response to the severe health and socio-economic impacts of disaster events being increasingly felt due to increased frequency and intensity of climate-induced disasters, Indonesia, along with 50 other countries committed to develop a climate responsive health system at the United Nations Climate Change Conference in Glasgow (COP26) Health Program.

The World Bank Group’s *Action Plan on Climate Change Adaptation and Resilience* includes an objective to drive a mainstreamed, whole-of-government programmatic approach that integrates climate risks and opportunities at every level of policy planning, investment design, implementation and evaluations, across all sectors.

In line with DFAT’s *Climate Action Strategy*, HT-MDTF analytical and technical advice will contribute to Indonesia’s aim to build a climate-resilient and responsive health system, including mitigation and adaptation strategies to be implemented across the six pillars of the Health System Transformation Agenda. This support may include, but not be limited to, technical support and analytics on:

- Impacts of severe climate events on health systems
- Building robust, resilient, and adaptive primary and secondary care systems that are available and continue to function before, during, and after a disaster event, including through digital and information technology
- Energy-efficiency of health infrastructure

Further consideration of how gender, disability inclusion, and climate resilience can be incorporated in an adequate set of HT-MDTF-facilitated strategies and operationalised through analytics, policy dialogues, and technical advice will be discussed and agreed with the MDTF Secretariat and the Partnership Council. DFAT will also seek to build consensus with the MoH, World Bank and other donors to further embed these priorities throughout implementation of the HT-MDTF, including for example, through the development of a GEDSI strategy.

Innovation and Private Sector

Innovation will be a key requirement to deliver Indonesia’s health transformation agenda particularly under the health technology and talent pillars. The HT-MDTF supported analytics and technical advice will contribute to Indonesia’s objective for a ‘OneHealth’ digital data approach.

While it is not anticipated that this investment will involve direct engagement with the private health sector, the overall enabling support that the MDTF will provide to health service delivery, infrastructure and equipment will provide indirect benefits for the sustainability of private health services, which contributes significantly to the Indonesian health system.

The World Bank’s commitment to these policy priorities is reflected through the *Principles for Crowding-in Private Sector Finance for Growth and Sustainable Development (the Hamburg Principles)*, and *Digital Development Partnership*.

H. Budgeting and Resourcing

The following table provides an indicative breakdown of the total AUD9.6m contribution to the HT-MDTF over three years:

Tranches	Year 1 Payment	Year 2 Payment	Year 3 Payment	TOTAL
Payment timing	May 2023	May 2024	May 2025	
Term	Jun 2023 – May 2024	Jun 2024 – May 2025	Jun 2025 – May 2026	3 years
Amount (AUD)	4 million	3 million	2.6 million	9.6 million

The investment will be funded from Indonesia’s bilateral development budget, noting that the indicative payment schedule may be subject to flexibility year on year within this total. The first AUD4 million tranche payment has been identified from savings within the 2022-23 financial year development budget.

HT-MDTF Budget

No.	MDTF Budget Components (USD million)	Year 1	Year 2	Year 3	Total
1	Bank-Executed Trust Funds	1.5m	1.5m	1.5m	4.5m
2	Recipient-Executed Trust Funds by MDTF Secretariat	13.5m	13.5m	13.5m	40.5m
	Total	15m	15m	15m	45m

Other interested donors include Gavi (the Vaccine Alliance), Gates Foundation, USAID, and Global Fund. Early signs already indicate that the full funding target of USD45 million is likely to be reached with the Global Fund to contribute USD20 million and USAID providing an initial contribution of around USD2 million, with the possibility of future increases. HT-MDTF activities will be able to commence in the Q2 2023/24, despite the staggered entry of donors. MoH will be strongly encouraging any future donors that wish to contribute to health system strengthening in Indonesia to funnel this support through the HT-MDTF. The HT-MDTF aims to leverage much larger funding amounts through Gol budget, World Bank lending, and other donor contributions. Australian funding will not be earmarked to any specific priorities; however, this option could be explored should this be of interest to our health development partnership with Gol.

Resourcing

The HT-MDTF investment will be managed by the Jakarta Health team at post, led by the Second Secretary including diplomatic engagement, partner engagement, program governance, risk management, and investment monitoring. Due to the increased demand on Jakarta health team, Post is currently bidding for an additional locally engaged staff position (LE5 – Program Manager) to support the management of investment. The capacity of Post’s health team to manage this new investment to achieve our ambition as a key health partner and to sufficiently influence the HT-MDTF, has been highlighted as a key risk in the design Risk Assessment. This additional resource will therefore ensure this risk is sufficiently mitigated.

DFAT’s high level diplomatic engagement and policy dialogue engagement will be led by DHOM through Australia’s engagement on the Partnership Council, with support from Minister Counsellor – Governance and Human Development and Counsellor – Human Development (see table below).

Staffing and Organisational Arrangements

Position	Location	Role	Time allocation (FTE)
Minister Counsellor – Governance and Human Development	Jakarta	<ul style="list-style-type: none"> • Diplomatic representation/external policy dialogue • Clearance of reporting/briefing • High-level WB engagement 	0.02
Counsellor - Human Development	Jakarta	<ul style="list-style-type: none"> • Diplomatic representation • Policy Dialogue • Program governance and management representation 	0.05
Second Secretary, Health team	Jakarta	<ul style="list-style-type: none"> • Diplomatic representation • Day to day partner engagement • Policy Dialogue • Program governance and management representation • Investment management and reporting • Working level WB engagement 	0.25
Program Manager – Health Section (LES)	Jakarta	<ul style="list-style-type: none"> • Investment management and reporting • Working level WB engagement 	0.5

The health unit will also draw on specialist DFAT expertise in Canberra and Jakarta on cross-cutting themes, particularly gender equality and disability inclusion, to support effective implementation.

M&E support for the lifetime of the investment will also be engaged through Post’s standing offer with IOD PARC, including capturing of lessons learnt to support DFAT’s engagement with the Bank and MoH.

I. Risk Management and Safeguards

All Australian-funded HT-MDTF activities in Indonesia shall be administered in accordance with the Bank’s applicable policies and procedures, including procurement, financial management, disbursement and environmental safeguard policies, and its screening procedures to prevent the use of Bank resources to finance terrorist activity.

Risk management will be standing agenda item at Partnership Council meetings, and the quarterly meetings between the Jakarta Post health team and World Bank. The DFAT Risk Register will be reviewed and updated by the Second Secretary, Jakarta Post health team. Prior to the start of any MoH executed activities, an assessment will be carried out with consideration of their alignment with ESF standards and the World Bank Guidance note on *Addressing Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) in Human Development Operations*. This will be followed with regular and ongoing safeguards assessments throughout implementation, led by the World Bank. Compliance with the ESF will be reported to the Partnership Council. Any safeguards-related grievances will be reported to and handled by an independent panel outside of the MDTF structure, as per World Bank guidelines. The Annual Progress Report prepared by the MDTF Secretariat, the six-monthly Implementation Status Reports and Annual Progress Reviews prepared by the World Bank will include a detailed risk assessment, including consideration of SEAH and child protection risks. DFAT will also use its position on the Partnership Council to build a strong alliance with other donors in addressing risks, including on safeguard matters.

Considering the scope of this work (analytical work, technical and operational advice), both the World Bank and DFAT identified an overall risk rating of **medium** after proposed controls and treatments. A completed Risk and Safeguard Screening Tool and Risk Assessment are provided at Annex 5.

Of the thirteen key risks that were identified during the risk assessment, two primary risks were assessed as being inherently high – one related to the possible impact of a change of administration and the other related to the capacity and capability of the MoH (in particular the MDTF Secretariat) to implement the health reforms. With the proposed treatment, the target risk rating for these risks is medium.

DFAT Risk Category: Political

Sub-Category: Political sensitivities and controversies

Risk: *Change in political administration after the 2024 General Election may impact ongoing political support for Indonesia's health reform agenda. (Inherent Risk: High)* There is a risk that the focus of newly elected officials, including the new Health Minister and senior administrators in MoH, will shift away from the six pillars of the health reform. There is broad political support for health reform in Indonesia, including passing of legislation, however, a shift in direction could impact the momentum on reforms.

Treatment: Continuing with the current momentum and demonstrating early success of health reforms with the support of the HT-MDTF will help to sustain the current broad base of political support. Development of a Communications and Visibility Strategy to highlight these successes and DFAT's engagement with the new administration and Health Minister highlighting Australia's ongoing support to the health sector will help to mitigate this risk. The HT-MDTF will also have sufficient flexibility to respond to new government's priorities in health. *(Target Risk Rating: Medium)*

Sub-Category: Partner Government Capacity and Capability

Risk: *Limitations in MoH capacity (in particular MDTF Secretariat) to implement the MDTF and shape implementation of Indonesia's health reforms. (Inherent Risk: High)* There is a current inherent and residual risk regarding whether the MoH has the institutional capacity to implement these large-scale health reforms. This risk is what prompted Minister Sadikin to seek Australia's assistance with institutional readiness support through Prospera.

Treatment: Enabling the MoH to identify and procure local expertise to support implementation of the health reforms and the explicit focus on institutional strengthening of the HT-MDTF that is underpinned by the joint efforts of donors, Gol and the World Bank in knowledge exchange, joint M&E and continuous and adaptive learning, reduces this risk to medium.

The risk assessment undertaken during the design process identified eleven other risks with an inherent medium risk rating, seven of which have a target risk rating of low following treatment.

Three of these risks relate to failure of the HT-MDTF to inform implementation of the health reforms related to addressing gender, disability and social inclusion gaps, as well as consideration of climate risks, mitigations and adaptations. A key mitigation is the inclusion of a stand-alone end-of-program outcome as well as dedicated gender expertise within the MoH, a Gender Strategy, targeted gender, disability inclusion and climate change analytics and

technical support, capacity building of MoH across relevant MoH Directorate Generals in gender-sensitive policy development and programming, and support from World Bank gender expertise and gender screening processes. DFAT will also seek to build consensus with the MoH, World Bank and other donors to further embed these priorities throughout implementation, for example, development of a GEDSI strategy.

HT-MDTF activities being analytical and advisory in nature will not entail direct program implementation and is therefore assessed as having a medium to low-risk for PSEAH and child protection. This assessment will be regularly monitored and should it be found that these activities will require direct engagement with frontline health programs and workers, or children these will be assessed in accordance with the World Bank ESF and Good Practice Note on Addressing Sexual Exploitation and Abuse and Sexual Harassment in Human Development.

The fraud risk is considered to be medium in light of the World Bank's stringent fraud control and prevention measures. Likewise, the MoF as the key GoI partner will be signatory to the Grant Agreement, and has been assessed by the Bank to have all necessary fiduciary and due diligence controls, in accordance with Bank regulations.

J. Quality Assurance

DFAT has provided several rounds of feedback on the World Bank-drafted HT-MDTF Concept Note, including through workshops on the Theory of Change and Results Framework, and follow-up discussions on governance, and cross-cutting themes, including with support from M&E consultants IOD PARC.

A final informal quality assurance review was undertaken as per the DFAT partner-led design pathway with feedback sought from the following teams: Development and Risk Management; Gender Equality; Disability and Social Inclusion; Human and Environmental Safeguards; Global Health; Multilateral Banks; and the Indonesia Development section.

K. Annexes

Annex 1: World Bank Concept Note (*provided as a separate document*)

Annex 2: Indonesia Ministry of Health - 6 Pillars of Indonesia's Health Transformation

Annex 3: Partner and Policy Dialogue Matrix

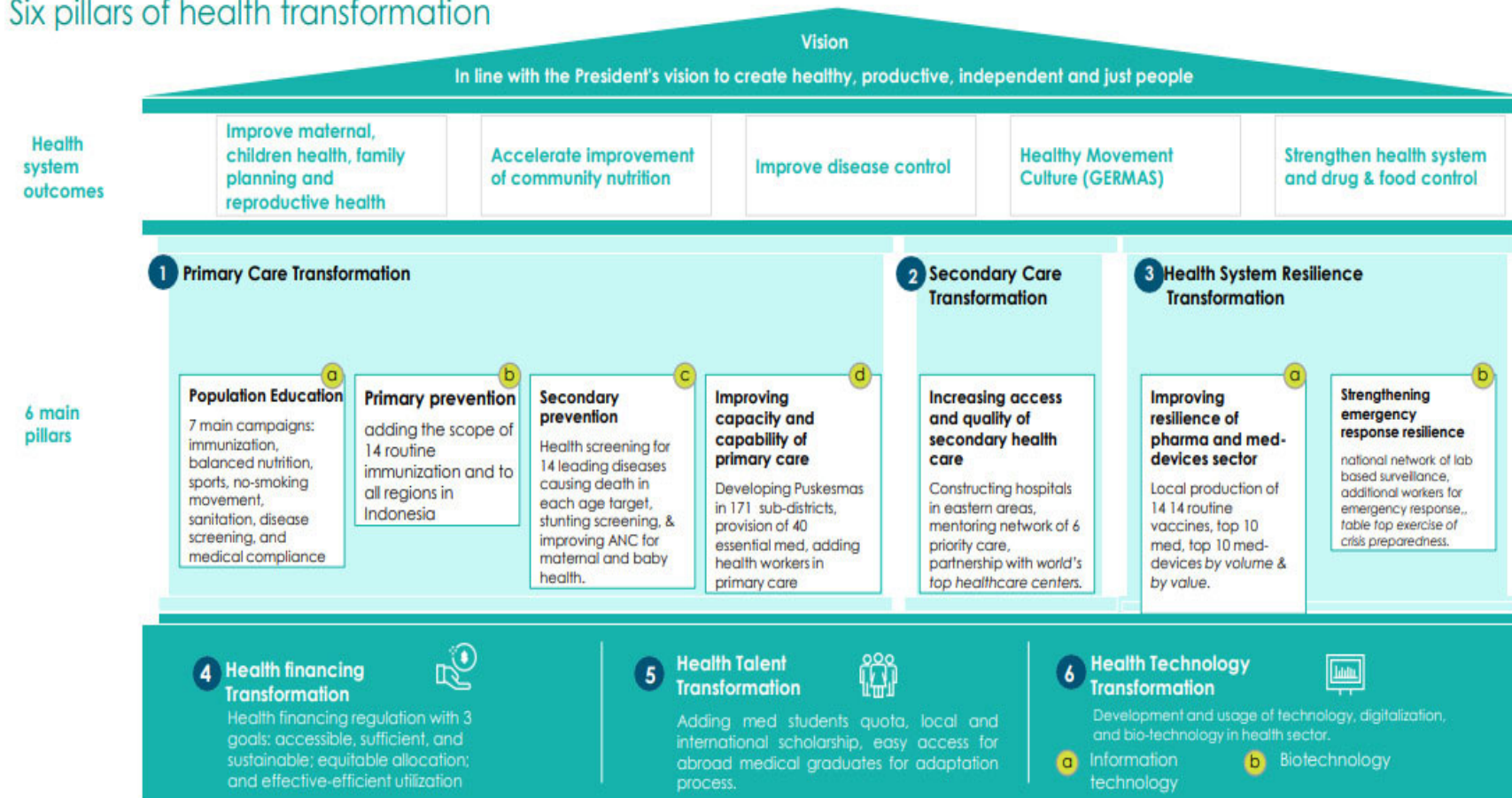
Annex 4: Monitoring and Evaluation Framework

Annex 5: Risk and Safeguards Assessment (*provided as a separate document*)

Annex 2 – Ministry of Health 6 Pillars for Indonesia’s Health System Transformation

MoH is committed to implementing health system transformation

Six pillars of health transformation



Annex 3 – Partner and Policy Dialogue Matrix

End of Investment outcome: The HT-MDTF will act as a key enabler of Indonesia’s Health Transformation Agenda in line with Gol’s vision to build a healthy, productive, independent and just Indonesian people.

Related End-of-Investment Outcome	Problem/ Issue	Policy outcome sought	Program entry points for policy dialogue	Influential stakeholders	Resources required	Policy dialogue lead within AHC	Partnership engagement lead within MC/implementing partner
EOPO1: Health sector reforms are increasingly evidence-based and informed by relevant and credible HT-MDTF-supported analytics and policy dialogue.	Indonesian primary healthcare system faces ongoing challenges of financing shortfalls, gaps in health infrastructure, the availability and quality of health workers, and unequal access to health care	Reforms in primary health care delivers improved health outcomes and access to services for disadvantaged and vulnerable groups, addressing gender, disability, socio-economic and geographic disparities. An integrated, harmonised and complete IT management system for health records, procurement and surveillance	MoH to engage with policy dialogue with the Office of the President and MoF. HOM/DHOM Ministerial level engagement Partnership Council meetings, Annual Performance Process, Joint Monitoring Visits, Partnership engagement with WB and MoH, and other health partners	Minister for Health Minister for Finance Secretary Generals and Director Generals of MoH, MDTF Secretariat and WB Health Task team, other contributing donors	Analytics, technical and operational support, as agreed with Partnership Council. Specialists embedded in MDTF secretariat. WB expertise. Jakarta Post M&E partner IOD-PARC	DHOM (as Australia’s representative on the Partnership Council) backed by Minister Counsellor GHD and Counsellor HD.	Secretary General MoH World Bank Program Manager/Task team leader

Annex 3 cont'd – Partner and Policy Dialogue Matrix

Related End-of-Investment Outcome	Problem/ Issue	Policy outcome sought	Program entry points for policy dialogue	Influential stakeholders	Resources required	Policy dialogue lead within AHC	Partnership engagement lead within MC/implementing partner
EOPO2: Health sector reforms are informed by HT-MDTF-supported analytics and technical assistance that pay particular attention to addressing inequalities for women and girls, people with disabilities, and climate resilience.	Gender equality, disability inclusion and climate resilience expertise insufficiently embedded throughout the implementation of the HT-MDTF.	Health reforms deliver improved access and outcomes for women and girls and people with disabilities, particularly in remote regions. Indonesia's health sector is increasingly climate resilient.	MoH to engage with policy dialogue with the Office of the President and MoF. HOM/DHOM Ministerial level engagement Partnership Council meetings, Annual Performance Process, Joint Monitoring Visits, Partnership engagement with WB and MoH, and other health partners	Minister for Health Minister for Finance Secretary Generals, Director Generals of MoH, MDTF Secretariat and WB Health Task team, other contributing donors	Specialist gender, disability inclusion and climate analytics, technical and operational support, as agreed with Partnership Council. Specialists embedded in MDTF secretariat. WB expertise. Accessing DFAT gender and disability inclusion technical expertise.	DHOM (as Australia's representative on the Partnership Council) backed by Minister Counsellor GHD and Counsellor HD.	Secretary General of Health, World Bank Program Manager/Task team leader
EOPO3: The Health System Transformation Agenda informs and is reflected in the Government of Indonesia's National Medium-Term Development Plan (RPJMN), and is adequately planned and resourced.	Health reforms are not supported, budgeted, or resourced by the new GOI administration. Lack of MoH institutional capacity to deliver health reforms.	New government supports, plans and budgets ongoing health reforms. MoH is able to sustainably manage the current and ongoing health reforms,	HOM/DHOM Ministerial level engagement MoH/MoF/Bappenas engagement on health planning and budget. Annual Performance reporting PC meetings, Annual Performance Process, Joint Monitoring Visits	Minister for Health Minister for Finance Minister for Development and Planning Secretary Generals, Director Generals of MoH, MoF, MDTF Secretariat and WB Health Task team, other contributing donors	Analytics, technical and operational support, as agreed with Partnership Council. Specialists engaged by MDTF secretariat for knowledge exchange, partnerships, gender, M&E and communications	DHOM (as Australia's representative on the Partnership Council) backed by Minister Counsellor GHD and Counsellor HD.	Secretary General of Health, World Bank Program Manager/Task team leader

Annex 4 - Draft Monitoring and Evaluation Framework

Key Evaluation Questions:

- 1/ How effective is the HT-MDTF in supporting the MoH in generating high-quality analytics and policy dialogue and informing implementation of health reform projects, policies, and programs, in particular efforts to close gender and disability inclusion gaps in coverage, access to and quality of health care, and to build a climate-resilient health sector?
- 2/ Is there evidence for the sustainability of health system improvements with increased budget and resourcing and increased capacity of the MoH to design and implement current and future reforms?

Program Development Objective

The key objective of the HT-MDTF is to contribute to and be a key enabler of the Indonesian MoH's Health System Transformation Agenda to strengthen primary and secondary health care, health financing, technology, talent, and health system resilience.

DFAT PAF indicator X

Indicator 4: Indonesia strengthens health systems, including preparedness for emergencies.

Note: A new PAF indicator may be identified following the finalisation of a new Indonesia Development Partnership Plan

EPO01: Health sector reforms are increasingly evidence-based and informed by relevant and credible HT-MDTF-supported analytics and policy dialogue.

Results Indicator	Unit of Measure	Baseline	Annual Target	Data Collection Method	Frequency/Report
Indicator E1.1. Documented instances of evidence-informed analytics and policy discussions facilitated by the MDTF Secretariat that inform and shape relevant health sector projects, program, policies, pilots and reforms.	Number of cases	0	3-5	MDTF Secretariat and World Bank reporting includes a qualitative assessment of impact of analytical work and policy dialogue, identifying and documenting instances of significant policy change, and achievements of health reform projects and programs in Annual Reports for consideration by the Partnership Council. Evidence gathered from joint monitoring missions. Partnership Council meeting minutes to record decisions and endorsement of significant impact. Documented instances may also include quantitative data from pilots, such as improved access and health outcomes.	MDTF Annual Report (MDTF Secretariat) World Bank Annual Progress Review World Bank Implementation Status and Results Report Aide Memoire PC Meeting minutes

EPO2: Health sector reforms are informed by HT-MDTF-supported analytics and technical assistance that pay particular attention to addressing inequalities for women and girls, people with disabilities, and climate resilience.

Results Indicator	Unit of Measure	Baseline	Annual Target	Data Collection Method	Frequency/Report
Indicator (E2.1). Documented instances of evidence-informed analytics and policy discussions facilitated by the MDTF Secretariat that pay particular attention to addressing inequality for women and girls, people with disability and climate resilience, as well as the intersectionality between these aspects	No. of cases	0	TBC	MDTF Secretariat and World Bank reporting includes a qualitative assessment of impact of analytical work and policy dialogue, identifying and documenting instances of significant policy change, and achievements of health reform projects and programs that have a direct benefit for women and girls, persons with disability, and other marginalised groups, and builds climate resilience. Annual Reports for consideration by the Partnership Council. Evidence gathered from joint monitoring missions. Partnership Council meeting minutes to record decisions and endorsement of significant impact. Documented instances may also include quantitative data from pilots, such as improved access and health outcomes.	MDTF Annual Report (MDTF Secretariat) World Bank Annual Progress Review World Bank Implementation Status and Results Report Aide Memoire PC Meeting minutes

EPO3: The Health System Transformation Agenda informs and is reflected in the Government of Indonesia’s National Medium-Term Development Plan (RPJMN), and is adequately planned and resourced.

Results Indicator	Unit of Measure	Baseline	Annual Target	Data Collection Method	Frequency/Report
Indicator (E3.1). MoH costs and resources reform agenda focus areas in annual budgets.	MoH health budget	0	TBC	Domestic funding to be drawn from the National Health Accounts which compile budget documents for health, to be reporting by the MDTF Secretariat in Annual Report.	MDTF Annual Report (MDTF Secretariat)
Indicator (E3.2) Number and volume of development partner funding contributions (including loans) to health systems transformation	No. of partners and funding	[Current commitment]	USD45 million	Foreign partner funding to be drawn from the National Health Accounts which compile budget documents for health, to be reporting by the MDTF Secretariat in Annual Report.	MDTF Annual Report (MDTF Secretariat)
Indicator (E3.3) RPJMN includes core elements of the Health System Transformation Agenda	NA	NA	NA	The six pillars of the Health Transformation Agenda are included in the 2025-2029 RPJMN and maintained in some fashion by the next administration post 2024 election.	GoI RPJMN, including under new administration

Intermediate Outcome (IO1): MDTF Secretariat facilitates the development of credible analytical products, including peer-reviewed products

Results Indicator	Unit of Measure	Baseline	Annual Target	Data Collection Method	Frequency/Report
Indicator (I1.1) Documented instances of MDTF Secretariat facilitating the development of analytical inputs on relevant and inclusive projects, programs, policies, and reforms, including peer-reviewed products.	Number of cases	0	TBC	MDTF Secretariat and World Bank reports on the no. and quality (ie credible, relevant, and high quality (including peer reviewed)) analytical products for health reform implementation – including those related to addressing gender, disability and climate.	MDTF Annual Report (MDTF Secretariat) World Bank Annual Progress Review World Bank Implementation Status and Results Report Aide Memoire PC Meeting minutes

Intermediate Outcome 2 (IO2): MDTF Secretariat facilitates influential policy dialogue

Indicator (I2.1) Documented instances of MDTF Secretariat facilitating influential policy dialogue on relevant and inclusive projects, programs, policy decisions, and reforms	Number of cases	0	TBC	MDTF Secretariat and World Bank reports on instances of influential policy dialogue on health reform implementation – including those related to addressing gender, disability and climate.	As above
--	-----------------	---	-----	---	----------

IO3: MDTF Secretariat workplans and progress reports demonstrate continuous improvement of relevant and inclusive reform actions.

Indicator (I3.1). Documented instances where the MDTF Secretariat has used the knowledge and lessons learned from the monitoring and evaluation components of the MDTF to take policy, project, and programmatic action for the sustainable implementation of the Health System Transformation Agenda.	Number of cases	0	TBC	MDTF Secretariat and World Bank reports on instances of lessons learned and continuous improvement on health reform implementation – including those related to addressing gender, disability and climate	As above
---	-----------------	---	-----	---	----------

IO4: Donor partnerships with MoH are harmonized and streamlined through the MDTF

Indicator (I5.1). Documented instances where MDTF partners have agreed joint priorities and approaches in support of the Health System Transformation Agenda	Number of cases	0	TBC	Evidence over time of the streamlining of the existing number of partnerships and separate agreements managed by the MoH through the MDTF mechanism.	As above
---	-----------------	---	-----	--	----------

Note: EOPO1 and EOPO2 will be measured quantitatively in terms of the number of policies, reforms, programs, projects impacted by the HT-MDTF interventions and also measured qualitatively based on the MDTF Secretariat self-assessment, World Bank quality assessment and review by Partnership Council members of the degree of impact on policies. These assessments will also be informed from reporting from joint monitoring visits, which may occur once or twice a year. Policies will include any documented change at the national or sub-national level including, but not limited to, decrees, resolutions, decision or circular letters, standard operating procedures, guidance papers, manuals, road maps, and policy plans. Program refers to any project or initiative led and implemented by the government. The case studies will assess or measure the impact (i.e., effect on final beneficiaries) for HT-MDTF-facilitated pilots, however, the health outcomes as a result of health reform policy or program changes will not be included as this falls outside the scope of the MEL framework.