



## KOMPAK Living Design Document 2015-2022

Updated March 2018

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**KOMPAK**

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## Acronyms, Abbreviations and Terms

<b>ADD</b>	<i>Alokasi Dana Desa</i> (Village Fund Allocation)
<b>AIPD</b>	Australian Indonesia Partnership for Decentralisation
<b>AIPEG</b>	Australia Indonesia Partnership for Economic Governance
<b>APBD</b>	<i>Anggaran Pendapatan dan Belanja Daerah</i> (Regional Budget)
<b>APBDes</b>	<i>Anggaran Pendapatan dan Belanja Desa</i> (Village Budget)
<b>APBN</b>	<i>Anggaran Pendapatan dan Belanja Negara</i> (State Budget)
<b>AQC</b>	Aid Quality Check
<b>AQS</b>	Accessible Quality Services
<b>ARING PEKAT</b>	<i>Penjaringan Akte Kelahiran Melalui Pendidikan, Kesehatan dan Masyarakat</i> (Network for Birth Certificates through Education, Health, and Community)
<b>BaKTI</b>	<i>Bursa Pengetahuan Kawasan Timur Indonesia</i>
<b>Bappeda</b>	<i>Badan Perencanaan Pembangunan Daerah</i> (Development Planning Agency at Sub-National Level)
<b>Bappenas</b>	<i>Badan Perencanaan Pembangunan Nasional</i> (Ministry of National Development Planning)
<b>BAST</b>	<i>Berita Acara Serah Terima</i> (Certified Acceptance of Grant Support)
<b>BDT</b>	<i>Basis Data Terpadu</i> (Unified Database)
<b>Bina Pemdes</b>	<i>Bina Pemerintahan Desa</i> (Directorate for Village Development)
<b>BLUD</b>	<i>Badan Layanan Umum Daerah</i> (Regional Public Service Agency)
<b>BOK</b>	<i>Bantuan Operasional Kesehatan</i> (Operational Funds for Health)
<b>BOS</b>	<i>Bantuan Operasional Sekolah</i> (Operational Funds for Education)
<b>BPD</b>	<i>Badan Permusyawaratan Desa</i> (Village Consultative Council)
<b>BTT</b>	Bunda TexTalk
<b>BUMDesa</b>	<i>Badan Usaha Milik Desa</i> (Village-Owned Enterprise)
<b>Camat</b>	Head of Subdistrict
<b>CRVS</b>	Civil Registration and Vital Statistics
<b>CSO</b>	Civil Society Organisation
<b>DAK</b>	<i>Dana Alokasi Khusus</i> (Special Allocation Fund)
<b>DD</b>	<i>Dana Desa</i> (Village Fund)

<b>DFAT</b>	Department of Foreign Affairs and Trade
<b>DID</b>	<i>Dana Insentif Daerah</i> (Regional Incentive Fund)
<b>DJPK</b>	<i>Direktorat Jenderal Perimbangan Keuangan</i> (Directorate General of Fiscal Balance)
<b>EOFO</b>	End-of-Facility Outcome
<b>FGD</b>	Focus Group Discussion
<b>FY</b>	Fiscal Year
<b>GESI</b>	Gender Equality and Social Inclusion
<b>GMT</b>	Grand Master Trainer
<b>GoA</b>	Government of Australia
<b>GoI</b>	Government of Indonesia
<b>ICF</b>	Innovation Challenge Fund
<b>IDHS</b>	Indonesia Demographic and Health Survey
<b>IEC</b>	Inclusive and Engaged Communities
<b>IFLS</b>	Indonesia Family Life Survey
<b>IO</b>	Intermediate Outcome
<b>IRE</b>	Institute of Research and Empowerment
<b>JRI</b>	<i>Jasa Layanan Risetindo</i>
<b>Kemkenko PMK</b>	<i>Kementerian Koordinator Pembangunan Manusia dan Kebudayaan</i> (Coordinating Ministry for Human Development and Cultural Affairs)
<b>KKN</b>	<i>Kuliah Kerja Nyata</i> (Community Service Program)
<b>KOMPAK</b>	<i>Kolaborasi Masyarakat dan Pelayanan untuk Kesejahteraan</i>
<b>KSI</b>	Knowledge Sector Initiative
<b>Lakpesdam</b>	<i>Lembaga Kajian dan Pengembangan Sumberdaya Manusia</i>
<b>LAN</b>	<i>Lembaga Administrasi Negara</i> (National Institute of Public Administration)
<b>LANDASAN</b>	<i>Layanan Pendidikan dan Kesehatan</i>
<b>LES</b>	Locally-Engaged Staff
<b>LI</b>	Legal Identity
<b>LKPJDesa</b>	<i>Laporan Keterangan Pertanggungjawaban Desa</i>
<b>LPKD</b>	<i>Laporan Kinerja Pemerintah Daerah</i> (Regional Financial Management Laboratory)
<b>LPPM UB</b>	<i>Lembaga Penelitian dan Pengabdian Masyarakat Universitas Brawijaya</i> (Institute of Research and

	Community Service, University of Brawijaya)
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MAHKOTA</b>	<i>Menuju Masyarakat Kokoh dan Sejahtera</i>
<b>MAMPU</b>	<i>Maju Perempuan Indonesia untuk Penanggulangan Kemiskinan</i> (Empowering Indonesian Women for Poverty Reduction)
<b>MIS</b>	Management Information System
<b>MoCSME</b>	Ministry of Cooperatives and Small and Medium Enterprise
<b>MoF</b>	Ministry of Finance
<b>MoHA</b>	Ministry of Home Affairs ( <i>Kementerian Dalam Negeri</i> )
<b>MoHDC</b>	Coordinating Ministry for Human Development and Culture (also see Kemenko PMK)
<b>MoSA</b>	Ministry of Social Affairs ( <i>Kementerian Sosial</i> )
<b>MOU</b>	Memorandum of Understanding
<b>MoV</b>	Ministry of Villages, Disadvantaged Regions and Transmigration ( <i>Kementerian Desa Pembangunan Desa Tertinggal dan Transmigrasi</i> )
<b>MSC</b>	Most Significant Change
<b>MSS</b>	Minimum Service Standards
<b>NTB</b>	<i>Nusa Tenggara Barat</i> (West Nusa Tenggara)
<b>NTT</b>	<i>Nusa Tenggara Timur</i> (East Nusa Tenggara)
<b>OJK</b>	<i>Otoritas Jasa Keuangan</i> (Financial Services Authority)
<b>P2B</b>	<i>Program Penghidupan Berkelanjutan</i>
<b>P3BM</b>	Pro-Poor Planning, Budgeting and Monitoring
<b>PAD</b>	<i>Pelatihan Aparat Desa</i> (Village Generated Income)
<b>PAF</b>	Performance Assessment Framework
<b>PEKKA</b>	<i>Perempuan Kepala Keluarga</i> (Female-Headed Households Empowerment)
<b>PerBup</b>	<i>Peraturan Bupati</i> (District Governor Regulation)
<b>PERTUNI</b>	Indonesian Association for the Blind
<b>PFM</b>	Public Financial Management
<b>PKAD</b>	<i>Pengembangan Kapasitas Aparatur Desa</i> (Strengthening the Capacity of Village Government)
<b>PKH</b>	<i>Program Keluarga Harapan</i>

<b>PKK</b>	<i>Pembinaan Kesejahteraan Keluarga</i>
<b>PKKPM</b>	<i>Peningkatan Kesejahteraan Keluarga berbasis Pemberdayaan Masyarakat</i>
<b>PKP</b>	<i>Pembangunan Kawasan Perdesaan (Rural Area Development)</i>
<b>PLUT</b>	<i>Pusat Layanan Usaha Terpadu</i>
<b>PNPM</b>	<i>Program Nasional Pemberdayaan Masyarakat Potensi</i>
<b>PODES</b>	<i>Pendataan Potensi Desa (Village Potential Data Collection)</i>
<b>Pokja</b>	Thematic Working Group
<b>PP</b>	<i>Peraturan Pemerintah (Government Regulation)</i>
<b>PRE</b>	Performance, Research and Evaluation
<b>PSF</b>	PNPM Support Facility [World Bank]
<b>PTPD</b>	<i>Pembina Teknis Pemerintahan Desa (Technical Facilitators for Village Governance)</i>
<b>PUSKAPA UI</b>	<i>Pusat Kajian Perlindungan Anak Universitas Indonesia (Center on Child Protection and Wellbeing, University of Indonesia)</i>
<b>Puskesmas</b>	<i>Pusat Kesehatan Masyarakat (Community Health Centre)</i>
<b>RISE</b>	Rich and Impactful Social Enterprise
<b>RPJMN</b>	<i>Rencana Pembangunan Jangka Menengah Nasional (National Medium-Term Development Plan)</i>
<b>SAID</b>	<i>Sistem Administrasi dan Informasi Desa (Subdistrict Information System)</i>
<b>SAIK</b>	Village Information and Administration System
<b>Sakernas</b>	<i>Survei Angkatan Kerja Nasional (National Workforce Survey)</i>
<b>SAT</b>	Strategic Advisory Team
<b>SC</b>	Steering Committee
<b>SD</b>	Standard Deviation
<b>SEPAKAT</b>	<i>Sistem Perencanaan Penganggaran Analisis dan Evaluasi Kemiskinan Terpadu (Integrated System for Planning, Budgeting, and Evaluation for Poverty Reduction Program)</i>
<b>SEPOLA</b>	Political Budget School
<b>SID</b>	<i>Sistem Informasi Desa (Village Information Systems)</i>
<b>SIKD</b>	<i>Sistem Informasi Keuangan Daerah (Integrated Regional Finance Information System)</i>
<b>Simpadu</b>	<i>Sistem Informasi Terpadu Penanggulangan Kemiskinan</i>
<b>SIP</b>	Strategy, Innovation and Performance
<b>Siskuedes</b>	<i>Sistem Keuangan Desa (Village Financial System)</i>



<b>SKB</b>	<i>Surat Kerja Bersama</i> (Coordination Letter)
<b>SKKNI</b>	<i>Standar Kompetensi Kerja Nasional Indonesia</i> (Indonesian National Competency Standards)
<b>SKPD</b>	<i>Satuan Kerja Perangkat Daerah</i> (Local Government Agency or Department)
<b>SMT</b>	Senior Management Team
<b>SMK</b>	Traditional High School
<b>SOP</b>	Standard Operating Procedure
<b>SPF</b>	Strategic Performance Framework
<b>STIT</b>	<i>Sekolah Tinggi Ilmu Teknologi</i>
<b>Susenas</b>	<i>Survei Sosial Ekonomi Nasional</i> (National Socio-Economic Survey)
<b>TA</b>	Technical Adviser
<b>TAF</b>	The Asia Foundation
<b>TC</b>	Technical Committee
<b>TNP2K</b>	<i>Tim Nasional Percepatan Penanggulangan Kemiskinan</i> (National Team for the Acceleration of Poverty Reduction)
<b>ToT</b>	Training of Trainers
<b>TRATA</b>	<i>Transparan, Akuntabel, Tepat Guna</i> [Game]
<b>TVET</b>	Technical and Vocational Education and Training
<b>UID</b>	<i>Universitas Islam Negeri</i>
<b>UMD</b>	<i>Universitas Membangun Desa</i> (Universities Building Villages)
<b>VfM</b>	Value for Money
<b>YTD</b>	Year to Date

# Executive Summary

## What is KOMPAK?

KOMPAK (Governance for Growth) is an adaptive facility designed to support the Government of Indonesia (GoI) in improving basic services and widening economic opportunities for poor and vulnerable Indonesians. KOMPAK contributes to the GoI's ongoing efforts to reduce poverty and inequality and promote economic growth. At present, there are 26.6 million Indonesians or 10 per cent of the total population who are considered poor (living on less than IDR387,160 – or AUD36 – per month). A further 62 million people live on less than IDR580,000 per month and are considered to be vulnerable to poverty.

KOMPAK's remit is to assist the GoI deliver on its commitment to improve a basic package of 'frontline' services' with specific focus on health, nutrition, education, and legal identity. KOMPAK's formal goal is that 'Poor and vulnerable Indonesians benefit from improved delivery of basic services and greater employment opportunities'. KOMPAK has identified three priority Outcome Areas as follows:

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

KOMPAK focuses on addressing the constraints from the 'bottom-up' (at the point of service or frontline where communities access the service) rather than 'top-down' from Jakarta, while strengthening the supportive regulatory framework at the national level.

KOMPAK takes innovative approaches to address a wide range of constraints, including local governments' capacities to plan, budget and deliver quality services and the ability of citizens (women and men) to influence budget allocations for services. KOMPAK builds on DFAT's past investments in community empowerment, service delivery, public sector governance, and civil society strengthening.

KOMPAK's approach includes:

- **strengthening GoI systems, processes, rules, laws, regulations, norms and behaviours** (*i.e. the formal and informal institutions*) that evidence suggests already work to deliver services, and by testing new approaches that have the potential to be replicated and scaled up;
- **measuring and tracking changes in these GoI institutions;**
- **tracking the impact of these institutional changes on real-world development outcomes in four areas** (health, nutrition, education, and legal identity); and
- ensuring that **all KOMPAK projects and activities have a clear line of sight** to at least one of these four real-world outcomes.

KOMPAK works at the national level and in 26 districts across seven provinces, mostly in the Eastern part of Indonesia (Aceh, Central Java, East Java, West Nusa Tenggara, South Sulawesi, Papua and Papua Barat). One additional province, East Nusa Tenggara, is currently being explored as a future pilot.

The Facility was established in 2015 and was conceived as providing support to GoI until 2022, subject to DFAT's decision following the Independent Progress Review (IPR) undertaken in November 2017.

## Background and Rationale

Since 1999, Indonesia has made enormous gains in poverty reduction, cutting the poverty rate by more than half to 10.6 percent in 2017<sup>1</sup>. However, progress has slowed over the past decade, and regional differences remain significant. In parallel with the improvements in poverty reduction, inequality has risen. Measured by the Gini Ratio, the gap between the rich and the poor increased from 0.3 in 2000 to 0.4 in 2016 (dropping slightly

<sup>1</sup> BPS, 2017

to 0.39 in 2017). According to a 2017 World Bank report, the maternal mortality rate in Indonesia is 126 maternal deaths per 100,000 live births. Nutrition is currently high on the GOI agenda as the country battles high levels of both acute (wasting) and chronic malnutrition (stunting) at 12 per cent and 37 per cent respectively<sup>2</sup>.

The country continues to suffer from weaknesses in social services and infrastructure, particularly in rural and remote regions. Despite significant increases in budget allocations, health, education, and rural development continue to under-perform. The share of subnational spending has significantly increased over the past two decades; in 2017 subnational governments were expected to spend 36 percent of the total national budget. With the passage of the Village Law in 2014 and the large increase in village transfers (approximately A\$6 billion per year is provided directly to Indonesia's nearly 75,000 villages in the form of block grant funding), challenges remain in ensuring effective and efficient use of these funds.

Constraints in improving service delivery stem from a mix of: a) complex policy and operational systems and processes that are sometimes contradictory; b) the pace of devolution outstripping governance capacities to leverage existing laws, resources, and assets to meet increasing service demand; c) weak systems of accountability and coordination; d) poor systemic links between governments and civil society; and e) weak systems and processes to address the systemic issues that prevent the delivery of good quality frontline services, or the creation of an enabling business environment. This mix of issues results in bottlenecks in the delivery of frontline services and economic opportunities for the poor.

After more than a decade of decentralisation, some improvements to service delivery outcomes have been achieved, but significant obstacles remain. The lack of incentives to perform, budgetary rigidities, and misalignment between fiscal and administrative authorities continue to result in service delivery inefficiencies and misallocation of resources. Monitoring and information systems are inefficient and outdated, and often do not provide policy makers at any level with accurate or useful information for decision making. Elite capture, corruption, and political intervention have also hampered the Government's efforts to decentralize service delivery successfully.

Australia has a clear comparative advantage over other donors in providing flexible, long-term advice in the areas of fiscal decentralisation, sub-national planning and budgeting and village administration. There is strong demand from the Government of Indonesia at national and sub-national level for continued Australian assistance for Indonesia's reform agenda in this area.

### **KOMPAK's Approach**

**KOMPAK works with the GoI and communities to help close the accountability loops for better service delivery.** KOMPAK supports the GoI trial approaches to tie these transfers to performance incentives, so that local governments are incentivised to accelerate improvements in basic services. The program strengthens the capacities of frontline service units (health centres, schools, sub-district offices) to provide more effective and efficient services and strengthen cross-sectoral approaches to address issues affecting the capacity of these services.

KOMPAK also helps to put in place accountability mechanisms between local government, communities and service providers; including through enhanced participation by women and disadvantaged groups. KOMPAK works with government and civil society to equip village actors with the necessary tools, information and capacities to plan and manage funds effectively for improving community-level infrastructure and services. KOMPAK operates as a facilitator, enabler and broker. It aims to influence the formal and informal rules of the

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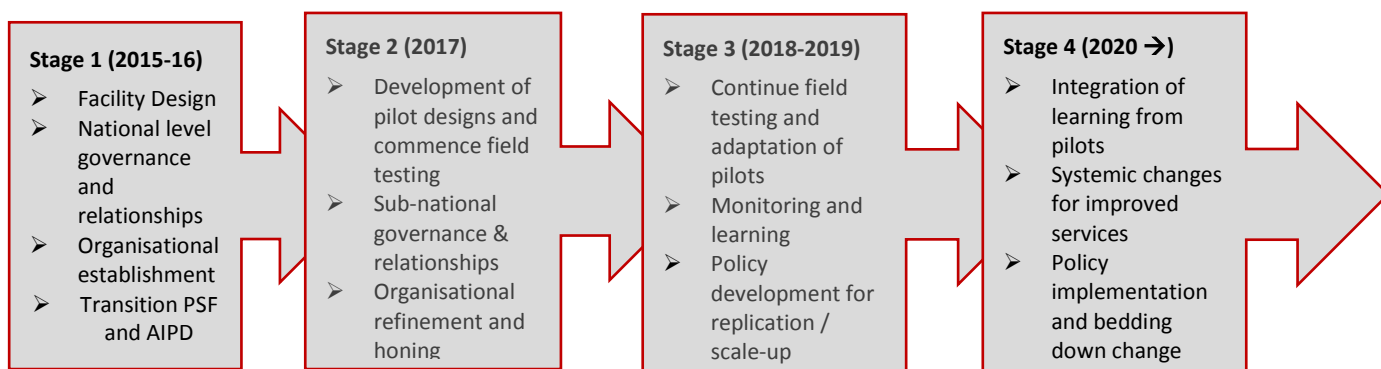
<sup>2</sup> UNICEF, 2017

game by nudging institutions and leaders at different levels of government to promote the interests of the poor in rural Indonesia.

KOMPAK seeks to embed and sustain successful lessons and innovations within GoI systems, procedures and plans. Sustainability efforts encompass **coherence, consolidation, replication, scaling-up/policy impact**. These four elements are mutually supportive and reinforcing. KOMPAK will continue to work with the government at national, provincial, district and sub-districts level to introduce new and more effective systems for service delivery, and to ensure that these systems not only become routine and embedded within government systems, but that they are replicated by 'non-KOMPAK' provinces and districts<sup>3</sup>.

Governance reform and subnational capacity development are long-term endeavours. Figure 1 outlines KOMPAK's envisaged four stages over the period 2015 to 2022.

**Figure 1. KOMPAK's Four Stages**



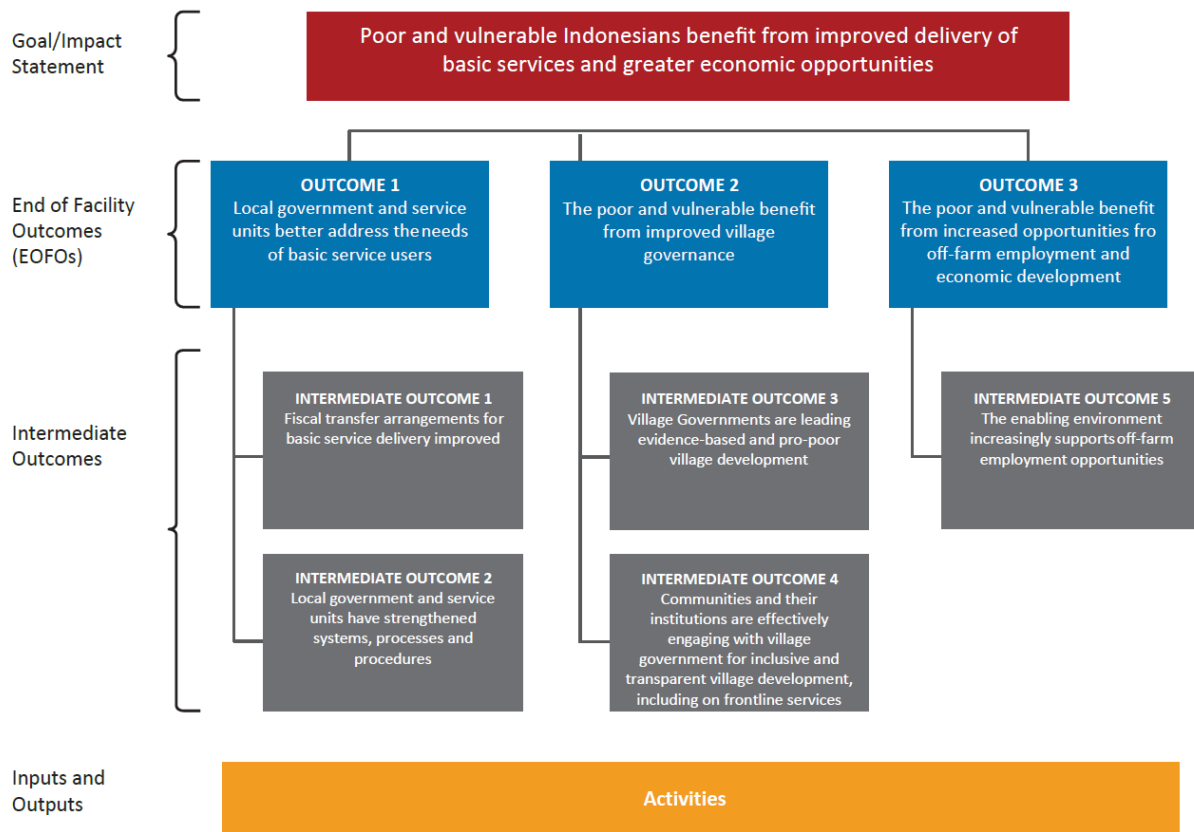
<sup>3</sup> A good example of this is the new system of birth registration in North Lombok, designed and introduced by KOMPAK with remarkable success

## Strategic Framework

KOMPAK works toward three 'End of Facility Outcomes' or results areas, and five intermediate outcomes, as summarised in Figure 2 below.

**Figure 2. Strategic Framework**

### KOMPAK's High-level Performance Framework



## EOFO 1: Local Government and Service Units Better Address the Needs of Basic Service Users.

The objective of this outcome area is to support government to close the key accountability loops for better service delivery, through informed experimentation, and policy, regulatory and systems support. The aim is to ensure alignment of existing regulatory frameworks, and, when needed, to support formulation of new regulations to better finance, deliver and manage performance of basic service delivery. Activities (including technical assistance and other capacity building activities) focus on improvements to how public funds are allocated (fund formulation, fund flows, and financing arrangements) for delivery of basic services; improvements to the ways funds and other resources are managed and utilised (optimising resources) by local governments, service units and village authorities; and improvements to local accountability and transparency in public spending.

## EOFO 2: The Poor and Vulnerable Benefit from Improved Village Governance

This outcome area aims to support GoI to strengthen village and community structures and relations to promote community driven development for improved basic services. KOMPAK works to:

1. Enhance **village government** capacities to effectively manage village funds for improved basic services delivery;
2. Strengthen **village institutions** to facilitate governments and communities to deliver inclusive village development; and
3. Increase representation of **communities** and their aspirations in village institutions and development processes.

Activities seek to ensure that formula-based and timely fiscal transfers are made to villages, basic service needs are reflected into village plans and budgets, and village governments are transparent and accountable. KOMPAK works to ensure communities, particularly women and the poor, are involved in the village development processes and benefit from greater access to basic services and economic opportunities. The approach brings together top down policy support with bottom up locally driven initiatives.

KOMPAK supports the development of national strategies and tools aligned with this policy framework (for example training modules and guidelines) with a focus on village financial management and utilisation of funds.

To ensure a holistic approach to working with both village authorities (supply) and communities (demand), KOMPAK also engages with civil society organisations, including through strategic partnership arrangements. Learning and good practice is gathered, analysed and shared locally for improvement and replication, as well as nationally for scale-up and to inform national policy and programs.

## EOFO 3: The Poor and Vulnerable Benefit from Increased Opportunities for Off-farm Employment and Economic Development

This outcome area aims to support GoI in increasing economic opportunities for the poor by increasing options for community-based livelihoods and employment opportunities. KOMPAK works in close partnership with the government to improve national level policy and strategies for technical and vocational training (TVET) and financial inclusion for the poor. At the sub-national level, KOMPAK works with the GoI, communities, village apparatus and the private sector to pilot activities to increase access to economic opportunities for the poor at the village level.

From 2018 the focus will narrow to only cover employment and economic development at the sub-national level (e.g. village level), reflecting findings of the 2017 Independent Progress Review. Financial inclusion may remain as a part of an integrated approach to improve enabling environment under this Outcome, while TVET initiatives will be phased out.

### Gender Equality and Social Inclusion

Promoting gender equality and social inclusion (GESI) is central to KOMPAK's work. KOMPAK's Gender Equality and Social Inclusion (GESI) Strategy (2017-2018) involves:

- **GESI mainstreaming:** GESI is an integral part of planning, preparation, implementation, monitoring, evaluation and reporting in all outcome areas; and
- **GESI focused initiatives:** These aim to address particular inequalities, identify and test promising strategies for replication, or otherwise inform future program development.

KOMPAK prioritises poor women and people with disabilities (PWDs) in its GESI approach. Examples of the GESI mainstreaming activities include the engagement of poor women and PWDs in the village planning and budgeting processes and outreach to PWDs to ensure disaggregated data is included in village information

systems as well as the civil registration system. An example of a GESI-focused initiative is the training of women cadres such as through PEKKA's Academy Paradigta, so that they can initiate projects and take up leadership positions that bring tangible improvements in their villages. Another is the development of financial literacy materials for PWDs and developing models for increasing their access to financial services to be adopted by the GOI's relevant ministries.

KOMPAK's approach to GESI will be further strengthened (in response to design peer review/appraisal comments) by strongly articulating what gender-focused action will amount to, beyond increasing women's participation in village development, and by incorporating women's economic empowerment through the lens of gender-responsive economic governance. KOMPAK will also seek greater collaboration with MAMPU partners on the ground to pursue a more deliberate and resourced partnership. A strengthened GESI strategy will be completed by August 2018.

### **Governance and Oversight**

KOMPAK governance arrangements are comprised of the Steering Committee and the Technical Committee at the national level, and the Provincial and District Technical Teams at the sub-national level. The membership of these committees comprises key counterpart ministries or agencies with co-leadership by Bappenas and DFAT at national level (Steering Committee and Technical Committee) and led by Bappeda (provincial planning office) at province and district levels. These governance arrangements function as decision-making forums and provide strategic direction in addition to oversight of KOMPAK program implementation. These allow for the GOI's ownership of the program, promotes cross-sectoral approaches, and provides the foundation for integration and institutionalisation of KOMPAK's interventions.

KOMPAK develops its workplan jointly with the GOI and partners through the above mentioned Technical Teams at subnational level and the Technical Committee and Thematic Working Group at national level. The Steering Committee endorses the workplan and budgets on an annual basis.

A number of checkpoints are embedded in the project management cycle of KOMPAK. These include internal processes such as the quarterly review and reflection workshops to review progress. GOI and DFAT review and feedback are provided through: 1) biannual Technical Committee meetings, 2) quarterly Thematic Working Group and regional Technical Team meetings, 3) biannual Joint Supervision Missions. The Abt-led Strategic Advisory Team (SAT) comprises governance and development experts and meets once a year.

Following the peer review and independent appraisal recommendations, from 2018 a new **independent review team** will monitor KOMPAK's progress at least annually, involving appropriately qualified experts reporting directly to DFAT.

### **Monitoring, Evaluation and Learning**

KOMPAK has put in place a monitoring, evaluation and learning (MEL) system that has been designed to track progress at all levels from activity results to outcome and includes the PAF indicators. Underpinning KOMPAK's approach to MEL are key principles of adaptive programming and Problem-Driven Iterative Adaptation. However, these have proven to be challenging in monitoring and reporting the progresses and processes involved in delivering or not delivering the promised results. Moreover, KOMPAK has too many Theories of Change embedded in each activity level with inadequate baseline data, making it difficult to consolidate reporting on KOMPAK's achievements.

KOMPAK will be addressing shortcomings related to its theories of change and Monitoring, Evaluation and Learning (MEL), including its performance framework, how it is capturing data through its emerging Management Information System (MIS) and other MEL tools, as well as the way it measures results. Taking account of the recent IPR and peer review and independent appraisal recommendations and internal reflections, KOMPAK will further strengthen the framework by August 2018.

## Interface and Complementarity of other Programs

An important priority for KOMPAK over the next four years will be to identify and put in place closer links to other DFAT-supported programs, especially in education, poverty reduction, social protection, gender, and nutrition. As a governance program KOMPAK has important but limited *direct and immediate* influence over the quality of service delivery, but provides important support to the planning, budgeting and management of schools, health centres and civil registry services. KOMPAK therefore will more systematically map and identify opportunities for collaboration with other DFAT programs, namely The Knowledge Sector Initiative (KSI); MAMPU (Australia – Indonesia Partnership for Gender Equality and Women’s Empowerment), INOVASI (Innovation for Indonesia’s School Children); PRISMA (Promoting Rural Income through Support for Market in Agriculture), and Mahkota (Towards a Strong and Prosperous Indonesian Society), AIPJ (Australia-Indonesia Partnership for Justice), PROSPERA (Australia-Indonesia Partnership for Economic Governance) and Local Solutions for Poverty (LSP) managed by the World Bank.

## Risk Management

KOMPAK is a complex governance program that is implemented in a fluid environment. Potential risks in the operating environment in 2018-19 include those related to political relations and engagement during the campaign for Presidential and local elections and the post-election period. The campaign for local elections has begun in February 2018, with elections to take place in five KOMPAK target provinces, including governor elections in Papua. The Presidential elections in 2019 may also impact on KOMPAK’s operating environment. Strong working relations between DFAT and KOMPAK teams with key ministries, local planning and sector agencies will need to be maintained to ensure risks relating to leadership transitions or association of KOMPAK with previous administrations can be managed.

KOMPAK has established systems, process and internal controls that enable KOMPAK to identify and mitigate risk related to safeguards and fiduciary aspects. A nested risk management system is utilized that is comprised of risks that are managed at the Lead level and those managed by the Executive Team. The risks are identified into several categories: partnership, GoI engagement, investment and operational. Risks that are classified as high at the Lead level are elevated to and monitored by the Executive Team, who shares these risks on a quarterly basis with DFAT. The KOMPAK agreed upon annual audit procedures identified areas where KOMPAK’s system needs strengthening and clarification in current manuals and/or non-compliance with relevant policies and procedures. This will be mitigated through periodic review of manuals, internal spot-check/audit to ensure compliance and annual external audit as contractually required.

Other critical risks are developmental risks related to the complexity of KOMPAK’s work on institutional change. Work underway to strengthen Theories of Change and the Monitoring and Evaluation framework will help to manage these risks more effectively. A strengthened risk management framework will be developed by August 2018.

## Conclusion

KOMPAK is a complex and ambitious program. The program has established a strong presence in its seven target provinces and has become a partner of choice for Indonesia in providing governance technical assistance at the national level. KOMPAK has positively influenced the direction of Indonesia’s governance reforms, including how it allocates and utilises funds for improving local development and reducing inequality. It has supported provincial and district authorities to develop local, replicable approaches to supporting village development and service delivery. The IPR confirmed KOMPAK can claim significant achievements from implementation to date.

There remain significant challenges - principally putting in place a stronger strategic performance framework. This will require clearer theories of change, greater clarity on activities and expected outputs and outcomes, and credible baseline data for key indicators. It is proposed that this document be updated by August 2018 to take account of any revisions to the strategic framework for the next four years which may be agreed between DFAT and GOI, and to reflect strengthened GESI, MEL and risk management frameworks.



# 1. Introduction

KOMPAK is an adaptive Facility<sup>4</sup> funded by the Australian Government which supports Government of Indonesia (GoI) in achieving the Medium-term National Development Plan (RPJMN) 2015-2019. The RPJMN prioritises poverty reduction by improving the quality and coverage of basic services and by increasing off-farm economic opportunities for the poor. The Facility was established in 2015, and it is envisaged it will provide support to GoI until 2022.

Working at both the national and subnational levels, KOMPAK consolidates and builds on GoI and DFAT investments in community empowerment, service delivery, public sector governance, and civil society strengthening. This is done by integrating what were previously stand-alone activities into a single Facility. The overarching KOMPAK goal is that *'Poor and vulnerable Indonesians benefit from improved delivery of basic services and greater employment opportunities'*. This goal is in line with GoI's objective of *'Improving access to frontline services by the bottom 40% of the population'*. KOMPAK aims to achieve this through three Outcome Areas' as follows:

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

When KOMPAK began life in January 2015, no detailed description of activities to be delivered by the program had been established, as KOMPAK was put out to the market as a 'design-and-implement' program. Thus, the current strategic framework emerged only over time. To date (2015-2017), KOMPAK has been guided by two key documents: *The Guiding Strategy (September 2015)* and *The Strategic Planning, Performance and Monitoring Framework (April 2017)*<sup>5</sup>. The current (March 2018) KOMPAK 'Living Design Document' (2018-2022) has emerged through an iterative and adaptive process over time. In addition to internal learning, the observations and recommendations for adjustments made by the 2017 Refresh Team report<sup>6</sup> and the 2018 Independent Program Review (IPR) Team report<sup>7</sup> have strongly influenced the current thinking. Inputs received from DFAT-led peer review and independent appraisal undertaken in early March 2018 have also been incorporated into this document with notes that further revision and strengthening of key documents such as the GESI strategy and Monitoring, Evaluation and Learning (MEL) framework will be undertaken by August 2018.

While this process is presented as linear in Figure 3 below, it is expected that the program will continue to learn and adapt depending on the needs and environment within which it operates also in the late Stage 4<sup>8</sup>.

<sup>4</sup> A Facility was defined by DFAT's Director of Governance on 28 November 2017 as having four principal characteristics:

- They have development objectives – they are set up to achieve a purpose;
- Reform pathways to contributing to those objectives are not clear at the outset, though the design may set out thoughts on where to start. In other words, the program knows what it wants to contribute to, but does not generally lock itself into specific strategies. Because of this, facilities often have a significant design load that happens *during implementation*;
- They have many activities and partners – if they have taken over many other activities, they have this instantly, otherwise they develop them over time. They are characterised by complexity; and
- They are delivered by DFAT with the assistance of a contractor or delivery partner

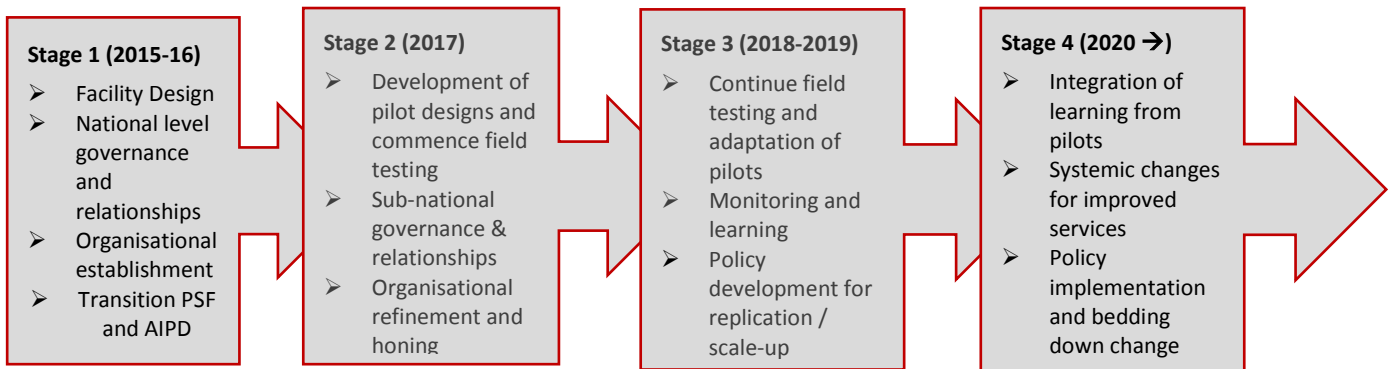
<sup>5</sup> The latest version of this document is an updated version of the original document from June 2016.

<sup>6</sup> 2017 KOMPAK Refresh Team Report

<sup>7</sup> The Independent Program Review took place in November 2017, however the report was released in February 2018.

<sup>8</sup> Revised diagram from the *'Review and Revitalization'* report of March 2017

**Figure 3. KOMPAK’s Four Stages**



The original Guiding Strategy from 2015 outlined a timeline of seven and a half years with different stages for what was then anticipated to be achieved over the lifetime of the Facility as seen in

Table 1 below. The program timeline recognises that governance reform and subnational capacity development are long-term endeavours.

**Table 1 KOMPAK’s ‘Original’ Timeline as Agreed in 2015**

Program Goal	
7 + years	Poor and vulnerable Indonesians benefit from improved delivery of frontline services and greater economic opportunities.
4-6 years	Government equipped to respond to demands for better frontline service delivery and economic opportunities (in targeted areas) Citizens equipped to affect improvements in frontline service delivery and seek economic opportunities.
2-3 years	Basic GoI and village-level structures and systems in place to support frontline service delivery reforms and greater economic opportunities.

At the time of writing KOMPAK has entered ‘Stage 3’ as pictured in Figure 3 above and has just completed its first three and a half-year period which represents the initial contract period.

KOMPAK’s innovative approach has generated considerable interest, examination and scrutiny. Since inception in January 2015 KOMPAK has been monitored and tracked by DFAT, Abt Associates headquarters staff, and independent consultants.

Key documents are DFAT’s Aid Quality Checks (AQC) and Partner Performance Assessments (PPAs) of 2016 and 2017, the three Abt Associates Strategic Advisory Team (SAT) reviews of December 2015, October 2016 and August 2017<sup>9</sup>; two internal Abt Associates reports assessing lessons learned in facilities management and

<sup>9</sup> Internal to Abt but all submitted to DFAT Post on completion

‘thinking and working politically’<sup>10</sup>, the independent ‘Value for Money’ review covering the period July 2015 – December 2016<sup>11</sup>, the independent ‘Review and Revitalisation’ report of March 2017<sup>12</sup>, Abt Associates Strategy ‘Refresh’ of November 2017<sup>13</sup>, and the February 2018 Independent Progress Review<sup>14</sup>.

The DFAT’s AQC’s and PPAs from 2016 and 2017 have shown the strengths of KOMPAK as a program and Abt Associates as the managing contractor. Among others, KOMPAK is exceptional in its flexibility and responsiveness to DFAT requests and addresses problems/issues constructively. Similarly, KOMPAK is staffed with skilled personnel and manages them effectively. Both documents also show where continuous improvements are being made.

These assessments are consistent with the 2018 IPR findings.<sup>15</sup> The IPR fieldwork was conducted in November 2017 and released in February 2018. The report strongly recommends continuation of KOMPAK into its planned second phase until 2022 (as envisaged when the program was tendered in 2014). This recommendation is based on the findings that confirms; KOMPAK is addressing highly relevant development challenges; has built strong relationships at all levels; and is performing well.<sup>16</sup>

The results achieved in the initial period represents a very solid foundation for the remaining four years, and a rationale for a program extension for another four years as initially envisaged.

Since its inception in 2015, KOMPAK has established a strong presence in its seven target provinces and has become a partner of choice for governance technical assistance at the national level. KOMPAK has positively influenced the direction of Indonesia’s governance reforms, including how it allocates and utilises funds for improving local development and reducing inequality. It has established relationships across seven unique provinces and has supported provincial and district authorities to develop local approaches to supporting village development and service delivery. The program has had a strong focus on supporting (rather than substituting) local capacity in inclusive decision-making, data systems development and funds management.

Moving forward, it is expected that KOMPAK will continue to experiment and adapt for the next four years. While the former design framework has provided overall guidance, the need to refine, consolidate, and learn from existing initiatives has made it necessary to provide a stronger and more strategic program design framework. Further, as KOMPAK has grown in terms of staff numbers and subnational offices, more detailed articulation of the various aspects of the program is needed to ensure coherence across the Facility and with GOI counterparts. This design document is a first step in meeting this purpose and represents the third iteration of the KOMPAK design framework. This framework builds on the previous two documents referred to above, in addition to the more recent *KOMPAK Refresh (2017)* document. While this document provides the overarching framework, two additional types of documentation will be updated to complete the program framework:

- **Activity Designs** will ensure activity coherence, detailed guidance to all program staff at all levels, and a framework for appraising and quality assuring activity proposals, managing risk, monitoring performance, analysis, and learning. Until now, KOMPAK has operated with Activity Concept Notes and Umbrella TORs to ensure coherence and streamlining of activities. These documents will moving forward be combined into what is referred to as Activity Design documents which will incorporate

<sup>10</sup> ‘Managing Facilities: a stock-take from the first 12 months’. Lavinia Tyrrel, Graham Teskey and Jacqui de Lacy. Abt Associates Working Paper No 3, December 2017; and ‘Thinking and working politically in large, multi-sector facilities: lessons to date’, Graham Teskey and Lavinia Tyrrel, Abt Associates, November 2017

<sup>11</sup> KOMPAK Value for Money Review, 2017

<sup>12</sup> KOMPAK Review and Revitalisation. March 2017. The Whitelum Group

<sup>13</sup> KOMPAK Strategy Update, November 2017, Abt Associates

<sup>14</sup> Independent Progress Review of KOMPAK. The Whitelum Group, February 2018

<sup>15</sup> Independent Program Review (IPR) February 2018.

<sup>16</sup> IPR overall findings in Section 4.1.

complete activity descriptions, MEL specific framework, GESI guidance, risk management, sustainability strategies, and timelines; and

- **Provincial Road Maps** will ensure provincial level coherence and linkages between national KOMPAK strategies and local policy priorities. It is expected that implementation and activity composition will vary by location considering the different contexts, actual needs and policy environments. In 2017 KOMPAK prepared provincial profiles. These profiles will moving forward be updated and expanded to provide a complete provincial framework for KOMPAK program delivery in each area adjusted for local context and needs.

Finally, it is worth noting that these three types of documents will be treated as living documents, thus the documents will be updated on a regular basis, with oversight by the KOMPAK Technical Committee and Steering Committee. This will ensure the KOMPAK Facility remains relevant in the ever-changing environment in which KOMPAK exists.

## 2. Background and Rationale

### Background

Since the 1990s Indonesia has made important strides in reducing poverty and expanding access to basic services. Since 1999, Indonesia has made enormous gains in poverty reduction, cutting the poverty rate with more than half to 10.6 percent in 2017<sup>17</sup>. However, progress has slowed over the past decade and the poverty rate has only seen minor variations as a result. Out of a population of 252 million, more than 26.6 million Indonesians still live below the poverty line. Further, approximately 40 percent of the entire population remain vulnerable to falling into poverty<sup>18</sup>. While overall poverty has seen a positive national trend, regional differences remains significant. Also, in parallel with the improvements in poverty reduction, inequality has risen. Measured by the Gini Ratio, the gap between the rich and the poor increased from 0.3 in 2000 to 0.4 in 2016. According to BPS, this trend is reversing and was down slightly to 0.39 in 2017.

The root causes of poverty and inequality in Indonesia lie in unequal opportunities. The poor have unequal opportunities in accessing basic health and education, including due to difficulties in obtaining legal identity. As part of the current GOI poverty strategy, greater efforts are made towards improving basic public services. However, the quality of basic services remains uneven, and especially development outcome indicators in health remain disappointing. According to a 2017 World Bank report, the maternal mortality rate in Indonesia is 126 maternal deaths per 100,000 live births, and one out of three children under the age of five suffer from stunting. Nutrition is currently high on the GOI agenda as the country battles high levels of both chronic (stunting) and acute malnutrition (wasting) at 37 percent and 12 percent respectively<sup>19</sup>.

At present Indonesia faces a critical development challenge to accelerate growth while ensuring equitable benefits. This requires sound policies specifically geared to address inequality, as well as effective institutions to implement them effectively. The government is transitioning away from large-scale social assistance programs mainly targeting income poverty to a more integrated and multidimensional approach of ensuring social protection, basic services and livelihoods for the poor. Government strategies for poverty reduction have evolved considerably as the country and economy has developed.

In response to the GOI poverty efforts, DFAT has provided support to the decentralisation process and community development for the past 20 years. The most recent development programs, and which KOMPAK directly builds on, are two long-standing Australian-funded programs: the PNPM Support Facility (PSF, the community development component) and the Australia-Indonesia Partnership for Decentralisation (AIPD, the government frontline service delivery component). The key rationale for merging these two programs was to improve coordination and complementarity, as well as effectiveness and efficiency gains.

### Relevance and Rationale

While the progress seen in Indonesia over the past three decades is remarkable, the country continues to suffer from weaknesses in social services and infrastructure at all levels and among regions. To the extent that decentralisation is now firmly embedded in GoI policy, provincial and district governments need to perform better than they currently do, with less corruption, better management, and greater responsiveness to local service delivery needs. Despite significant increases in budget allocations, health, education, and rural

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<sup>17</sup> BPS, 2017

<sup>18</sup> World Bank, 2017

<sup>19</sup> UNICEF, 2017

development continue to under-perform. With the passage of the Village Law in 2014 and the large increase in village transfers, challenges remains in ensuring effective and efficient use of these funds.

**In relation to GOI priorities, KOMPAK has been and remains highly relevant** considering its continuous support to the effective and efficient implementation of the GOI's vision for public service delivery at the subnational level. The Facility is doing so through supporting specific programs as articulated in the RPJMN 2015-2019, which are closely linked to the two major reforms of the Government of Indonesia: decentralised basic services and implementation of the village law.

Against the backdrop of growing inequality, high vulnerability, and weaknesses in social services, the GOI initiated an approach for targeted poverty reduction that integrates investments in basic social services with community-based efforts for more sustainable livelihoods. Thus, KOMPAK was designed to support the GOI in implementing two of the three poverty reduction pillars in the RPJMN 2015-2019, namely improved access and quality of frontline services and community-based sustainable livelihoods.<sup>20</sup>

The Gol's frontline service delivery strategy focuses on enhancing accountabilities at the point of service (i.e. the frontline) among government, service providers, and citizens. Adapted from the Obligatory Functions for local governments that are outlined in the new Law No. 23/2014 on Local Government, the RPJMN focuses the Gol service delivery reform efforts on a minimum package of frontline services that includes: a) legal identity; b) health services; c) education services; d) social protection; and e) infrastructure. KOMPAK is supporting the Gol in delivering this minimum package of frontline services with the exception of social protection and infrastructure components.

The RPJMN gives national, subnational governments and villages a key role in creating the enabling environment for effective delivery of frontline services and local economic development. However, governments at all levels are experiencing difficulty in fulfilling this role. The constraints are not a lack of resources or finances. Rather, they stem from a mix of: a) complex policy and operational systems and processes that are sometimes contradictory; b) the pace of devolution outstripping governance capacities to leverage existing laws, resources, and assets to meet increasing service demand; c) weak systems of accountability and coordination; d) poor systemic links between governments and civil society; and e) weak systems and processes to address the systemic issues that prevent the delivery of good quality frontline services, or the creation of an enabling business environment. This mix of issues results in bottlenecks in the delivery of frontline services and economic opportunities for the poor.

Both the 'Improved access and quality of frontline services' and the 'Community-based sustainable livelihoods' strategies focus on the point of service delivery and/or with the end user. KOMPAK therefore supports the Gol to apply an approach that works both upstream and downstream from where the systemic constraints are identified. In doing so, KOMPAK also supports the Gol in ensuring that the voice of women and the most marginalised are accommodated in the implementation of the two strategies.

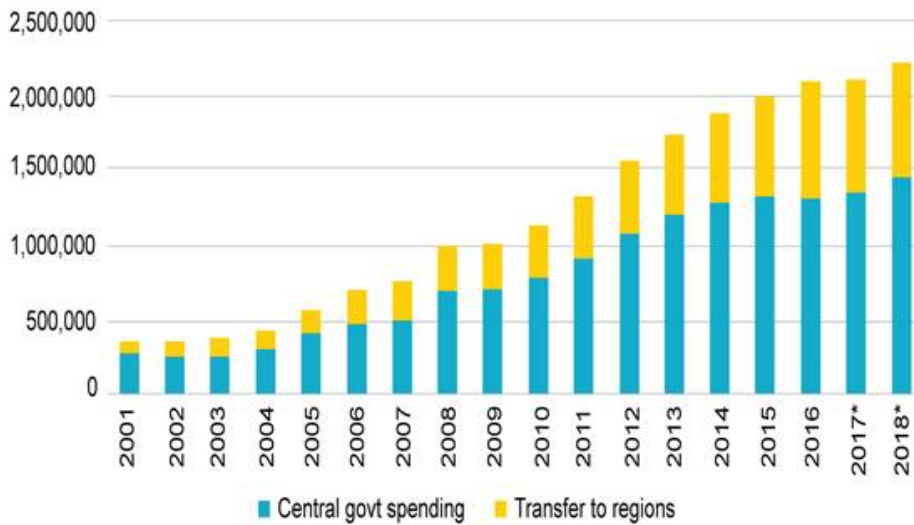
During the first three years of KOMPAK, important changes have taken place in these areas, some of which KOMPAK has directly contributed to:

- **Related to decentralised basic services:** Making decentralisation work across a diverse archipelago of 13,500 islands spread over 34 provinces and more than 500 districts has always been challenging. An increasing proportion of the national budget is now transferred to the regions, but this alone will not solve many problems faced by the local governments. Capacity of local governments to spend the budget properly is hugely varied, let alone to pursue policies set by Central Government (AIPEG, 2017).

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<sup>20</sup> The third pillar is a comprehensive social protection system.

**Figure 4. Government Spending, Billion Rupiah (Source: AIPEG, 2017)**



As shown in Figure 4, the share of subnational spending has significantly increased over the past two decades. In 2017 subnational governments were expected to spend 756 trillion rupiah, or 36 percent of the total national budget. The Government has therefore been pushing for greater efficiencies and effectiveness in the

fiscal transfers provided to the regional governments, given that over a third of the national budget has been devolved to the regions and the annual proportion for delivery of basic services continues to increase. Moreover, the central government is revisiting how the fiscal transfers could result in more equitable growth across the regions. The government has addressed some of these aspects in the draft revision of Law No. 33 on fiscal balance between central and regional governments, but the new law, which is almost three years overdue, is yet to be passed. On a more positive note, policy changes have taken place in relation to specific transfers such as the design of the Regional Incentive Fund (DID) and the management system of the Special Allocation Funds (DAK). In addition, the most recent success is the approval of the government regulation on Minimum Services Standards, which may also provide a basis for incentivising the fiscal transfers. KOMPAK has also supported the design and initial field testing of the GOI’s Frontline Strategy and pilot, in addition to a special initiative for improving frontline services in the Papuan region. Both initiatives aim to identify ways of improving the quality and coverage of frontline services and address governance bottlenecks in the delivery of effective social services at the frontline.

- Related to the Village Law:** Under the Village Law, the Indonesian government provides approximately A\$6 billion per year directly to its nearly 75,000 villages in the form of block grant funding. The Village Fund currently represents 8.5 percent of total subnational fiscal transfers from national government, a three-fold increase since it was introduced in 2015. the Government has put in place numerous regulations at both national and subnational level to ensure effective implementation of the law, including national regulations on the implementation of the Village Law and the Village Funds. However, critical subsidiary regulations on facilitation and village financial management are still pending. In addition, a Joint Decree by four ministries and draft presidential regulation have been drafted to strengthen coordination and oversight the Village Law implementation. These have unfortunately been put on hold, but recently there have been high level discussions to revive at least the draft Joint Ministerial Decree, as public scrutiny on the utilisation of village funds has grown strong. In 2017, the Government also made an important change in the allocation formula for the Village Funds that enables more favourable allocations to underdeveloped regions. Previously 90 percent of the Village Funds were distributed equally across all regions, while only 10 percent were distributed based on population, poverty, cost of construction index and geographic difficulty index. The new allocation formula has been changed to 77 percent equal distribution, 20 percent based on regional variations, and three percent specifically targeted to regions that are most lagging behind.

Further, **KOMPAK is also highly relevant to the Australian Government's partnership with Indonesia.** Indonesia is critical to Australia's efforts to support a stable and prosperous Indo-Pacific. Through its development program, the Government of Australia seeks to continue its positive bi-lateral relationship with the Government of Indonesia.

The KOMPAK program is uniquely placed to support Indonesia with a number of the difficult-to-implement reforms necessary to consolidate democracy and ensure ongoing economic growth and security. It provides Australia with access to senior national policymakers and strengthens Australian engagement with a number of key provinces (including Aceh and Papua). Its extensive networks ensure visibility of emerging developments at a subnational level and its highly-regarded expertise provides an ability to influence policy directions.

KOMPAK addresses major shortcomings in governance and inequality that, if left unaddressed have the potential to result in instability and impact economic growth prospects. Through KOMPAK, we can be a catalytic partner, and a source of innovation, ideas and expertise, helping maintain our position as partner of choice for Indonesian development.

KOMPAK is also highly relevant to the **Australian Government's Aid Investment plan for Indonesia**, with direct contribution to at least two of the three major strategies:

- Effective economic institutions and infrastructure;
- Human development for a productive and healthy society; and
- An inclusive society through effective governance.

KOMPAK's work on *'Communities empowered through greater labour mobility and economic choice'* contributes indirectly to the first strategy, while support towards *'Responsive and accountable frontline services'* and *'Inclusive and community-led development'* contribute directly to the second and third strategies. Further, by focusing on both supply- and demand-side interventions, it has been possible to leverage both sides and to provide a bridge between supply and demand sides in local service delivery. In addition, KOMPAK has also focused on inclusion of poor women and people with disabilities in the provision of basic services and village development processes which speaks to both the GOI aim of targeting the bottom 40 percent and the DFAT aim of inclusive development.

## Lessons Learned

KOMPAK builds on Indonesia's more than 20 years of decentralisation and community demand-driven development experience. The Gol's National Community Empowerment Program (PNPM), and its predecessors the Kecamatan Development Program (KDP) and the Urban Poverty Program (UPP), achieved a number of successes in fostering growth and development and reducing poverty at the village level. Lessons learned from other programs such as LOGICA, ACCESS, and PNPM Generasi demonstrate that well-structured community partnerships with technical sector stakeholders (such as health and education) will lead to improved access, better quality, and more accountable service delivery than traditional top-down delivery systems. While the various community development programs have shown that a frontline approach will produce good results, another important lesson emerging from those two decades of experience is that Indonesian public sector management systems are fragile. AIPD supported local service delivery through a focus on improved public finance management at all levels. While initial results showed improvements, lessons from this program also revealed that challenges remain, with many public sector systems still lacking the human resources, capacities, information management systems, and internalised incentives required to provide the high quality, adaptive delivery that meet Indonesia's growing needs.



After more than a decade of decentralisation and a significant increase of financial resources to districts, some improvements to service delivery outcomes have been achieved, but obstacles remain. The lack of incentives to perform, budgetary rigidities, and misalignment between fiscal and administrative authorities continue to result in service delivery inefficiencies and misallocation of resources. Systemic constraints, including inadequate HR planning and management and a weak performance and compliance culture among public servants continue to hamper the delivery of frontline services. The pressures that officials face to spend budgets, together with the lack of clarity around accountabilities for line agencies and local governments, means the quality of activities will be compromised. Monitoring and information systems are inefficient and outdated (multiple systems and mostly manual), and often do not provide policy makers at any level with accurate or useful information for decision making. The ‘one size fits all’ approach, despite the large disparity of local conditions, has left certain regions of Indonesia lagging behind. Elite capture, corruption, and political intervention have also hampered the Government’s efforts to decentralise successfully. **Thus, KOMPAK works with the Gol and communities to help close the accountability loops for better service delivery.**

KOMPAK has adopted this approach as international evidence tells us two things: first, that sustained (and sustainable) change is domestically led; and second, institutions matter. It is the formal and informal ‘rules of the game’ that influence, if not determine, individual and collective behavior. Institutions create incentives that either promote or retard development, and KOMPAK is designed to change the balance of those incentives. Thus, KOMPAK operates as a facilitator, enabler and broker. It aims to influence the formal and informal rules of the game by nudging institutions and leaders at different levels of government to promote the interests of the poor in rural Indonesia. KOMPAK has learned that there is a methodology underpinning the successes achieved to date during the initial period of implementation:

1. having a clear understanding of the problems being addressed and the goals to be achieved;
2. understanding the political economy of the context of each of those problems – being aware of the actors, their interests and incentives;
3. identifying and selecting issues where change is already happening or is likely to happen, and which we judge to be technically desirable and politically feasible;
4. giving priority to those ‘institutions’ (formal and informal) that are most likely to influence, authorise and thus change behaviour; and
5. ensuring that while KOMPAK has a robust set of annual work plans, it maintains the flexibility to take advantage of opportunities as they arise and respond to changing circumstances.

Following on from the progress delivered to date and the Independent Progress Review (IPR), KOMPAK commissioned a stock-taking and forward looking assessment of the program. This assessment is documented in the KOMPAK Refresh report (2017). The Refresh Team concluded that the overall progress to date has been good, a conclusion which was also confirmed by the IPR undertaken in November 2017. Further, the Refresh Team also concluded that there were no reasons to fully alter the 2016 KOMPAK Strategic Framework. However, the team did recommend a number of ‘tweaks’ that needed to be made to ensure that the program framework is fit-for-purpose and adjusted based on lessons learned at the mid-term point of the program. As such, all proposed changes made by the Refresh Team were evolutionary, rather than revolutionary. Further, the IPR also provided several recommendations for similar ‘tweaks’ to the strategic framework. Hence, combined these recommendations have guided the revisions and updates made to the KOMPAK design as expressed in the following sections of this document.

The IPR made 20 recommendations. Following the release of the IPR, DFAT management response was discussed in the KOMPAK Steering Committee meeting on 12 February 2018. The KOMPAK SC meeting agreed with 17 of the IPR recommendations, while three recommendations were partially agreed. All the agreed recommendations are in line with KOMPAK’s own 2017 “Strategy Refresh” recommendations and are reflected in this living design document: strengthening the facility modality by applying criteria for decision making process (Recommendation 8), improving internal design/planning process with focus on program consolidation, replication and sustainability (Recommendation 9-10 and 20); increased subnational focus (Recommendation

12); revisiting theories of change and strengthening program logic (Recommendation 13); improving gender impact (Recommendation 18); focusing on a big-bang type of innovation (Recommendation 19); and streamlining the number, focus and ways of working of KOMPAK's Strategic Partners (Recommendation 4-6). KOMPAK is also revisiting its Monitoring, Evaluation and Learning (MEL) to address the IPR's findings (Recommendations 14-17).

Two of the three partially-agreed recommendations require additional discussions and consultations with the GoI and refer to; the recommendations for discontinuing End of Facility Outcome (EOFO) 3 on economic opportunities for the poor and expanding the EOFO 2 to include a focus on village-level economic development (Recommendation 3); and streamlining the number of Ministries on the KOMPAK SC (Recommendation 7). The DFAT and the GoI SC decision is to keep the EOFO 3, but with narrower focus related with rural employment and economic development initiated at the village level and enabled by local government and by exiting from Technical and Vocational Education and Training (TVET) activities. Such change will require revision to the current outcome and intermediate outcomes. However, considering that this will be a staged-approach for change and the need for consultation and final DFAT and GoI decisions, this outcome description (Section 3) is yet to be revised in this iteration of the design document. Such revisions will take place in accordance with the SC decision before the end of June 2018, and updated in this document subject to final SC decision. Further, the recommendation of reducing the numbers of Ministries represented on the KOMPAK SC (Recommendation 7) has also been put on hold subject to final DFAT and GoI decision. The current governance structures has therefore remained the same in this design update, but it is expected to change following further discussion during the KOMPAK Subsidiary Arrangement extension process. Finally, the third recommendation partially agreed to refers to strengthening of coordination and collaboration with other programs (Recommendation 11). While the proposed 'platform' recommendation was not agreed to, strengthening of KOMPAK's coordination and collaboration with other programs was adhered to by the SC as outlined in Section 6.<sup>21</sup>

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<sup>21</sup> IPR recommendation 11 refers to KOMPAK as a platform for all DFAT funded programs in the geographical areas that KOMPAK works. This recommendation was not included in the KOMPAK refresh report, nor was it agreed to by DFAT, hence this recommendation has not been taken into account in this design update.

### 3. Strategic Framework

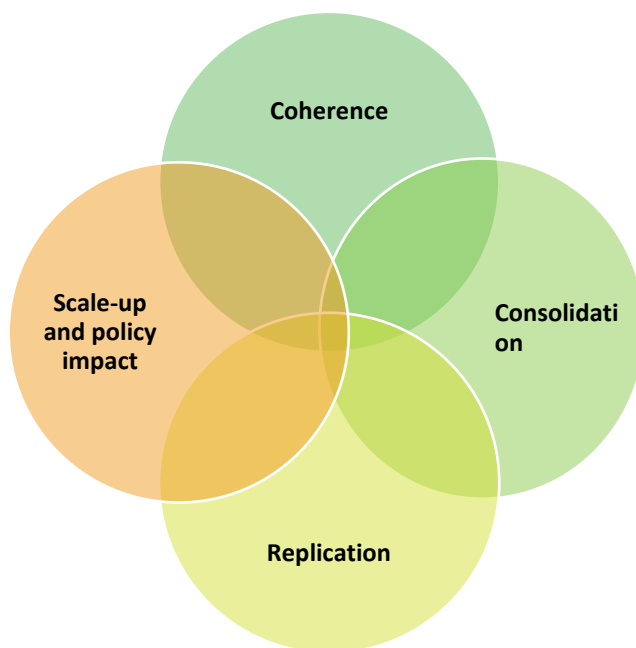
To date KOMPAK has been guided by two key documents: *The Guiding Strategy (September 2015)* and *The Strategic Planning, Performance and Monitoring Framework (April 2017)*<sup>22</sup>. This March 2018 KOMPAK ‘Living Design Document’ (2018-2022) builds on these documents as well as on implementation experience. The DFAT-led peer review and independent appraisal on the living design document conducted in early March 2018 have suggested a number of improvements to both the design document itself and future implementation of KOMPAK especially in the areas of Monitoring, Evaluation and Learning (MEL), Gender Equality and Social Inclusion (GESI) and Risk Management. This design document has incorporated most of the suggestions with notes that future work and detail elaboration of MEL framework and GESI strategy will be undertaken within next five months.

#### Two Strategic Drivers for KOMPAK 2018-2022

Two strategic drivers are proposed for the next four years of KOMPAK: an outward-facing driver relating to content and substance focusing on institutional sustainability, and a second, inward-facing driver relating to KOMPAK’s internal functioning as a learning organization. The outward-facing driver will seek to embed successful KOMPAK lessons within GoI systems, procedures and plans. The inward-facing driver will further embed KOMPAK’s capacity to learn – and share – the lessons it is learning with the stakeholders who can authorise change. Only if lessons are learned and communicated to key stakeholders will KOMPAK succeed in its objective of influencing the GoI. In terms of the five issues listed in section 2.3, the most important is the third: how KOMPAK measures its progress and how it learns from its experience. This is where the strategy to deliver on the defined outcomes for the next four years begins.

#### Strategic Driver (1) - Institutionalising Sustainability

Sustainability is all too frequently a ‘buzzword’ demanded of projects by donors, but with little depth of meaning. Often it is reduced to the desire for host governments ‘to take over’ the project when donor funding is withdrawn. However, there is no doubt that **sustainability** is critical to KOMPAK and its long-term potential impact. It is proposed that sustainability be interpreted in four ways: **coherence, consolidation, replication, scaling-up/policy impact**. These four elements are both indivisible and non-negotiable: indivisible in the sense that the four are mutually supportive and reinforcing, and non-negotiable in that KOMPAK’s interventions and long-term impact will not be sustained unless they are achieved. By focusing on these four aspects, KOMPAK’s ‘products’ can become increasingly ‘institutionalised’ (i.e. made routine and common practice) in GoI systems and procedures.



<sup>22</sup> The latest version of this document is an updated version of the original document from June 2016

## Program Coherence

As described in the initial section of this report, KOMPAK did not have a strategy document from the beginning of the program, and this was only put in place in 2016. KOMPAK was also initiated as a Facility guided by an adaptive programming methodology, hence current projects and activities have emerged throughout the lifetime of the program. This KOMPAK design provides, for the first time, an overarching framework for delivery of the KOMPAK Facility. Further, this framework also provides clearer linkages between the Theories of Change (ToC) at various levels. This will ensure clearer focus and guidance for technical and implementing teams at both national and local level. While the detailed activity concept design documents are not included in this overarching framework document, **revision and preparation of comprehensive activity designs** will take place. This will ensure that design and implementing teams fully understand the tasks ahead, how to measure results and adapt activities, the authorising environment, the channels required for policy lessons at both national and local level for replication and scale-up, and exit strategies. Finally, moving forward, the **linkages between national and subnational activities and interventions will be strengthened**. A 'line of sight' criteria will be applied for all activity approvals to ensure that both national and subnational activities and initiatives contribute to the 'bigger picture' while at the same time considering both national GOI level policy agendas and local context. Further, ensuring clearer linkages between field-testing of national policies at the local level and vice versa in the form of informing national level of local policy lessons and initiatives.

## Consolidation of Current Initiatives

Consolidation presents a number of challenges. At first blush consolidation implies focusing on those activities where 'success' either has been demonstrated or is judged most likely. However, it may also imply adding activities to enable a work stream to consolidate within a particular area of work. To 'consolidate' KOMPAK's program requires an understanding of how this plays out in each of the seven provinces where KOMPAK works, and, within each province, how it plays out within each district, and at frontline service delivery units. Given that capacities and resources vary, KOMPAK must vary its response to fit local circumstances. Guiding principles that will direct this effort have been established and can be found in Annex 1.

## Replication and Scale-up: Separate but Related

One strategic objective for KOMPAK is to extend its reach and its impact. To do this it will continue to pilot and test new processes and solutions to improve basic service delivery. Although success in one or all locations in KOMPAK's target areas will benefit the people in those areas, KOMPAK's overall strategy must be to replicate, scale-up and encourage GoI institutionalisation of success in, and beyond, the initial target locations.

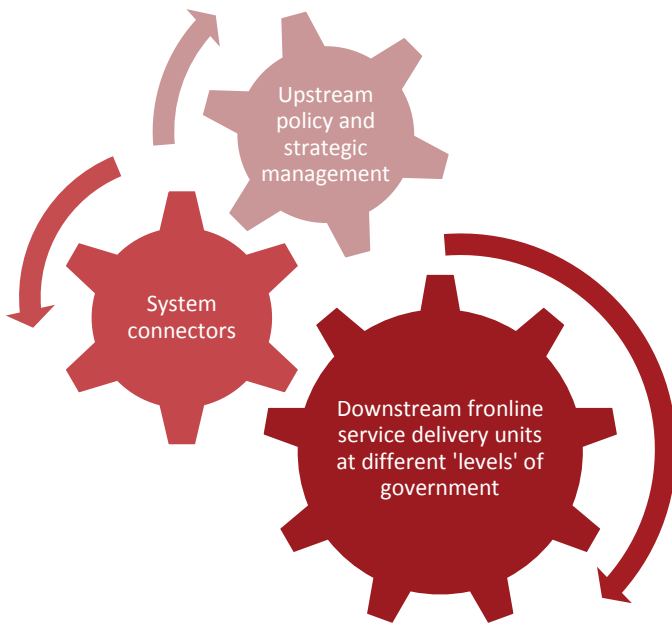
To date KOMPAK has focused on the identification and initial field-testing of pilots, innovations and basic service delivery solutions. The next four years will focus on consolidating these initiatives while initiating others as needed and identified through an iterative process. Evidence based learning and advocacy will play a larger role. Central to this will be to reinforce from the outset that the goal is **'upstream' policy impact<sup>23</sup>, with potential for national, provincial or district replication, scale-up and institutionalisation** for all KOMPAK's activities. Guiding principles to direct this effort have been established and can be found in Annex 2.

**Replication:** It is suggested that the bedrock of the replication strategy should be 'cloning' successful KOMPAK systems, processes, innovations etc. **from existing 'KOMPAK districts' to other KOMPAK and non-KOMPAK districts but within the same province**. 'Cloning' does not mean adopting wholesale one district's experience: replication should be model by model, approach by approach. This would simultaneously facilitate replication *and* consolidation, as KOMPAK resources already embedded at province level will be utilised more broadly.

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<sup>23</sup> The definition used for 'Policy impact' covers all policies from Macro to micro policies as shown in Annex 3.

Figure 5. Framing KOMPAK



**Scale-up and broader policy impact:** When does replication stop and scale-up start? There is no definite answer to this question and as the terminology suggests, it is a progression of expansion and institutionalisation. Scale-up indicates that results of a demonstration activity will be used in the design and implementation of a fully-fledged roll-out of an initiative to an entire area, e.g. to all sub-districts in one district, or to all districts in one province, or nationally across Indonesia. Government scale-up is closely linked to policy adoption and institutionalisation across one or more levels of government.

As indicated above, KOMPAK will for the remaining period adopt a **phased replication and scale-up model** which is described in more detail in Annex 3. This conceptual framework will assist KOMPAK to deploy its resources more strategically and with a clear aim of GOI institutionalisation and financing of KOMPAK supported initiatives.

## Strategic Driver (2) – Becoming a Learning Organisation

While KOMPAK has learned many lessons from its first three years of implementation, the learning process needs to be better institutionalized, both within KOMPAK and in the relationship with our key stakeholders. Therefore, the **inward-facing driver** will prioritise KOMPAK’s capacity to learn collectively with the GoI at all levels – and share its learning. Only if lessons are learned with our partners and communicated widely will KOMPAK succeed in its objective of influencing and sustaining development change. There are three purposes of this learning agenda;

1. at the **activity or project level** to enable continuous iteration and to improve implementation performance;
2. at the **subnational level** for program revision, adjustment, replication and scale-up/GoI institutionalisation; and
3. at the **national level** for national scale-up, assessing progress towards EOFO outcomes and KOMPAK’s goal.

To move this agenda forward several steps have been taken to ensure KOMPAK is able to transform itself into a learning organisation. The strategies adopted are described in Section 6 of this document and are closely linked with the revised Monitoring framework for KOMPAK.

## Addressing the Core Governance Issues

KOMPAK is working to address three sets of collective action problems:

- To help the GoI achieve greater policy consistency and resource coherence at the national level;
- To help improve the ability of subnational level governments and service providers to deliver effective and efficient public services; and
- To improve the functioning of the systems, processes and procedures by which national level decisions are translated into ‘action on the ground by local government’.

For basic 'Frontline' services to be delivered effectively and efficiently and for the enabling environment of off-farm employment and labour mobility to create the opportunities desired, the three elements above need to perform better than they do at present. KOMPAK is one of the vehicles available to the GoI to improve whole-of-system performance. Thus, the overall **Problem Statement** which guides what KOMPAK seeks to address is articulated below:

***“Basic service delivery outcomes remains below the desired levels although substantial amounts of funding are made available for local level service delivery and village level investments. These basic service delivery weaknesses are the results of upstream policy inconsistency, weaknesses in systems linking national and subnational administrations, and weaknesses in downstream (frontline) service delivery”.***

This higher level problem is further articulated by breaking it down into smaller and more manageable problem statements that combined contribute towards the higher level problem that KOMPAK seeks to address. This has already been done in the core focus areas and will be further be expanded in the updated Activity Design documents that guide the implementation of activities in more detail.

## Theory (Theories) of Change

The international evidence of the link between benefits for poor and vulnerable people and improved public service policies and practices is strong. It is indisputable that the Government of Indonesia at national and subnational levels has the key role to play in effective service delivery and creating and maintaining a conducive environment for economic development. However, we know that government administrations at both the national and subnational levels experience difficulty in fulfilling these roles. Further, considering the recent increase in village mandate and budgets, in addition to the proximity of the village apparatus to the communities, the villages can and should play a more significant role in basic service delivery. Lastly, the supply side always works better if the demand side is well functioning. Holding the supply side accountable for delivering high quality and required services is essential for effective and efficient service delivery. Citizens' engagement and involvement is therefore considered a necessity.

The issue is less one of resources or finance, instead a mix of: complex and often contradictory policies, systems, and processes; the pace of devolution outstripping governance capacities; weak systems of accountability and coordination; poor systemic links between governments and civil society; and weak processes to address cross-cutting issues. This mix of issues results in bottlenecks at best, outright failure at worst, as indicated in the above problem statement.

KOMPAK's focus is thus on supporting the GoI to implement its 'Frontline' approach, which seeks to address these bottlenecks and failures. Thus, KOMPAK gives attention to both the supply side (government) and the demand side (citizens and the wider community) of public service delivery and economic development.

KOMPAK understands that development programs often fail because they do not recognise and address competing interests and incentives. KOMPAK therefore seek to understand how change may happen where it works. Consequently KOMPAK focuses its efforts on helping motivated and incentivised citizens, governments and communities to identify, diagnose, and resolve real-life 'collective action' problems that prevent poor and vulnerable people benefiting from basic services and local economic development. Such activities take into account the local socio-political context; foster innovation; encourage locally-led solutions; and facilitate iterative sharing of learning, adaptation, replication, and scaling-up of effective solutions.

This approach means that while KOMPAK can identify specific problems and desired outcomes, it will not always be able to prescribe beforehand every output of each activity. These will be diverse, depending on the particular issue to be addressed. However, all activities and outputs will be designed and redesigned to contribute to specified outcomes. The use of innovation and experimentation means that KOMPAK and its partners will need to tolerate a level of uncertainty. In most cases change will not be linear.

Given the ambition, scale and complexity of KOMPAK, there is no one overarching theory of change; on the contrary, there will be many. That said, it is possible to construct a sort of ‘meta-hypothesis’ that runs broadly as follows:

***“We assume that more and better services will be delivered to the poor, the marginalised and the disabled and that more off-farm economic opportunities will be created if: policies are more coherent, resources are more appropriately deployed, public service systems function more effectively, citizens are more engaged and more demanding, officials and politicians are more accountable, incentives for individual and organisational delivery are reinforced and if consequences for under-performance are timely and meaningful.”***

KOMPAK recognises that these changes may generate both support and resistance, and it is not possible in advance to know which changes will gain traction soonest. Thus KOMPAK will invest in a range of activities, track their progress and stand ready to intervene to either revise or withdraw.

KOMPAK seeks to help the GoI address all these different components of the ‘theory of change’. Within the meta-theory outlined above, there are many embedded micro-theories. The following section details the three high level outcome theories of change. KOMPAK will test these micro-theories during implementation. We will review and test these assumptions in order to judge how and why the change is occurring and in which contexts.

Data and information collected in these exercises will be used to bolster monitoring of KOMPAK’s performance. Further observations may lead to research and analytical work as part of the longer-term studies KOMPAK intends to undertake.

## The Strategic Performance Framework

KOMPAK’s Goal (its impact statement) is that **“poor and vulnerable Indonesians benefit from improved service delivery of basic services and greater economic opportunities”**. KOMPAK’s approach can be summarised in five steps:

- KOMPAK helps the GoI deliver its frontline services policy more effectively, efficiently and equitably;
- We will do this by strengthening systems, processes, rules, laws and regulations (*i.e. the institutions*) that evidence suggest are already working, and by testing innovative approaches that have the potential to be replicated and scaled up;
- We will judge progress by tracking these *institutional* changes and by measuring their impact on *real world* development outcomes;
- Our four real world development outcome areas will be education, health, legal identity and nutrition; and
- All KOMPAK projects and activities must have a clear line of sight to one of these real world development outcomes.

The three End of Facility Outcomes (or results areas) have remained the same as follows:

- EOFO 1: Local government and service units better address the needs of basic service users;
- EOFO 2: The poor and vulnerable benefit from improved village governance; and
- EOFO 3: The poor and vulnerable benefit from increased opportunities for off-farm employment and economic development.<sup>24</sup>

These three outcomes remain relevant to support GOI in reducing poverty and inequality. Ensuring poor and vulnerable groups have fair opportunities to access quality basic services and employment will contribute to

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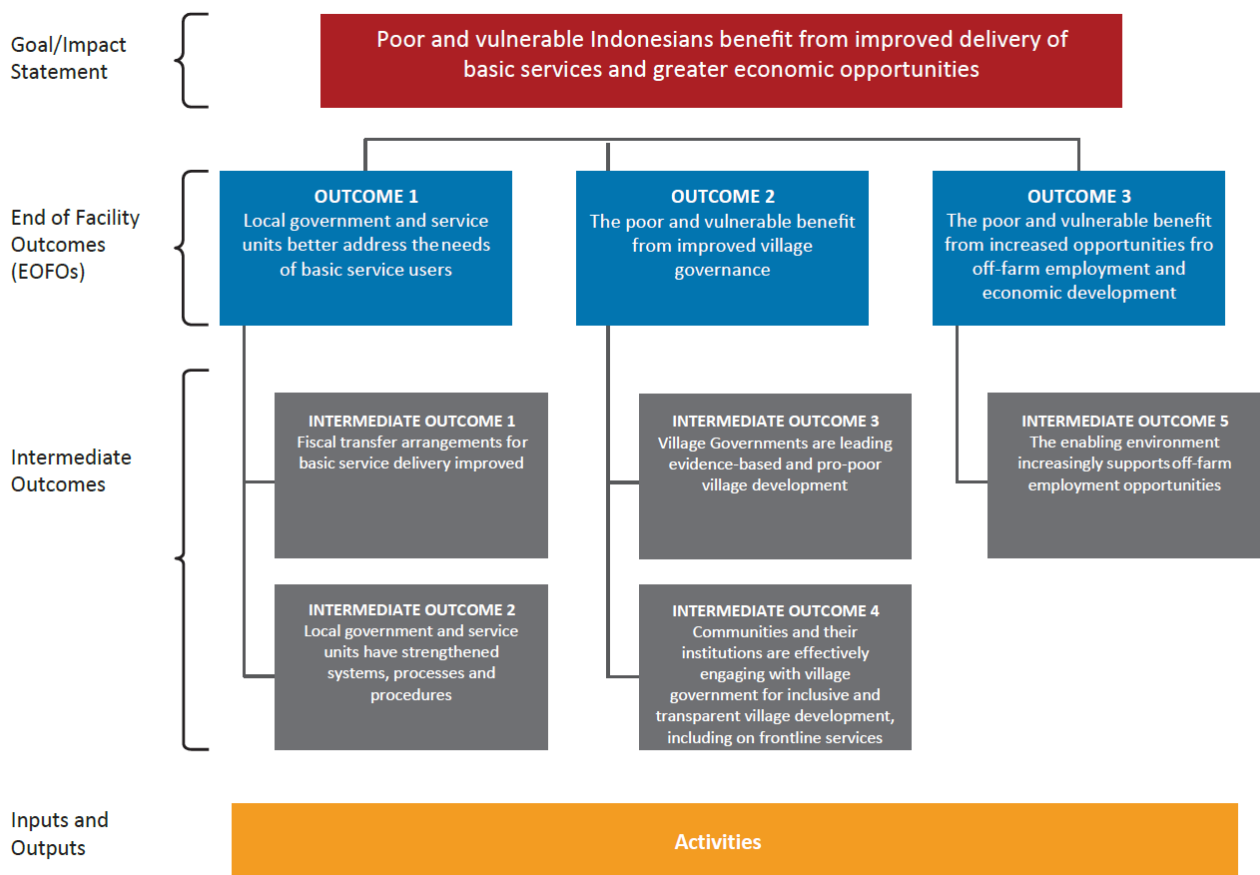
<sup>24</sup> Following the recommendations from the IPR and the 12<sup>th</sup> February Steering Committee meeting, the content of this Outcome will be revised through a staged-approach to define which activities will be continued or discontinued in close coordination with GoI.

reducing the gap between haves and have-nots. The key rationale for working in parallel across these areas is that a combination of effective public policy, improved village governance, community engagement for improved basic services, and greater economic opportunities is needed to accelerate poverty reduction in Indonesia.

KOMPAK will achieve these three Outcomes through five Intermediate Outcomes (IO). Originally KOMPAK had seven IOs, however the initial experience is that the division of some IOs were artificial and hampered linkages between certain activities. Therefore, former IO 2 and IO 3 has been merged into a new IO2, and former IO 5 and IO 6 has become a new IO 4. As referred to earlier, following the IPR recommendations and the decision made by the SC in February 2018, it is expected that revisions of EOFO 3 and the Intermediate Outcomes will be revised accordingly. Figure 6 below therefore represents the current Strategic Performance Framework without changes made to EOFO 3.

**Figure 6. Strategic Performance Framework**

### KOMPAK’s High-level Performance Framework



To achieve the five intermediate outcomes in a flexible way KOMPAK’s work is currently organised around 10 projects as outlined below, each aimed to address a specific set of issues/problems hampering or supporting the achievement of KOMPAK’s intermediate outcomes. Under each project, there are sets of activities being implemented either by KOMPAK’s strategic partners or GOI partners with technical support and assistance from KOMPAK. The current 5 intermediate outcomes and 10 projects will be revisited in the second half of 2018 to strengthen strategic program management and reflect changes in KOMPAK’s focus areas.



No	Projects	Main Partners	Relevant Intermediate Outcome (IO)
1	Strengthening Intergovernmental Fiscal Transfer Policy for Basic Services.	MoF, MoHA, Bappenas, MoV, Local Government.	IO 1
2	Improving Capacities of Local Governments and Service Units for Basic Services.	MoHA, MoF, Bappenas, Local Government.	IO 2
3	Improving Delivery Systems and Innovations for Basic Services.	MoF, MoHA, Bappenas, Local Government.	IO 2
4	Improvement of Basic Services and Village Development in Papua and West Papua Provinces (Landasan Phase 2).	Bappenas, Local Government, NGOs	IOs 1, 2, 3 and 4
5	Enhancing Village Government Capacities for basic Services and Economic.	Coordinating Ministry of Human Development and Culture, MoHA, MoV, Bappenas, Local Government and private sector	IOs 3 and 5
6	Strengthening Capacities of Village Institution and Stakeholders toward pro poor and Inclusive Village Development.	MoV, MoHA, Local Government, NGOs/CSOs	IOs 3 and 4
7	Increasing Representation of Communities in Village Institution and Development Processes.	MoV, MoHA, Local Government, NGOs/CSOs	IO 4
8	Strengthening access of communities and micro enterprises to financial services and markets.	Bappenas, MoV, Financial Services Authority (OJK) and private sector	IO 5
9	Innovation for Integrated and Responsive Skills Development Centers.	Bappenas and private sector	IO 5
10	Innovations for Service Delivery and Economic Opportunities.	Universities, private sector, NGOs/CSOs and Local Government	IOs 2 and 5

This Strategic Framework is articulated in more detail below under each Outcome area description and in Annex 4 in terms of approach. While this KOMPAK design outlines the overarching thematic areas of work, the more detailed expression of activities will be described in the subsidiary Activity Design documents.

All three outcome areas will contribute towards the delivery of national level development outcomes in the following areas:

**Table 2: Selected GOI Development Indicators**

Sector	Development Indicator for the bottom 40%	2019	2014
Legal Identity	% Birth registration among 0-17 years old	77.4%*	61%*
Health	% Full immunization	63%*	60%*
	% Births in facilities	70%*	69%*
Education	% participation in Early Childhood Development (3-6 years)	66.8%	77.2%
	% Net enrolment rate from primary (7-12 years)	94.8%**	91.3%**
	% out of school children	N/A	
Nutrition	% under-five children who are stunted	32.9%	28%

\* Specific RPJMN for the bottom 40%

\*\* Ministry of Education and Culture Strategic Plan (RENSTRA 2015-2019)

In the first three years KOMPAK has focused most intently on legal identity, applying a consistent set of systems strengthening interventions across all locations. On health, KOMPAK's activities have varied widely responding to local context and needs. In some areas, the focus has been on planning and management capacities in health centers, while in other areas KOMPAK has supported local initiatives to reduce maternal mortality. The activities on education have been limited with the exception of public finance management support in the Papuan region through LANDASAN. All three areas will be a continued focus for the next four years with the addition of nutrition. Few challenges facing Indonesia today match the scale of malnutrition, whereby one out of three children under the age of five suffer from stunting.<sup>25</sup> Reduction of childhood stunting is currently high on the GOI agenda. The nutrition challenge requires multi-sector approaches that enable convergence of interventions required to promote nutrition at the local level. KOMPAK is therefore in a rather unique situation and may leverage ongoing initiatives to deliver results on nutrition. At the same time, focusing on nutrition may in turn contribute towards improvements in the other sectors KOMPAK is already targeting.

<sup>25</sup> UNICEF 2017

Further minor modifications to the Strategic Performance Framework are currently being considered, following the principles in the figure on the right. KOMPAK is a complex program, and a convincing performance framework will always have to compromise between simplicity on the one hand and comprehensiveness on the other. Over the next four years KOMPAK will further specify the changes to GoI systems that it is seeking together with a set of metrics that measure the changes those systems generate and the real world impact they are expected to lead to.

### Simple, relevant, persuasive

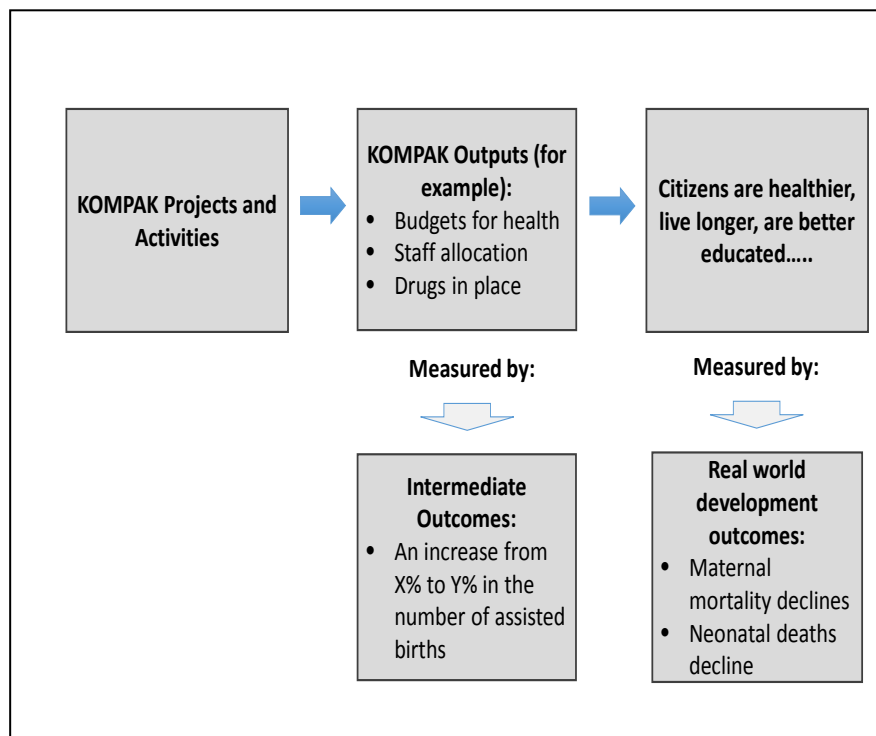


KOMPAK is an enabling, facilitating program not a delivery one. It is about strengthening GoI systems for 'front-line' delivery of services

So: KOMPAK 'Outputs' are the changes we deliver in government systems – the difference in 'the way things are done'

KOMPAK 'Outcomes' are the real world development benefits that the changes in how things are done bring about

KOMPAK is currently discussing a revised approach to how it measures its real world development outcomes or impact in education, health, legal identity and nutrition. In this new framework, KOMPAK will give consideration to measuring success in achieving outcomes in target locations and more broadly by the performance of one 'indicator species' in each of these four areas. An 'indicator species' is a measure, drawn from environmental science, whose presence, absence or abundance reflects the health of the wider eco-system in which the particular element lives. Thus, in health for example, an appropriate 'indicator species' could be maternal and neo-natal mortality. For nutrition it could be stunting and wasting rates for the under-fives.



Improving these real world outcomes tells us that in the wider eco-system *something is working*. Hence, for health KOMPAK's performance framework would be designed along the lines shown in the figure on the right.

Of course, KOMPAK cannot, and should not, be held solely accountable for delivering against such a national development target. KOMPAK is a governance program as well as enjoying only limited geographic coverage. However, if KOMPAK is able to demonstrate progress against the relevant 'indicator species' in one province or district (and it has a convincing theory of change), then its approach will be replicable and scalable. The successful adoption of this modestly revised approach will need systematic strategies to be employed to evaluate the extent to which KOMPAK has supported government efforts to improve developmental outcomes in education, health, legal identity and nutrition, in particular at the district level. It will necessitate a focus on those key sector-specific system or process indicators which generate the intermediate outcomes we judge critical to real world achievements. KOMPAK will do so by building upon the baseline survey and utilising advanced statistical modelling techniques (e.g. regression analysis, interrupted time series) to strengthen

KOMPAK's ability to evaluate program effects and make claims related to program attribution.<sup>26</sup> The following three sub-sections provide information about each End of Facility Outcome (EOFO) area, and represents what is currently being delivered as per February 2018, as well as an early indication of what will be the continued focus moving forward. Considering the adaptive nature of this program, further iterations of this Design Document will be needed, guided by the Steering Committee and Technical Committee, as thinking evolves, learning from implementation continues, and GoI priorities change.

The current strategic performance and planning framework and consolidated project level framework documents will be revised hand-in-hand with the refining of the activities design. Revisions to the performance framework will take into consideration a number of factors, including:

- Refined activity design,
- newly structured intermediate outcomes,
- data from the completed baseline,
- the focus on real world development outcomes in health, education, nutrition and legal identity,
- indicators and measures of behavioural change.

We recognize the need to lay out more clearly our approach to utilizing ongoing monitoring data to determine when activities are not generating results, learn from those examples and refine future activities and directions.

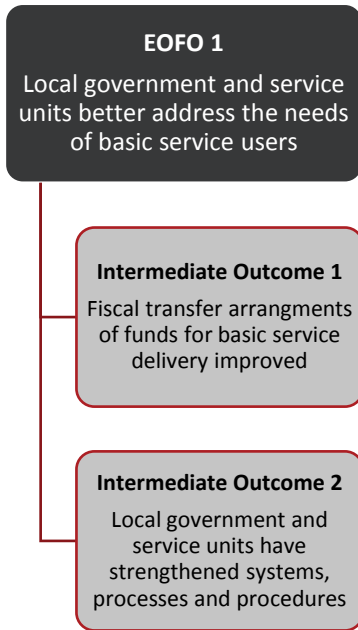
## EOFO 1: Local Government and Service Units Better Address the Needs of Basic Service Users.

The objective of this outcome area is to support government to close the key accountability loops for better service delivery. This strategy will combine informed experimentation, as well as policy, regulatory and systems support. The aim is to ensure alignment of existing regulatory frameworks, and, when needed, to support formulation of new regulations to better finance, deliver and manage performance of basic service delivery, in addition to other forms of technical assistance and capacity development initiatives. This outcome area will therefore focus on improvements to how public funds are being allocated (fund formulation, fund flows, and financing arrangements) for delivery of basic services; improvements to the ways funds and other resources are managed and utilised (optimising resources) by local governments, service units and village authorities; and improvements to local accountability and transparency in public spending. This strategy is part of a broader PFM Strategy for improved basic service delivery, including those financed through the village budget (see Outcome 2).

KOMPAK is implementing this strategy by focusing on achieving two **Intermediate Outcomes** that KOMPAK believes play a critical role in achieving EOFO 1. Underpinning this strategy is a number of assumptions as follows:

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<sup>26</sup> For more detailed information please see MEL Section



If fiscal transfer policies and budget allocation formulae are clearer, consider local diversity, and are better understood, then the flow of funds to local governments and service units will be more appropriate to the local needs. If financial management systems, performance-based incentives systems, procedures and capacities at the district level and in service units are improved, then they will be able to better allocate and spend funding for basic service delivery. Similarly, improved staff skills and systems at the district level and in service units, will lead to improved service quality. If local governments and service units are given the space and encouragement to innovate and test ways of delivering services, new and perhaps more efficient service delivery options will be identified. If the demand side is strengthened, service delivery accountability will be strengthened and become better aligned with identified needs. Together these factors will contribute to local government and service units better addressing the needs of basic service users. By supporting the government initiated Frontline strategy, KOMPAK aims to contribute to wide-scale change. To enable KOMPAK to deliver on this EOFO the following focus areas have been chosen:

**Focus Area 1.1: Strengthening Intergovernmental Fiscal Transfer Policies for Basic Services**

<b>Problem Statement</b>	<i>One Size Fits All Formula Does Not Address Regional Disparities And Subnational Fiscal Capacity. Lack Of Harmonisation Between The Implementation Of Various Fiscal Transfer Policies</i>
<b>Contribution to KOMPAK overall results framework and linkages</b>	
<b>EOFO 1</b>	Local Government and Service Units Better Address the Needs of Basic Service Users
<b>Intermediate Outcome 1</b>	Fiscal transfer arrangements of funds for basic service delivery improved

In line with decentralisation, the government has put in place a number of intergovernmental fiscal transfers to enable local governments to perform their roles in services delivery. This includes fiscal transfers from central governments to subnational governments (province and district) in the form of Specialized Allocation Funds (DAK), Local Incentive Funds (DID), Special Autonomy Funds (Otsus), Village Funds (DD) and support funding from district governments to village on Village Allocation Funds (ADD). In principle these transfers aim to correct vertical fiscal imbalances, correct horizontal fiscal imbalances (fiscal equalization), adjust for inter-jurisdictional spillovers, and ensure compliance with minimum service standards (MSS). Transfers to subnational governments constitute about 36 percent of the national spending in Indonesia.<sup>27</sup> These transfers represent a significant revenue source for the subnational governments. In other words, a majority of subnational governments depends very much on these intergovernmental fiscal transfers to deliver basic services. However, implementation of these transfers has yet to deliver the desired impact on poverty and regional disparities. The Government has therefore been pushing for greater efficiency and effectiveness in local spending as the annual

<sup>27</sup> AIPEG, 2017

proportion for basic services continues to increase. Linked to this, KOMPAK is currently field-testing ways of linking institutional performance incentives to local transfers, both to sub-district and village levels, in addition to the support it already provides to the improvements of the national performance incentive system DID.

This focus area has initially encompassed policy and technical support to government on intergovernmental fiscal transfers, mostly at the national level, that will lead to desired improvements in the DAK, Otsus, DID, DD and at the district level with ADD policies. This has involved analytics, research, policy discussion, technical support and advocacy on the actual allocation formula and other aspects of the intergovernmental fiscal transfer policies. The desired changes from these initiatives include increased degree of openness from the national government in formulating intergovernmental fiscal transfers and stronger linkages between intergovernmental fiscal transfer policy with the poverty reduction strategies (pro-poor and pro-basic services). While progress has been slow and in some cases still ongoing, KOMPAK engagement and technical support has also resulted in some significant changes as can be seen in the highlight results section below.

For the next four years, KOMPAK will continue to support the revision of Law 33 on fiscal balance and the following implementation of this law. Considering the importance of these transfers for basic service delivery, KOMPAK has and will continue to support the government to strengthen performance of these fiscal transfers. The Facility will be doing so by continuing support for improving the formulation of national policies, support increased understanding and operationalisation of these policies at the local level, and increased focus on improved local public finance management (PFM) capacities for local public expenditure management. In particular the extension will specifically focus on the district level PFM processes, considering the core mandate for basic service delivery is located at this level. Experiences from the initial three years has shown that focusing on frontline service delivery units and the village level alone is not sufficient if the aim is to deliver improved basic services.

Beside the expected changes that will derive from the revised Law 33, there have already been significant changes in the main regulations and in the desired implementation of such regulations (Ministerial decrees, Director General letters, etc). Such changes have been inadequately disseminated, understood, and applied especially by local governments, and has led to an information asymmetry related to the policy of intergovernmental fiscal transfers. Improved local regulatory frameworks and increased local government capacities on subnational PFM is therefore required in order for all stakeholders to carry out their responsibilities in managing the implementation of fiscal transfers effectively.

Thus, KOMPAK is supporting the Ministry of Finance (MoF) to develop innovative approaches on policy communications, local adaptation and implementation of national policies to ensure equity in local implementation of such policies. This initiative will be combined with direct technical assistance in the form of mentoring and technical guidance at key strategic stages of the PFM cycle to ensure new fiscal transfer policies are well understood and executed at the local level. While some work has been initiated in terms of subnational application of new policies, moving forward additional focus will be put on support towards implementation and measuring impact of the new policies. This work will seek to strengthen the capacity of local governments to plan and spend DAK, DID, Otsus and DD more effectively on basic services (also see Focus area 1.2). The aim is to ensure that basic services are properly financed as intended by national policies. A key part of this work will be to increase national and subnational ability to track and review the effectiveness and efficiency of intergovernmental fiscal transfer as a continued effort to influence and adjust such policies. In doing so, and in line with the core focus of KOMPAK, special focus will be put on tracking core sector expenditures in health, education, legal identity and nutrition.

To implement these activities, KOMPAK is working in close partnership with MoF and as a broker in ensuring ongoing dialogue between MoF and the other ministries, namely Ministry of Home Affairs (MoHA), Bappenas, Ministry of Villages (MoV) and Coordinating Ministry of PMK. In addition, policy advocacy and outreach has also

encouraged participation from other sectoral ministries (ie. Ministry of Health, Ministry of Education) and subnational governments.

**Key highlights on progress to date:**

**Inter-governmental fiscal transfer policies.** KOMPAK provided policy advice for central fiscal transfer policies, influencing a total of IDR 125.8 trillion in funding in 2017 (approximately AUD 12 billion). Technical support was provided to assist GOI in defining revisions of grant formulas (Village Funds, DD)<sup>28</sup>, fiscal architecture (Special Allocation Funds, DAK), and piloting a new E-Planning system (DAK). KOMPAK also assisted MoF in revising the regulatory framework for the Regional Incentive Fund (Dana Insentif Daerah – DID). In parallel to national level technical support, KOMPAK has also extended its policy support to implementation support at the subnational level. Using the revised system for DID, 21 provinces, 233 districts, and 63 cities will receive DID, and KOMPAK has supported the relevant local governments in its provinces in DID planning and budgeting. Further, the DAK E-planning system was piloted in three KOMPAK provinces, where KOMPAK contributed to sessions on improving understanding of the system, and provided training to local officials on the content and submission of proposals. Training on the DAK E-planning system allows all 34 provinces and 514 districts in Indonesia to now use the single integrated system and understand the importance of prioritising allocations for basic services. The changes in DD allocation to villages has also been followed up through various support through Outcome 2 initiatives at the local level. For example, 37 villages in NTB increased their DD allocations for basic services to 20 percent

**Bangun Generasi dan Keluarga Sejahtera Papua (BANGGA Papua).** In collaboration with MAHKOTA, KOMPAK has supported the provincial government in the design of a Universal Child Grant in Papua since March 2017. BANGGA Papua is aimed to reduce poverty and improve health, nutrition and education outcomes among the Papuan population through a grant provided directly to households with children less than four years old. In 2017, the provincial government allocated IDR 3 Billion for preparations for the program, while the three pilot district governments (Lanny Jaya, Asmat and Paniai) allocated an additional IDR 3.9 Billion for the preparations. The grant is fully funded by Special Autonomy Funds (Otsus) and the provincial government has allocated IDR 150 Billion in 2018 for operational costs and transfer to approximately 42,000 children (0-4 years) in the three initial pilot districts. The program is expected to commence the transfers in 2018 in these three districts, while preparations are made to expand implementation to seven other districts, based on lessons learned from the pilots supported by KOMPAK/MAHKOTA technical assistance.

**Focus Area 1.2: Improving Capacities of Local Governments and Basic Services Units**

<b>Problem statement</b>	<i>Local governments and service units experience constraints that prevent effective delivery of services. These include; incomplete or conflicting policy and regulatory frameworks and low planning and budgeting capacities for the effective management and spending of available resources.</i>
<b>Contribution to KOMPAK overall results framework and linkages</b>	
<b>EOFO 1</b>	Local Government and Service Units Better Address the Needs of Basic Service Users
<b>Intermediate Outcome 2</b>	Local government and service units have strengthened systems, processes and procedures.

<sup>28</sup> KOMPAK is a leading advocate for changing the allocation formula used to distribute the Village Fund (Dana Desa, DD), from a 90/10 distribution to 77% by basic allocation, 20% by formula and 3% by affirmative policy designated to poor village with large number of poor population.

KOMPAK seeks to address critical gaps in local regulations, institutional arrangements and human capacities at both local government and service unit levels to enable more effective, efficient and responsive service delivery. In particular KOMPAK will target improved capacities of District governments (PFM focus), Civil Registry and Vital Registration offices, sub-district offices, health centers, primary schools and possibly village-based Early Childhood Development centers. Law No 23 on Regional Autonomy clarifies the delegation of authorities between central, province, and district governments in relation to basic services delivery. However, challenges remain both in the local enabling environment, and the capacity of district government and service unit staff to exercise their obligations in providing basic services to their communities. Further, despite significant funding flowing from central government to local governments, increased fiscal transfers have not led to desired improvements in basic services delivery. In other words, the problem is not necessarily the lack of funding for basic services, but rather the ability to allocate and manage these funds.

This focus area targets increased capacities at local government and service unit levels. Capacities are understood to include regulatory, institutional/organisational, human and financial capacities. The nature of this area is therefore multi-dimensional and the various initiatives attempts to tackle different but related challenges.

### **Enhancing PFM Capacities of Local Governments and Service Units for Improved Basic Service Delivery**

Public Financial Management (PFM) is essential for effective and efficient service delivery. Planning, budgeting and allocation of funds is fundamental to ensure adequate funding to the sector department in accordance with their expenditure responsibilities, and in ensuring that the most essential policies, programs and activities within a sector are financed in accordance with actual needs. However, adequate funding alone is not sufficient. The quality of spending is equally important and is a key building block for efficient and effective public spending. While the overall level of local resources is adequate, the allocation, management and spending capacities of public funds is not; neither at the local government level nor at the frontline unit level.

While the Ministry of Finance and other institutions have undertaken various PFM capacity building activities for local governments, capacity gaps still persist. Improvements and alternatives to the delivery of capacity strengthening are clearly needed. In response to this, KOMPAK has supported the GOI to develop and implement a PFM capacity building framework that targets subnational levels. This PFM package consists of training, portable-applications for e-learning, and coaching/mentoring services. The overall aim is to improve the quality of local budget spending on basic services by increasing the practical knowledge and skills of the most relevant stakeholders for allocating and managing fiscal transfers at the local level. It is expected that the capacity building initiatives will also harmonise local understanding and increase coordination among local stakeholders. Moving forward, continuation of field-testing and adjustments of this PFM capacity building framework will be continued, and if successful further roll-out and institutionalisation by GOI is expected. Further, building on initial experiences, KOMPAK intends to expand its focus on local level performance-based incentives, and strengthening of subnational PFM capacities at both local government and service units including PFM training and 'on-the-job' PFM mentoring and technical support.

This work is implemented in close collaboration with the Ministry of Finance, an implementing partner and local governments. This delivery strategy will ensure national buy-in and ownership by MoF. It will also ensure the capacity of the central government to deliver the training, both internally in the GOI and externally by other service providers, an element that is crucial for future scale-up.

Further to the basic PFM capacity building initiative, a tool for improved pro-poor planning, budgeting, monitoring and evaluation (called "SEPAKAT") was developed in 2016, and has received very positive reviews to date. The SEPAKAT-tool can be utilised at all three layers of governments; at the national level, SEPAKAT can be used as the policy formulation for the poverty reduction strategy and the reference for fiscal transfers policy; at the province level, SEPAKAT can be utilised as a tool for provincial government to coordinate poverty reduction programs within their jurisdictions (across districts); at the district level, SEPAKAT can be utilised as a tool for better targeting pro-poor basic service delivery through the use of more sophisticated data for planning and budgeting.



Both PFM initiatives will be closely linked with the Minimum Service Standard (MSS) agenda detailed below.

### **Ensuring Minimum Service Standards (MSS) in Basic Service Delivery**

Receiving basic service delivery is, in many countries, seen as a right of all citizens. Indonesia has, over the past decades, managed to achieve almost universal primary education, and is now in the process of fulfilling universal basic health coverage. However, at this point in time, the level and quality of services differ greatly between locations. The establishment and implementation of Minimum Service Standards is the first step to ensuring equal delivery of services independent of where you live. KOMPAK's support to GOI on the revision of the national MSS policy and implementing regulations has now resulted in a revised framework. MSS costing is ongoing, and will assist the districts and service units to more accurately budget for services in accordance with the MSS. Moving forward the work will continue to support any subsidiary regulations and the utilisation of MSS guidelines as the basis for district level planning and budgeting. Direct technical support to District governments in developing MSS-based planning and budgeting documents (annual and mid-term planning and budgeting) is envisaged. Further, KOMPAK will also support the compliance of MSS by the service units, and improved knowledge of the MSS by the communities with the aim to increase service units accountability. This will be ensured through continued cross-sectoral policy collaboration among relevant line ministries and local sector departments to advance progress on the frontline agenda and through implementation of Minimum Services Standards at the local level. In particular support to the national Joint Secretariat for MSS coordination and monitoring of results is envisaged.

Finally, considering the ongoing support for the reformulation of DAK and to improve local application processes for local governments to access additional DAK financing for basic service delivery, linking MSS and actual basic service needs to DAK financing is another area of work that will be prioritised. The potential to leverage KOMPAK's knowledge and ongoing technical support in both areas, will potentially multiply the effect. Linkages will also be made to KOMPAK's social accountability initiatives, to ensure that the local service providers are being held accountable for implementing the required MSS.

### **Strengthening the Role of the Sub-District (Kecamatan) Office in Basic Service Delivery**

The Kecamatan office has a long been a core interlocutor between the District Government, service units and the village apparatus. Yet, the role of the Kecamatan office has always been vague and often without a direct service delivery mandate. The Kecamatan office is often seen as an extended arm of the District authorities. However, its role and responsibilities have not been utilised to its full potential. Considering its strategic positioning and proximity to the villages and to the level where a majority of the basic services are delivered, this initiative assumes that the Kecamatan office can play an enhanced role in coordination of service delivery. The strategy for testing this hypothesis is multi-dimensional and includes; strengthening of both the national and local regulatory framework to allow for increased level of delegation of authorities to the Kecamatan office; support to competency-based recruitment policies and training frameworks for Camats (sub-district heads), capacity development initiatives to improve coordination and leadership in basic service delivery at this level; development of new information and management systems to provide decision-makers with the essential data for timely decisions and response to service delivery bottlenecks; and enhanced understanding and capacities of the Kecamatan office staff to better support implementation of the Village Law. Combined these interventions are expected to improve and streamline business processes at the Kecamatan level for more effective delivery of health, education and legal identity services. Moving forward, it is expected that these and similar initiatives will be scaled-up to both KOMPAK and non-KOMPAK target areas.

### **Strengthening School Management Capacities**

Indonesia has made substantive progress in terms of expanding access to education and is close to achieving universal basic education. The challenges ahead is linked to raising the quality, widening participation and

improving efficiency.<sup>29</sup> Indonesia devotes 20 per cent of their national budget to education and a number of policies and initiatives have contributed to improving access, availability and affordability of basic education.

During KOMPAK consultations with local governments and villages, a key concern seems to be the low level of administrative and managerial capacities among school managers and staff which is a consequence of teachers being allocated management responsibilities without appropriate training or qualifications. This, at times, leads to unintended mismanagement of schools in terms of unavailability of updated School Data (Pokok Pendidikan, Dapodik); difficulties in identifying school priorities and needs; preparing medium-term and annual plans and budgets; mismanagement of school assets; low accountability and transparency of school finances (especially School Operational Assistance Fund from national government, DAK/BOS); low communication and coordination between the school and the school committee; and low numbers of accredited schools in some locations. In addition, the lack of enforcement of education management policies in many places often results in high levels of teacher absenteeism, lack of MSS monitoring, poor teacher performance monitoring and incentives, uneven distribution of teachers between urban and remote areas, and lack of local school committees.

In line with the national frontline strategy KOMPAK will target selected primary and possibly village-based Early Childhood Development centers in program areas. Considering the governance nature of KOMPAK, efforts will concentrate on improving current governance arrangements including school management/leadership, planning and budgeting, administration, community involvement and social accountability in delivering educational outcomes.

### **Strengthening Health Center Management Capacities**

Indonesia created a model of integrated health service provision through the establishment of primary health centres (Puskesmas) in 1979, and there are currently 9,655 Puskesmas across Indonesia.<sup>30</sup> The Puskesmas is the key facility in the provision of both preventive and curative care. It represents a comprehensive service model, including the provision of non-clinical services covering public health, health surveillance and counselling. Supporting service delivery improvements at this level is in accordance with the frontline service delivery approach of the government and has the highest potential in terms of outreach to a broader spectrum of the population.

As part of the GOI goal of universal health care, the government is currently in the process of implementing its new national insurance scheme Jaminan Kesehatan Nasional (JKN). The scheme is implemented by the newly-formed social security agency Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS). To enable the Puskesmas to receive patients under this new scheme, each Puskesmas will need to be strengthened and pass the Puskesmas accreditation process which is to be completed before the end of 2019.<sup>31</sup> Such accreditation aims at ensuring standardisation of inpatient and outpatient services, and a minimum level of quality of service in accordance with the newly approved MSS. The initial thinking around support to improved service delivery in health is focusing around primary health care system strengthening as international evidence shows that this has a greater effect on improving health status, reducing health inequalities and achieving health outcomes. Health services across Indonesia are highly variable in their coverage, comprehensiveness and quality. The reasons for this are largely explained not by lack of fiscal space, but rather by variations in; the quality of prioritisation and budgeting, low levels of accountability, sufficient staffing in rural/highland areas, and capacity to plan and manage the local health system. Depending on local priorities and needs, KOMPAK will support Puskesmas strengthening compliance of MSS in planning and budgeting processes, delivery of annual plans and

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29 *Reviews of National policies for education: Education in Indonesia – rising to the challenge*, OECD and ADB 2014

30 Puskesmas are primary health centres situated at the Sub-District (Kecamatan) level. However, 38 per cent of Puskesmas are in moderately or severely damaged condition, around 2,000 Puskesmas have no physician in place and currently 430 sub-district do not have Puskesmas (Health sector review 2014).

31 According to this process of accreditation, each Puskesmas will need to comply with a total of 776 components.

budgets, in addition to community participation and oversight. Further, support to accreditation may also be expanded as seen in Papua. Some policy support may also be provided to ensure adequate financing at district level (minimum 5% for health).

**Highlights of Progress to Date:**

**Pro-poor planning.** KOMPAK has provided technical assistance and support for facilitation of inter-ministerial coordination to the Directorate of Poverty Reduction and Social Welfare in Bappenas to develop a system for pro-poor planning, budgeting and monitoring (P3BM) linked with the existing integrated management system for poverty reduction (SIMPADU), and data from Unified Data Base, in an initiative called SEPAKAT. This system will 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 will in the future be aligned with other systems such as SNAPA (WB) and SLRT (MAHKOTA). At the subnational level, fourteen districts are now utilising the SEPAKAT. For example, with technical assistance from KOMPAK, Pematang and Pekalongan have used the integrated database for poverty in strategic poverty reduction programs and development work plans (RKPD).

**Minimum Service Standards.** The KOMPAK supported new regulation on Minimum Service Standards (MSS) was recently approved, and will become the main basis for improving accountability in delivery of basic services. To ensure alignment in the implementation of MSS at the subnational level, KOMPAK also supported technical assistance to provinces and districts to better integrate MSS in planning and budgeting documents. Six districts (Lombok Utara, Pangkep, Brebes, Bireun, Bener Meriah and Aceh Barat) have integrated MSS into their annual budget for 2018 and 1 province (NTB) has included MSS priorities in the provincial medium term development planning (RPJMD).

**Local Regulations on Basic Services.** At the subnational level, KOMPAK has supported the development of district regulations related to basic services. This technical assistance has focused on a more inclusive process where relevant frontline service delivery units and kecamatan staff are included in the development of the regulations. This is important to ensure a frontline perspective during the drafting process, as well as increasing understanding from the ‘users’ from the beginning as to the purpose and content of any new or revised regulations. As of December 2017, six districts have finalised local regulations related to frontline services delivery (mainly on legal identity); seven districts have issued Bupati Decree on Delegation of Authority from Bupati to Camat; 13 regulations related to fiscal transfers have been signed and an additional seven are in progress.

**Focus Area 1.3: Improving Delivery Systems and Innovation for Basic Services**

<b>Problem statement</b>	<i>Despite many service delivery systems failing to deliver the desired development outcomes, ‘business as usual’ more the norm than the exception. Local capacities, regulatory framework, financing and lack of knowledge of best practices often hinders creativity and experimentation of alternative delivery strategies at the local level</i>
<b>Contribution to KOMPAK overall results framework and linkages</b>	
<b>EOFO 1</b>	Local Government and Service Units Better Address the Needs of Basic Service Users
<b>Intermediate Outcome 2</b>	Local government and service units have strengthened systems, processes and procedures.

## Improved Civil Registry and Vital Statistics (CRVS) Systems and Processes

Research results from 2016 showed that one in three children had no valid birth documentation, two out of five marriages were not recorded, almost one in five adults could not show an Identity Card or Family Card on which their name was listed, and there was almost no death registration.<sup>32</sup> The study also found that civil registration services are hard to reach, registration rules are very complicated and filled with illegal fees and fines, thus reducing opportunities for the poorest to register. As a result, millions of Indonesians are denied their human rights, and the government does not have complete, correct and up-to-date demographic data on births, deaths and causes of death, and other important events, such as marriage and migration – that are needed for evidence-based planning and evaluation.

The overall rationale for focusing on legal identity is to improve and innovate civil registry services, with the aim of strengthening the capacity and extent of civil registration services to improve access and quality of services as a key support for the delivery of health, education and social protection services. KOMPAK will provide ongoing support to GOI in efforts to bring civil registry services closer to the community, integrate such services through other basic services, including health, education and social assistance, and to improve the quality of vital statistics and civil registration. As with other focus areas, KOMPAK will work simultaneously on both supply (strengthen civil registry services and cross-sectoral coordination) and demand (increase civil registration seeking behaviour at community level). To ensure full institutionalisation, KOMPAK is also engaging closely central government, and has provided support to the draft CRVS National Strategy. 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. The expected results from this initiative are; an increase in the number of children with birth certificates and other legal identity documents, and to learn valuable lessons from the new models for CRVS currently being piloted.

## Improving Local Government, Service Units and Villages Response to Nutrition Challenges

Few challenges facing Indonesia today match the scale of malnutrition. One out of three children under the age of five suffer from stunting. For that reason, nutrition is currently high on the GOI agenda as the country battles high levels of both acute (wasting) and chronic malnutrition (stunting) at 37 percent and 12 percent respectively (UNICEF, 2017). The 2016 Global Nutrition Report claims that the economic consequences represent losses of 11 percent of gross domestic product (GDP) every year in Africa and Asia, whereas preventing malnutrition delivers \$16 in returns on investment for every \$1 spent.<sup>33</sup> Considering the objective of KOMPAK, a specific focus on tackling the nutrition challenge from a governance perspective, brings together many of its existing interventions. Further, improved nutrition may also contribute towards other sector specific targets as it is the platform for progress in health, education, employment, female empowerment, and poverty and inequality reduction. In turn, poverty and inequality, water, sanitation and hygiene, education, health, food systems, climate change, social protection, and agriculture all have an important impact on nutrition outcomes. The multi-dimensional problem, and solutions, to malnutrition highlights the importance of improved coordination and multi-sectoral response to the challenge. Considering KOMPAK's close collaboration with both national, sub-national and village governments, KOMPAK will aim to support the establishment of local coordination mechanisms and strategies in target areas.

Given the scale of the global malnutrition problem, current spending designed to overcome it is too low. Global Analysis shows that 24 low- and middle-income governments allocate just 2.1 percent of their spending to

<sup>32</sup> PUSKAPA report *“Collective Actions to Break the Cycle of Invisibility: Program Report on Institutionalizing Inclusive and Accountable – Civil Registration and Vital Statistics (CRVS) Systems, 1 AUGUST 2015 – 31 AUGUST 2017”*.

<sup>33</sup> The 2016 Global Nutrition Report *‘From Promise to Impact – Ending malnutrition by 2030’*.

reducing under-nutrition.<sup>34</sup> Indonesia only allocated 0.6 percent of general government expenditures to nutritional-specific and nutrition-sensitive intervention in 2016. Only the Philippines, Zambia and Vietnam allocated less budgets out the 24 countries assessed in this study.<sup>35</sup> While allocation for specific nutrition initiatives are important, it is equally important to ensure that budgets in the various contributing sectors – agriculture, education, food systems, health systems, social protection, and water, sanitation and hygiene – allocate more resources to ending malnutrition in all its forms. Building on KOMPAK’s existing initiatives, the Facility is in a unique situation to advocate and provide technical support to ensure that both district and village governments allocate much needed funds for investments that may contribute towards a reduction in malnutrition.

Data gaps are a significant roadblock to nutrition progress throughout the world. Every country has a different nutrition context and should gather the national and sub-national data it needs to understand—and act on—its own unique situation. KOMPAK will seek to advocate and provide technical assistance to track planned expenditure, spending, and impact on all forms of malnutrition<sup>36</sup> in close collaboration with its counterparts. In addition to data gathering, KOMPAK will also support data analysis and usage with the aim for better planning and budgeting for improved nutritional outcomes.

Given KOMPAK’s existing strengths and experience at the community level, KOMPAK will also support interventions to improve village financing and delivery of nutrition-sensitive interventions at community level.

This is a new area of intervention for KOMPAK, and further discussions will have to be held with key stakeholders to define the most appropriate entry point for KOMPAK given its mandate and existing activities.

### **Enhancing Feedback Loops from Communities on Basic Services Delivery**

Increasing communities' knowledge regarding their rights to basic services (health, education, and legal identity) is important in itself. However, this knowledge can also provide them with necessary information and tools to participate in planning, budgeting, monitoring and evaluating of service delivery quality. The objective here is to generate pressure for local governments and service providers to respond more effectively to the demands for service improvement by the service users themselves. On the other hand, for local governments and service providers to respond effectively to citizen demands, they need to increase their capacity in leadership, management, analysis and problem solving.

At the community level, KOMPAK is therefore partnering with CSOs to trial and institutionalise social accountability mechanisms, as a means to strengthen engagement and accountability between district and village authorities, health and education service providers, and their community members to improve basic services. A social accountability design was prepared in 2016 with KOMPAK support, and in 2017 these interventions commenced pilot testing in most KOMPAK-supported areas. The design encompasses community organising, developing the enabling environment, social accountability tools and mechanisms including complaints handling, and budget analysis and advocacy related to health, education and legal identity. Considering the limited time of field-testing, such initiatives will be reviewed and decisions taken as to which, if any, of these tools may contribute towards increased accountabilities in service delivery.

This intervention is closely linked with the social accountability initiatives under Outcome 2 which focuses on village level transparency and accountability.

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<sup>34</sup> Ibid

<sup>35</sup> Ibid p.80

<sup>36</sup> This entails stunting, wasting, anemia, obesity, and NCDs, as well as exclusive breastfeeding.

## LANDASAN

Landasan is special focus project targeting Papua and West Papua that was initiated under the Australia Indonesia Partnership for Decentralisation (AIPD) in 2014. It was later redefined in 2016, and was continued under KOMPAK in its current form. Landasan represents a holistic programming framework for support to frontline basic service delivery. LANDASAN's central strategies are **to strengthen the institutional and operational capacities of local governments and service units** to better address frontline service needs on the one hand, and to **support improved usage of village funds** to address service delivery priority needs on the other. LANDASAN is directly intervening in target units (primary schools, Puskesmas, sub-district administration and the village apparatus) to strengthen their capacities to deliver local services in accordance with their mandated roles and responsibilities. LANDASAN operates both vertically between local government levels and the villages, and horizontally between sectors. Improving local service delivery is challenging and needs multi-dimensional responses. LANDASAN is **not** in a position to respond to all such challenges, and so has, through local consultations, identified key intervention areas within its overarching governance mandate.

In addition to the mainly cross-sectoral focus, LANDASAN is in particular focusing on health and HIV/AIDS. In agreement with DFAT, LANDSAN has mainstreamed HIV/AIDs prevention, treatment and care into existing activities.

Further, the program has also recently initiated plans for longer-term system strengthening for improved nutrition outcomes. The strategy has adapted a multi-sectoral approach and will leverage LANDASAN's other program interventions. KOMPAK will be able to use the framework and initial lessons for expansion of this intervention for its other planned nutrition focus.

Considering its multi-dimensional response, the LANDASAN delivery framework contributes to both Outcome 1 and Outcome 2 of the KOMPAK design.

### Highlights of Progress to Date:

**CRVS.** While it is too early to draw any final conclusions about the effectiveness of this intervention, the initial figures indicate some very positive results. In two of the pilot locations (Kabupaten Lombok Utara and Bima), the collective and integrated registration service model has registered a total of 231,000 new children with legal identity documents. In KLU, through a locally developed model called "Jaring Pekat," 30,000 children received birth certificates within 28 days through a school based registration processes. In general, there has been on average a 2 percent monthly increase, compared to a normal 0.6 percent, in birth certificate ownership in KLU since the Jaring Pekat was implemented. In Bima, the percentage of children between 0-18 years with a birth certificate has increased by 35 percentage points from 46 percent in 2016 to 81 percent in 2017. This is the result of a cross-sectoral model known as Kabu Ncore which involved the civil registry office, schools, puskesmas and community members. Further, seven out of the 16 target districts (44%) have established village level civil registration mechanisms through the appointment of a village registrar to facilitate legal identify applications at the community level and assist with the process at the district or sub-district level.

## LANDASAN

In Papua and West Papua, village heads from 125 villages in six districts have committed to allocate funding for education services in their 2018 budgets, following training in education minimum service standards and school-based management provided through LANDASAN. Training focused on budgeting and planning for education, implementing standards, and management. Training participants extended beyond the village head to ensure wider understanding of requirements, but also partly to ensure that there is some opportunity for female participation, as village government structures are overwhelmingly male. In this case, a quarter of the 479 participants were female.

A total of 29 health centres across Papua and Papua Barat have improved or developed new Standard Operating Procedures (SOPs) for health centres (Puskesmas), following a program of training and mentoring provided through LANDASAN. The development of SOPs is a major obstacle for Puskesmas' to receive accreditation, and therefore to be able to receive and treat BPJS members. These SOPs will improve the quality of services provided, as well as the planning and budgeting for health centres by the local government. Two Puskesmas (Puskesmas Harapan and Dosay) were identified as Puskesmas Penggerak (champions) and are supporting the other 27 Puskesmas to develop their SOPs and strategies to meet the accreditation requirements. Further to this, 85 Puskesmas accreditation officers have been trained to further advance the accreditation agenda in the Papuan region.

## EOFO 2: The Poor and Vulnerable Benefit from Improved Village Governance

This outcome area aims to support Gol to strengthen village and community structures and relations to promote community driven development for improved basic services. The focus at the village level is to:

4. Enhance **village government** capacities to effectively manage village funds for improved basic services delivery;
5. Strengthen **village institutions** to facilitate governments and communities to deliver inclusive village development; and
6. Increase representation of **communities** and their aspirations in village institutions and development processes.

KOMPAK works with Gol and communities to ensure the appropriate systems and structures are in place and functioning in accordance with the 2014 Village Law. This outcome area focuses on initiatives ensure that formula-based and timely fiscal transfers are made to villages by the local governments, mainstreaming basic services into village plans and budgets, and that they are transparent and accountable. In addition, communities, particularly women and the poor, are involved in the village development processes and benefit from greater access to basic services and economic opportunities. The approach brings together top down policy support with bottom up locally driven initiatives.

KOMPAK supports national Gol to complete the subsidiary regulatory framework, in addition to supporting local governments to translate these into local policy. To support alignment between policy and practice, KOMPAK supports the development of national strategies and tools aligned with this policy framework (for example training modules and guidelines) with a special focus on village financial management and utilisation of funds. Further, KOMPAK also supports local governments (district, sub-district and village) and communities in KOMPAK target locations to test e-learning applications in varying contexts leveraging existing initiatives and learning platforms.

To ensure a holistic approach to working with both village authorities (supply) and communities (demand), KOMPAK also engages with civil society organisations to increase its reach and capacity, whilst also building productive relationships with the local government. KOMPAK focuses on; village level accountability and transparency, communities' role and engagement in basic service delivery, representation and influence of women and marginal groups in village processes, and evidenced-based village planning for better basic services and economic opportunities for poor communities. Learning and good practice is gathered, analysed and shared locally for improvement and replication, as well as nationally for scale-up and to inform national policy and programs.

KOMPAK implements this strategy by focusing on achieving two **Intermediate Outcomes** which KOMPAK believes play a critical role in achieving EOFO 2. Underpinning this strategy are a number of assumptions as follows:

**EOFO 2**  
The poor and vulnerable benefit from improved village governance

**Intermediate Outcome 3**  
Village Governments are leading evidence-based and pro-poor village development

**Intermediate Outcome 4**  
Communities and their institutions are effectively engaging with village government for inclusive and transparent village development, including on frontline services

If village governments have better systems, and more control combined with clearer guidance, then they will be able to absorb more funding and be more confident to make expenditure decisions. If village governments better understand the needs of the poor, women, and marginalised groups and they are supported through supervision and facilitation, then village funds will be increasingly allocated to supporting service delivery and village development that aims to benefit the poor, women, and marginalised groups. If there is increased engagement of the poor, women, and other marginalised or vulnerable groups, and supporting institutions such as CSOs, in village discussions, decision making and planning, then village decisions and plans will be more accountable to the needs and interests of these populations.

To enable KOMPAK to deliver on this EOFO the following programmatic areas represent the Facility’s current focus:

**Focus Area 2.1: Enhancing Village Government Capacities for Basic Services and Economic Opportunities**

<b>Problem statement</b>	<i>Village governments and officials do not have sufficient information, capacity, and support (from kabupaten and kecamatan) to execute their roles and functions effectively for evidenced-based and pro-poor utilisation of village funds.</i>
<b>Contribution to KOMPAK overall results framework and linkages</b>	
<b>EOFO 2</b>	The poor and vulnerable benefit from improved village governance
<b>Intermediate Outcome 3</b>	Village Governments are leading evidence-based and pro-poor village development

Since 2015, as a result of the village law (2014/6), villages have received a significant increase in funds from national government and subsequently greater responsibility for administering these funds. In line with national government priorities, KOMPAK’s work in this area initially focuses on support to central government (MOHA, MOV, MOF, PMK) in the establishment of the regulatory framework on village authorities, procurement, reporting and financial management, as well as critical community driven development aspects such as community facilitation, local decision-making processes, provision of basic services, community participation and social accountability. With main regulations in place, KOMPAK’s support has shifted to support districts and villages to translate these national policies into local regulations and guidelines for effective implementation. The focus is both on content (technical advice to develop and disseminate a basic guidebook for districts on priority regulations and key aspects to be reflected in local policies), as well as the process, with support to local government to facilitate a participatory processes and deliberation when developing regulations.

KOMPAK has learned that overarching tools and guidelines for capacity strengthening of local government are most consistent in content when provided by national government (based on regulations) but are best delivered locally by adapting to local capacities, contexts, and priorities. This local approach involves leveraging existing learning forums and platforms, and resource allocation from local budgets (district and village) for sustainability and replication. At the national level, KOMPAK initially supported MOHA’s design of an overarching village



government capacity strengthening strategy and development and testing of training modules and ICT tools. KOMPAK's technical support has since shifted to local application of the strategy and testing of modules and tools with provincial, district, sub-district and village governments (in KOMPAK target locations). KOMPAK also supports integration of national tools into existing local structures (learning forums, coaching clinics, facilitation support and so on) to strengthen the sub-district role to oversee and mentor village governments, and to help village governments effectively manage village funds. A direct reporting line between KOMPAK local technical advisors in KOMPAK target locations and MOHA, provides direction and, in exchange, the national government receives evidence on how to institutionalise their strategy in varying contexts and locations across Indonesia.

Timely and accurate data is an important prerequisite to support village governments and communities to decide the best use of village funds. Transparency and accessibility of the data itself and the process of utilising the data to inform plans and budgets at the village level can also empower communities to monitor accountability of their village governments, local governments and decision-makers. This activity therefore also provides technical support to villages through training to strengthen data availability, management, resourcing and use for evidence based planning and budgeting.

## LANDASAN

As mentioned above under EOFO 1, LANDASAN contributes to the delivery of both Outcome 1 and Outcome 2 of KOMPAK. In terms of village development support, the program pulls together a number of tools and approaches for testing under the one project umbrella in a consolidated manner. It supports adoption and appropriation of select government and community-led guides, tools and approaches supported by KOMPAK for the Papua and West Papua context. More specifically, the adoption of the capacity strengthening of village (kampong) government will help MOHA to learn through targeted piloting how national strategies and tools need to be modified and resourced for Papua and West Papua if they are to be scaled. Support for improved village information systems focus on strengthening SAIK that is already in place. The village level intervention through LANDASAN is designed to have a specific GESI focus. For example, the community-led tool TRATA will be integrated and utilised in relevant local forums and through local partners as one strategy for raising community awareness about use of village funds in a social and interactive setting. LANDASAN is also testing approaches on how to empower and increase indigenous women's representation and ability to influence village development process in both Papua and West Papua. A specific learning objective is for KOMPAK to be able to develop a comparative analysis between the LANDASAN approach to women's engagement and influence and that of similar activities in other locations.

### Highlights of progress to date:

**Subsidiary legislation for village law implementation.** Seven national regulations supporting village law implementation were finalised with significant input from KOMPAK. At the sub-national level, 39 district head regulations (Perbup) in regard to Village Authority, Village Financial Management, and Guidelines for Village Planning and Budgeting/APBDes were finalised and 91 are in draft form as a result of assistance from KOMPAK. Support has been provided to both the content, through technical assistance from staff and consultants, and the process, through support to broadening the consultative process and running field tests (*uji petik*). These regulations bring the national regulations and the village law to the village, providing greater clarity and guidance to village governments, with consideration to the specific conditions of the district.

**Support to village planning and budgeting.** Village planning and budgeting training for sub-district staff and community facilitators, aims to increase the capacity of the sub-district government and community facilitators (PTPD) to provide assistance to village governments in their financial management tasks. The preliminary results of KOMPAK's analysis of 119 villages shows an increase in village allocation to basic services in general, and specifically to health and education which saw an average increase of 5.4 percent and 3.7 percent respectively. Very positively, the results also indicate an increase of 3 percent for initiatives targeting women's and marginalised groups.

**Village Administrative and Information System (VAIS).** This initiative has been implemented in 205 villages in Papua and West Papua. VAIS is operated by Cadres and used to assist village government in monitoring key village development indicators, and which facilitates gender disaggregated data. To date a total of 429 Village cadres have been trained in VAIS to which has enabled them to collect and update the village data. The VAIS is now operational in 95 village governments in Papua and 104 in West Papua. The utilisation of VAIS in developing village plans and budgets has positioned the village governments to better address health and education issues.

**Focus area 2.2: Strengthening Capacities of Village Institutions and Stakeholders towards Pro- Poor and Inclusive Village Development**

<b>Problem statement</b>	<i>Village councils and institutions (including facilitators) do not adequately function to ensure transparent and inclusive village development processes</i>
<b>Contribution to KOMPAK overall results framework and linkages</b>	
<b>EFO 2</b>	The poor and vulnerable benefit from improved village governance
<b>Intermediate Outcome 4</b>	Communities and their institutions are effectively engaging with village government for inclusive and transparent village development, including on frontline services.

The village law (2014/6) outlines a critical role for the village council (BPD) to ensure participatory, inclusive and transparent village development. The main BPD functions are to: 1) work with village heads to prepare village regulations; 2) facilitate the village assembly (*musyawarah desa*) to set community priorities for village development; and 3) review village plans and budgets. In reality, however, the BPD capacity is weak, they lack financial resources, lack influence and community awareness is low.

If KOMPAK is to support improvements in village governance for pro-poor development, particularly to influence village budget allocations to basic service delivery, strengthening the BPD is essential. As an initial priority, KOMPAK support focuses on policy advice to MOHA to draft the village council regulation. This is coupled with technical inputs to develop technical guidelines on the roles and functions of the BPD aligned with this regulation. At the local level, technical advisory services to local government will help to translate the national regulation into local policy (PERDA).

As the challenges village councils face in strengthening their role and visibility in the village are both technical (capacities) and political (relations and influence), KOMPAK will also work at the community level through a partnership with CSOs. This work aims to strengthen village government accountability to the community by testing local complaint handling mechanisms. This work also builds on trialed and tested ‘*Sekolah Anggaran*’ (Budget School) to equip village councils with the knowledge and tools for effective monitoring and reviewing of village budgets and expenditure.

By law the BPD is part of village government, and is under the responsibility of MOHA. This area of work will therefore look at opportunities for integration of KOMPAK support to MOHA for village government capacity strengthening and BPD capacity strengthening at the local level. This strategy may help to promote better engagement between the two and more efficiently leverage existing platforms for village strengthening as one entity that may prove to be more sustainable.

**Highlights of Progress to Date:**

KOMPAK has partnered with the National Secretariat of the Indonesian Forum for Budget Transparency (Seknas Fitra) to implement additional activities to strengthen BPD and village leadership. One of these activities, *Sekolah*

*Anggaran Desa* (village budget school), focuses on training and mentoring of BPD members in key PFM aspects such as planning and budget processes, budget review, budget tracking and analysis, community engagement and budget transparency. Further to this, the training also included a special focus on how to promote women and vulnerable groups' participation in village development. As of December 2017, 1,032 participants from 16 villages have been enrolled in *Sekolah Anggaran Desa*.

### Focus area 2.3: Increasing Representation of Communities in Village Institutions and Development Processes

<b>Problem statement</b>	<i>Communities, civil society and private sector lack the mechanisms with which to engage with village governments and hold them accountable for village development and basic services delivery.</i>
<b>Contribution to KOMPAK overall results framework and linkages</b>	
<b>EOFO 2</b>	The poor and vulnerable benefit from improved village governance
<b>Intermediate Outcome 4</b>	Communities and their institutions are effectively engaging with village government for inclusive and transparent village development, including on frontline services.

To complement KOMPAK support to national and local governments, this area of work focuses on equipping communities with information, tools, incentives and capacities to engage effectively with government to oversee decision making processes and ensure transparency and accountability in use of village funds. The key focus is on the engagement of women and marginalised groups, based on learning and evidence that women and marginalized groups are underrepresented in decision making processes. KOMPAK has learned that where women are equipped with knowledge and access to become directly involved in village planning, they are able to forge productive partnerships with village government and influence decisions and leverage resources to address their priorities.

To achieve this, KOMPAK aims to strengthen female cadres and their engagement with village governments in the village planning processes. The work will focus on leadership and facilitation capacities of women cadres, in addition to piloting and testing of social accountability tools to improve village planning and budgeting processes and access/quality of service provision. Alongside strengthening female cadres to improve participatory and inclusive development, KOMPAK will test community approaches to improve village transparency and accountability. Moving forward, KOMPAK will be working on institutionalisation of social accountability tools into government and civic engagement processes.

#### Highlights of Progress to Date:

**Women's empowerment.** KOMPAK has supported women's empowerment through *Akademi Paradigta* which is implemented by the Association for the Empowerment of Women Heads of Households (PEKKA). The initiative aims to prepare women to participate in and facilitate more inclusive and participatory village decision making and development. To date 470 female cadres in 87 villages across seven provinces<sup>37</sup> graduated from the 2016 intake of the program. In addition, 219 mentors, also from the seven provinces have been trained, and a further 160 have been identified for the next training round. Mentors have three years' experience as a PEKKA cadre, or have completed *Akademi Paradigta* and are willing and able to support future *Akademi* participants. 21 educational coordinators have also been trained and assessed to have the knowledge and skills to implement

<sup>37</sup> Aceh, West Java, Central Java, West Kalimantan, NTT, NTB, and South-east Sulawesi.

the *Akademi Paradigta* program. As of December 2017, KOMPAK has supported 75 *Akademi Paradigta* classes, in seven provinces and trained 2,524 women cadres from 464 villages in 33 districts/cities.

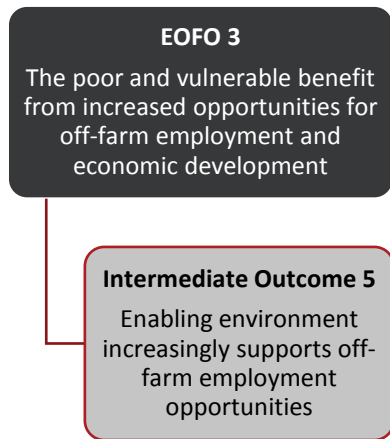
### EOFO 3: The Poor and Vulnerable Benefit from Increased Opportunities for Off-farm Employment and Economic Development

This outcome area aims to support GoI in increasing economic opportunities for the poor by increasing options for off-farm community-based livelihoods and employment opportunities. KOMPAK works in close partnership with the government to improve national level policy and strategies for technical and vocational training and financial inclusion for the poor. At the sub-national level, KOMPAK works with the GoI, communities, village apparatus and the private sector to trial a number of frontline, non-distorting experimental activities to increase access to economic opportunities for the poor at the village level.

KOMPAK is implementing this strategy by focusing on achieving **Intermediate Outcome 5 – “The poor and vulnerable benefit from increased opportunities for off-farm employment and economic development”**. Underpinning this strategy are a number of assumptions:

If low income communities have increased access to and knowledge of affordable and convenient financial services and economic opportunities, then this may accelerate their path out of poverty. If local level economic development initiatives utilise market information and promote the principles of Human Centered Design then village based enterprises and off-farm livelihoods will be more successful. By experimenting with a range of low cost approaches, and combining this with research and evaluation, KOMPAK will be able to provide strategic advice to the Government of Indonesia for scale up of promising initiatives.

During the first three years of the program KOMPAK operationalised this outcome area through three focus areas as seen in the sections below. These focus areas will remain the same subject to further guidance and decisions from the SC on further refinements needed for the next four years, as recommended by the IPR. While the outcome area is expected to be maintained, the focus will narrow to only cover employment and economic development at the sub-national level (e.g. village, sub-district and district levels). Financial inclusion may remain as a part of an integrated approach to improve enabling environment under this Outcome, while vocational training (TVET) initiatives will be gradually phased out. The SC has decided that these changes will be gradual and that a staged approach will be taken now until end of June 2018 to review which activities will be continued or not.



### Focus Area 3.1: Improving the Market Orientation of the Village Economy

<b>Problem statement</b>	<i>Communities and villages lack an understanding of enterprise development, market awareness and interaction with market stakeholders</i>
<b>Contribution to KOMPAK overall results framework and linkages</b>	
<b>EOFO 3</b>	The poor and vulnerable benefit from increased opportunities for off-farm employment and economic development.
<b>Intermediate Outcome 5</b>	Enabling environment increasingly supports off-farm employment opportunities

There are a large number of Micro, Small and Medium Enterprise (MSME) based livelihoods programs already running in Indonesia, including those run by the government. These include KUBE PKH, Cooperatives, Sekaya Maritim, PKKPM as well as others run by NGOs. Many of these show limited return on investment. These programs are often dogged by issues with facilitators, repayments of loans, and a lack of coordination between stakeholders. The spread of responsibilities across multiple ministries also makes it difficult to identify which models are the most effective. Further, wholesale promotion of BUMDesa by some ministries, but with minimal support to establish and run successful businesses has led to many villages starting BUMDesa that do not meet the needs of the community and, at times, compete with existing local businesses.

KOMPAK will address this by conducting research into the enabling environment that may increase economic opportunities for the poor, women and vulnerable, focusing on how to support the range of MSMEs and livelihoods programs that already exist. Based on this research, KOMPAK will aim to create an enabling environment for MSMEs and BUMDesa by utilising a PDIA/Human Centred Design approach, convening local actors from the supply (producers), demand (market/community) and intermediary (government representatives and CSOs) sides, who will collectively identify the issues specific to each location and possible solutions for implementation. The content and key actors will therefore look different in each area, but KOMPAK’s focus will be on the analysis and development of the broader process, as well as the tools that support the development and management of MSMEs and BUMDesa, so that this approach and these tools can be replicated in other areas.

These activities will be implemented by a coalition of CSOs, the private sector and local governments, and will support the development of peer-to-peer capacity-building mechanisms to enable dissemination beyond the project’s direct beneficiaries. GOI is currently developing a ‘brokering strategy’ to link livelihood groups to markets, and KOMPAK’s market linkages model is one of the models being adopted into this strategy. KOMPAK will work also closely with Bappenas, which coordinates a sustainable livelihoods program, to share learnings and promising interventions for potential scale up.

#### Highlights of Progress to Date:

Under the village law almost 20,000 village-owned enterprises, or BUMDesa, have been established. BUMDesa are set up by the village with village seed funding, to provide services or contribute to the economic development of the village. However, many BUMDesa fail to provide a significant benefit, or make a profit. KOMPAK’s approach focuses on peer learning and knowledge sharing, with two main activities. To date six roadshows have been attended by 239 villages to increase awareness of village communities and local governments on village economic development, and to develop networks between BUMDesa stakeholders. As a result, 29 BUMDesa received technical assistance to manage their BUMDesa. The initial results are encouraging

and new business ideas are now being funded. For example, BUMDesa with the following businesses have been developed; bottled water, village markets, collaboration with private sector to establish BUMDesaMart.

**Focus Area 3.2: Strengthening Technical Training For The Poor And Vulnerable Communities**

<b>Problem statement</b>	<i>Poor and vulnerable lack access to quality training that meets the needs of employers and the wider market</i>
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**Contribution to KOMPAK overall results framework and linkages**

<b>EOFO 3</b>	The poor and vulnerable benefit from increased opportunities for off-farm employment and economic development.
<b>Immediate Outcome 5</b>	Enabling environment increasingly supports off-farm employment opportunities

Vocational training in Indonesia can be accessed through the school system where some high schools offer vocational courses, as well as through 279 government run vocational training centres and numerous privately run courses. Many lack the high-quality trainers, industry linkages and community outreach required for them to play a key role in the enabling environment. Lack of local government commitment to overcome low skills issues also contributes to low productivity of their labourers. Research shows persistent complaints by employers that graduates lack the relevant knowledge and skills, reflecting the “urgent need” for vocational training centres to develop industry linkages to ensure their courses remain relevant. Work competency standards aligned with the needs of industry are crucial for vocational training centres. Currently the standards are minimal and/or outdated, resulting in a lack of standardisation of vocational training and unmet needs for skilled labour.

At the National level KOMPAK has supported industry associations, technical ministries and education institutions to develop and/or update national work competency standards (*Standar Kompetensi Kerja Nasional Indonesia*) for vocational training programs. KOMPAK has also supported the development of a national strategy for local industry-driven skills development, to be piloted in seven locations. This will provide the local government and training centres with strategic advice on how to implement skills training programs which meet local industry needs, as well as how to engage the relevant stakeholders to develop and pilot effective outreach strategies. Following IPR recommendations and as agreed in the SC meeting, these activities will be phased out during 2018 and transitioned into GOI funding.

**Highlights of Progress to Date:**

To improve training according to local skill development needs, KOMPAK has provided technical assistance to Bappenas to design and pilot seven Skills Development Centre projects. These operate in cooperation with the Ministries of Labour, Education, and Industry, along with the Chamber of Commerce and industry associations and local governments. This will initiate coordination of all training provider activities under the above three key ministries to address the local need for skilled workers. Seven local governments have been identified to pilot the concept and GOI has allocated IDR167 billion to run the pilots.

### Focus Area 3.3: Financial Inclusion for the Poor and Vulnerable

<b>Problem statement</b>	<i>Poor and vulnerable groups lack capacity to access financial services. Whilst financial service institutions lack information on the needs of the rural poor and vulnerable regarding financial services.</i>
<b>Contribution to KOMPAK overall results framework and linkages</b>	
<b>EOFO 3</b>	The poor and vulnerable benefit from increased opportunities for off-farm employment and economic development.
<b>Immediate Outcome 5</b>	Enabling environment increasingly supports off-farm employment opportunities

Access to finance is a common issue facing Micro, Small and Medium Enterprises (MSMEs) in Indonesia, particularly those run by the poor and vulnerable. Recent literature highlights the need for complementary activities and functioning of other public services to assist social protection programs to move beyond poverty mitigation to poverty reduction. Such activities include promoting financial inclusion and access to credit. On the supply side, vulnerable groups lack the knowledge and capacity to access financial services, whilst on the demand side, financial services institutions lack information about the needs and capacity of the rural poor and vulnerable groups. This has resulted in unmet needs and, consequently, inadequate take up of these services by vulnerable groups.

KOMPAK has been working with the Indonesian Financial Services Authority (OJK) to support the creation of pro-poor financial literacy materials, with a focus on the elderly and disabled. The focus on these groups is aligned with the direction in RPJMN and National Strategy for Financial Inclusion (SNKI) to increase the outreach of basic services, including ‘inclusive economic means for disadvantaged communities, including persons with disabilities, women and the elderly’, as well as priorities for DFAT and KOMPAK. Increasing accessibility for these target groups will result in universal access. These materials has been piloted and utilised by CSO partners and the banking sector.

KOMPAK has provided policy inputs for Bappenas, the Coordinating Ministry for Economy and OJK for strengthening the implementation of the national strategy for financial inclusion for inclusive growth and to increase access to financial services for people with disabilities. This has included a study to provide policy advice and development, dissemination and evaluation of financial literacy materials for this target group.

#### Highlights of progress to date:

As part of the implementation of National Strategy for Financial Inclusion, KOMPAK has supported OJK in developing financial literacy materials and procedures for enhancing financial access of specific target groups (people with disabilities and elderly). In total 228 participants have received the training in the eight financial literacy modules to date. In addition, KOMPAK has also supported online dissemination and ToT for civil society, and village institutions in five financial literacy modules for elderly. Based on experience to date, effective engagement in national level policy and piloting for economic opportunities requires budget and human resources beyond KOMPAK’s current capacity under EOFO3. This national level work engages ministries (Ministry of Labour, Ministry of Education, Ministry of Industry, and the OJK) that add to KOMPAK’s five core partner ministries. Whilst there have been key achievements in policy advocacy and strategy design, synergy with the other KOMPAK outcomes and activities under this EOFO are limited. However, moving forward and based on SC recommendations, this work will refocus to support local economic development initiatives through strengthening enabling environment and community participation at the subnational level.

## 4. GESI Strategy

As stated in Australia’s Foreign Policy White Paper, a focus on poverty reduction and promoting the participation in the economy and society of the most disadvantaged, including women and girls and people with disabilities, is key to ensuring economic growth, prosperity and stability.

KOMPAK currently provides a unique platform to progress Australia’s foreign policy concerning women’s empowerment and social inclusion across Indonesia’s 75,000 villages. KOMPAK enables women and marginalised groups to be more active in village development and governance through a range of social accountability measures and seeks to influence policies that affect these groups. KOMPAK supports poor women to have greater confidence and voice in village and household decision-making. Official endorsement from the Ministry of Villages to use a grassroots women’s empowerment model to strengthen village governance (achieved through KOMPAK’s advocacy) will provide a springboard for KOMPAK to further strengthen its women’s empowerment activities.

KOMPAK works to identify and support people with disabilities (PWD) through awareness raising and advocacy. The program engages with PWD advocacy groups to ensure the needs of PWD are considered when allocating village funds.

### KOMPAK’s Approach to GESI:

Promoting gender equality and social inclusion (GESI) is central to KOMPAK’s work. To assist KOMPAK in ensuring that achievement of KOMPAK’s goal includes and prioritises women and marginalised groups, a Gender Equality and Social Inclusion (GESI) Strategy (2017-2018) which adopts a twin track approach to addressing GESI (Annex 5) has been developed. This strategy involves:

- **GESI mainstreaming:** This aims to ensure GESI is an integral part of planning, preparation, implementation, monitoring, evaluation and reporting in all outcome areas; and
- **GESI focused initiatives:** These aim to address particular inequalities, identify and test promising strategies for replication, or otherwise inform future program development.

Building on this twin track approach, the strategy seeks to identify opportunities and mechanisms for integrating GESI into KOMPAK interventions. This approach has led to three core areas of engagement (policy, participation, and mainstreaming) across each of KOMPAK’s EoFOs. The rationale for selection of these engagement areas remains valid for the next four years. This is summarised below.

**Table 3: GESI Areas of Engagement**

End of Facility Outcome	Areas of Engagement		
	(1) Policy	(2) Participation	(3) Mainstreaming
<b>EoFO 1: Local government and service units better address the needs of basic services users</b>	Ensure policy engagement includes GESI related analysis and recommendations	Facilitate representation of women, people with disabilities, and other marginalised groups in local government and service delivery related policy and planning	Promote attention to understanding and responding to disaggregated needs, particularly those of women, people with disabilities, and other marginalised groups in frontline service planning, delivery, and monitoring



<b>EOFO 2: The poor and vulnerable benefit from improved village governance</b>		Promote women’s, people with disabilities and ethnic minorities leadership and participation in village development processes	Promote attention to understanding and responding to disaggregated needs, particularly those of women, people with disabilities, and other marginalised groups in village development planning processes
<b>EOFO 3: The poor and vulnerable benefit from increased opportunities for off-farm employment and economic development</b>		Identify and test strategies or models for promoting economic opportunities, including financial inclusion, for women and PWD	Increase attention to women’s, PWD and ethnic minorities labour force access and participation in relevant GOI policy and programs

KOMPAK’s GESI Strategy<sup>4</sup> outlines the practical strategies in the above areas of engagement that KOMPAK will use to promote GESI. It identifies the relevant performance indicators that will be used to track KOMPAK’s progress towards: improved access to quality basic services for poor women and the most marginalised, and greater economic opportunities for poor women and the most marginalised. These strategies include:

**Contributing to the body of evidence and learning on what works and why** for increased policy dialogue with government on gender equality and inclusion related to RPJMN goals for improved service delivery and economic opportunities. Initiatives will aim to link to and build on dialogue of MAMPU and its partners;

- **Supporting locally-led solutions** for poor women and the most marginalised to improve their access to quality basic services and economic opportunities;
- **Leveraging government and non-government champions and existing networks and creating opportunities to build coalitions for change** to help women and the most marginalised gain agency and resources to make decisions, build confidence and act in their own interests. Specifically, this includes working with champions from MAMPU and Peduli;
- **Supporting experimentation and innovation to create long-term positive** shifts in gender relations and inclusion that will improve access for women and the most marginalised to basic services and economic opportunities; **and**
- **Investing in strengthening KOMPAK team** capacity, understanding and commitment to gender equality and social inclusion and what this means for programming at all levels.

While this strategy has generated some positive results to date (see most recent GESI review document<sup>38</sup>), KOMPAK has also acknowledged the IPR findings and recommendations. KOMPAK therefore seeks to improve its current delivery mechanisms moving forward to better support the implementation of the GESI strategy (IPR recommendation 18). The peer review and independent appraisal suggested that KOMPAK strengthens its GESI strategy by strongly articulating what gender-focused action will amount to, beyond increasing women’s participation in village development, and by incorporating women’s economic empowerment through the lens of gender-responsive economic governance. An updated GESI strategy reflecting these considerations will be prepared by August 2018. KOMPAK will also seek greater collaboration with MAMPU partners on the ground to pursue a more deliberate and resourced partnership.

Strengthening implementation of the existing strategy will focus on:

*Activity Selection:* KOMPAK will strengthen the focus on GESI specific activities with appropriate resourcing. Priority GESI activities moving forward likely include but are not be limited to: scaling village female cadres to leverage village resources to meet their needs and priorities related to health, education, legal identity and

<sup>38</sup> Review of the KOMPAK Gender Equality and Social Inclusion Strategy, October 2017

nutrition; testing strategies and forums for indigenous women to effectively engage in and benefit from village development in Papua and Papua Barat (Landasan); and to improve availability of village data on persons with disabilities to better target resources. Priority interventions in each province, including with greater focus on the service unit, will be identified during the development of KOMPAK's provincial plans.

*Leveraging DFAT program partners:* In the first phase KOMPAK engaged with MAMPU partners on an ad hoc basis pursuing discrete activities of common interest. For example, in South Sulawesi initial joint activities with MAMPU partner, Aisiyah, are underway to improve quality of puskesmas services and their responsiveness using complaint handling where there is potential for MAMPU to support the demand side, and KOMPAK to focus on supply side reforms and response mechanisms. KOMPAK will map these and other opportunities and work with MAMPU in the regions to initiate a more deliberate and resourced partnership.

*Resourcing and program positioning:* During the initial period of KOMPAK there was only one GESI advisor providing advice and support to implementation across the program. It has been acknowledged that this is not sufficient considering the increased level of engagement at both national and sub-national levels and complex and broad focus of KOMPAK. To ensure greater leverage and integration, GESI work (with proposed additional budget) will be managed within a cross-cutting team of work sitting under the Team Leader. Moving forward additional human resources will be dedicated, and in the interim will focus on leveraging the 2-3 additional team members in the program with gender and inclusion backgrounds. These staff can help integrate GESI in to existing initiatives and work across projects to share good practice and integrate GESI approaches. This strategy avoids hiring a dedicated GESI advisor for each provincial office which is both costly and shifts responsibility for GESI to one team member in each province, rather than making GESI 'everyone's business'. GESI will be integrated in to staff TORS and the need for additional GESI staff training, building on training already provided, will be assessed.

*Quality Assurance:* To strengthen mainstreaming of GESI across KOMPAK, the GESI team will provide technical support strengthening program Quality Assurance processes within the Project Management Cycle. Project analysis and design, selection and development of activities, indicators, monitoring and evaluation will incorporate GESI aspects and be reviewed and approved against these. Technical support to manage this will be provided to teams to more effectively utilise KOMPAK's existing GESI project Checklists and Action Plans developed for this purpose, under the direction of the Team Leader.

*Learning for Results:* Working more closely with the CLEAR team, the GESI team will invest more in learning and evaluation of activities. The team will also facilitate cross-sharing of smart practice for replication within KOMPAK's broader knowledge management strategy. Where cross learning is happening in an ad hoc manner, for example supporting East Java to replicate Aceh's model of *Musrena* (women's planning meeting) alongside Musrenbang, KOMPAK's GESI team will provide technical support to ensure these activities are well planned, appropriately resourced and properly followed up to track progress and results.

Finally, as part of the expanded Activity Designs and Provincial Road Maps, GESI activities, mainstreaming approaches and indicators will be established and incorporated in both types of documents to enable higher level of accountabilities of staff and program delivery. The GESI Strategy itself will be revised to reflect changes being proposed.

## 5. Innovation

Some of the challenges identified from the first four years related to KOMPAK's innovations work included; a lack of 'buy in' from the other program areas; a lack of common understanding of innovation amongst teams; its unique association with IT-based solutions, and the perception of innovations as stand-alone activities facilitated through a separate project (Project 10).

This revised innovation strategy takes into account the IPR recommendation 19 and DFAT's management response to innovation. The strategy also builds on a broader definition of innovation encompassing innovation in terms of non-traditional development partners, modality, approach, new technology and focus. Criteria for innovation in KOMPAK will therefore focus on two key issues: first, to what extent do these activities contribute towards KOMPAK outcomes? And second, do these activities have the potential to overcome the challenges identified in this aspect of KOMPAK's work to date? This may, in practice, result in KOMPAK turning away some excellent interventions, however this strategy is required to ensure 'buy in' from other program areas and to maintain focus on the achievement of stated outcomes.

To ensure that all KOMPAK financed innovations contribute towards the delivery of at least one outcome area, the innovation teams will ensure that new investments are technically grounded in one of the three outcome portfolios. Likewise, any innovation initiatives generated by the outcome or provincial teams should include the innovation team at the design stage to ensure behaviour change approaches, existing technology or innovative approaches are incorporated.

At the strategic level and based on lessons learned during the three first years of innovation work, there are possibilities for moving this agenda forward in the next four years.

**Support for Sustainable Innovation Ecosystems:** Many social and profit-motivated innovations are often not sustained, because there is no adequate funding source, or low skills or unfavourable markets. Emerging innovations need to be supported and linked to promote sustainability. KOMPAK can play a strategic role in supporting an 'innovation ecosystem' as facilitator, broker, connector, and accelerator – but not as do-er. Such activities embrace Peer to Peer learning; promoting information sharing via online platforms; facilitating innovation hubs initiated by local governments in KOMPAK working areas, etc.

**Digital Government Innovations:** 2016 saw the start of the so-called third wave in the development of the internet: the Internet of things became the Internet of everything (when all are connected to the network). KOMPAK can take an enhanced role in supporting or piloting initiatives in digital or IT-based innovation that potentially have a huge opportunity for 'disruptive' innovation. KOMPAK can support innovations that have strategic, long-term and sustainable impacts such as innovations on digital government. Some activities will include block chain, the Go! One Data policy and district dashboards.

**Developing Alternative and Sustainable Financial Resources for Development:** Alternative financial resources for social impact innovations are clearly needed. Many social innovations that have beneficial impacts and scale-up potential are slowly drained of resources because they lack continuous funding or human capital resource streams. Creative, innovative and sustainable strategies are needed to address resource drains (e.g. **crowdfunding, development bonds**). Both private and public long-term funding is required and resources must be allocated in a holistic way which maximises synergies among funding streams.<sup>39</sup> KOMPAK can take a leading role in developing and supporting this alternative finance resource strategies for social impact innovations or for development work. This that **includes coordinating existing resources from government, donors and philanthropy and developing platforms to solicit sustainable resources that go beyond fixed-term grants and project specific funding.**

<sup>39</sup> For more about developing sustainable development financing see: <http://www.un.org/esa/ffd/wp-content/uploads/2014/12/ICESDF.pdf>

In addition to the above specific innovation areas, KOMPAK will continue to strive towards incorporating innovation in all aspects of delivery. Following the broad definition of ‘innovation’, innovation in systems, institutional setup, processes, and regulatory frameworks of all aspects of service delivery improvements are possible.

### **Project Management for Innovation Activities**

One of the lessons learnt by KOMPAK during its first three years is that project management for Innovation can be challenging. Clearly defined goals and mission, as well as, day-to-day project management are essential to implementation and ensuring that a program achieves its goals and stays within the confines of its original scope. The absence of a clear organisational framework and project management strategy for the operation and oversight of innovation activities, can lead to disorientation of the program itself, like having a perfect car without having a good driver. Building upon this experience, KOMPAK has structured its Innovation operations into core components so that and special consideration can be applied to the following:

- **Attached versus Detached (Mode of Activities Delivery):** It is necessary to separate innovation activities and outcomes that are **directly supported by KOMPAK from those where KOMPAK acts as an intermediary to help others produce new innovations or sustain them.** Activities and outcomes that KOMPAK directly supports will be part of KOMPAK’s Outcome Work Plan (**attached to outcome activities**). Oversight and management of indirect and supporting activities such as ‘room to innovate’, or ‘crowdfunding’ will be provided by independent teams with separate budget and staff resources (**detached from outcome activities**) for each initiative. Innovation activities that are attached to outcome activities will be implemented and managed by either KOMPAK’s national implementation or Sub-National implementation Team, depending on the type of innovation activity. For example, UMD, Bunda Text-Talk, Jek-duk will be managed directly by sub-national teams at the provincial or event district level, while innovation activities such as block-chain, social development financing, etc. will be managed by Jakarta-based implementation team.
- **Strategic Partnership versus in-house delivery:** Strategic partnerships will be developed. When appropriate, strategic partnerships will be used because they can lead to efficiencies, synergies and sustainability. **Innovation activities that directly contribute to the achievement of outcomes managed by KOMPAK will be implemented through in-house delivery methods.**
- **The positioning of the Innovation Unit within KOMPAK: Innovations is a cross-cutting priority** across KOMPAK’s work areas and should be under the direct oversight of the Chief of Program. In doing so, the Team Leader can ensure innovations activities are well connected and monitored, contributing to KOMPAK’s beneficial impacts and successes. Innovations would have resources for **“detached” activities** aimed at piloting and testing new initiatives, and some that are integrated into the program implementation budget. Having a direct line of reporting to Team Leader will enable strategic direction on innovations and coherence with program activities.

## 6. Delivery Model

KOMPAK is considered to be a Facility with flexible delivery mechanisms which will enable it to adapt and iterate as the program matures and political context changes. The program will be delivered mainly through core staff placed at the national and sub-national levels through a self-implementation modality. However, value for money principles will be applied to define the best use of resources and in cases where the justification is strong, Implementing Partners/Strategic Partners will be used. Further, acknowledging the many technical areas and aspects of the program, specialist external technical consultants will be hired on a need basis to complement core KOMPAK staff in certain areas.

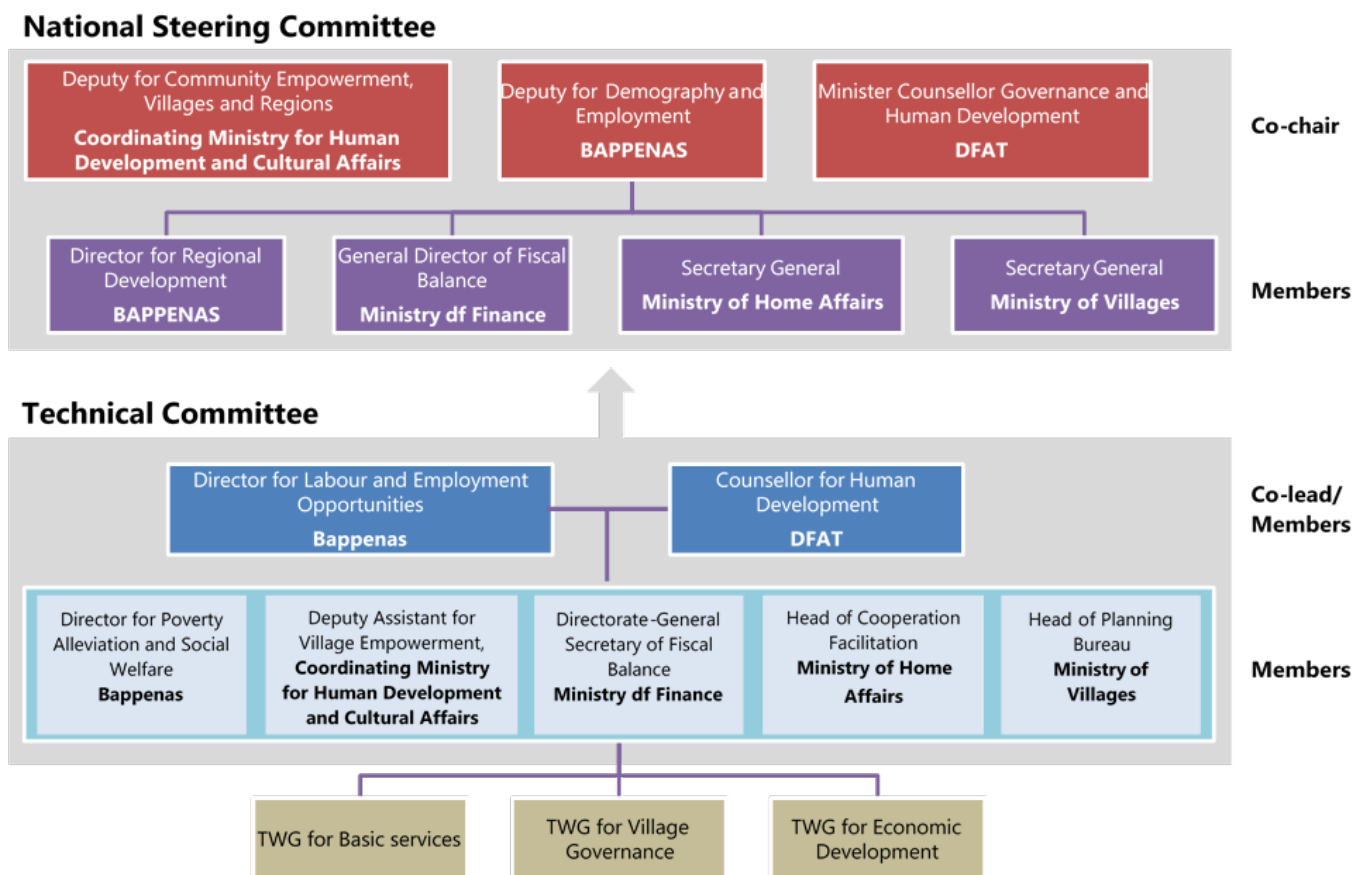
Further, considering the nature of KOMPAK’s interventions, GOI’s ownership, involvement and institutionalisations will be key to KOMPAK’s success. Hence, the governance structures, day-to-day operations and financing strategy are geared towards government integration.

The below sections describes these relationships and strategies in more detail.

### Governance Structure

The KOMPAK governance arrangements has continued to evolve as GoI institutional arrangements become clearer during the initial phase of KOMPAK. The current governance structure is as follows:

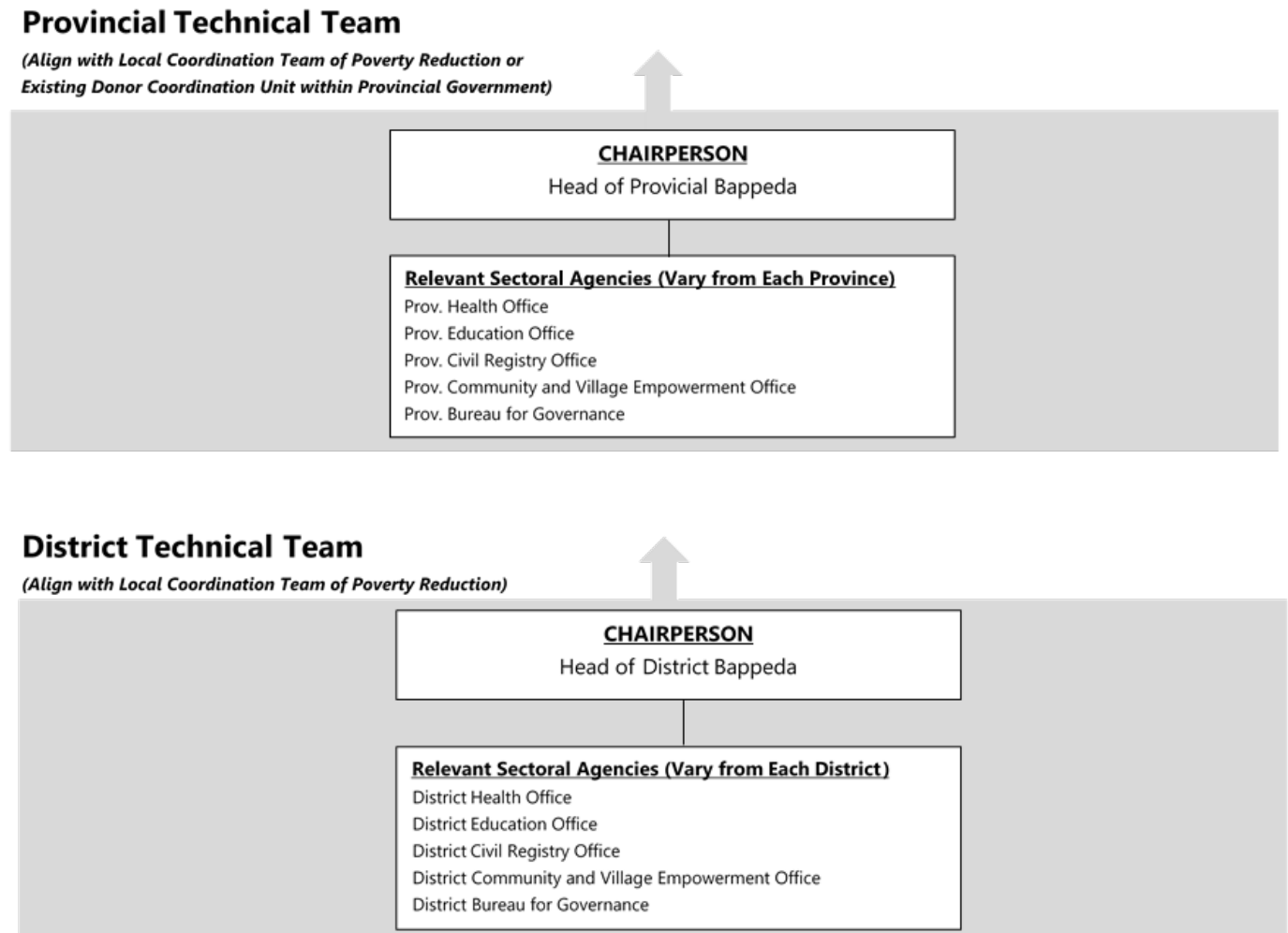
Figure 7. National Governance Structures



While the above governance structures have been working very well, the current composition is being reviewed and updates are expected following the IPR recommendation 7 and DFAT management response. However, these revisions are subject to final agreement during the Subsidiary Arrangements negotiations.

Further to the national structures, the following structures have been established at the provincial and district levels to ensure local ownership and harmonisation of local programming.

**Figure 8. Sub-National Governance Structures**



Joint government and KOMPAK technical teams at provincial (PTT) and district (DTT) levels were established to act as key decision-making bodies and to coordinate the delivery of technical assistance provided by KOMPAK. The technical teams present in each province are accountable to the Governor and the Bupati (Regent), and chaired by Bappeda, and KOMPAK at the national level. The teams are comprised of multi-stakeholders including the Health Office, Education Office, Population and Civil Registry Agency, Community Empowerment and Village Development Agency, Social Service Office, and Bureau for Governance and other relevant agencies that are responsible for the implementation of activities.

### KOMPAK Steering Committee

The Steering Committee (SC) is the highest decision-making forum for KOMPAK and it provides strategic guidance with the following duties and functions as follows:

- Provide guidance to strengthen and to ensure harmonisation and coordination across the ministries related to KOMPAK activities;
- Provide strategic direction to the design and implementation of KOMPAK’s activities at national and sub-national levels;
- Approve the Annual Strategy, SOP, Work Plan and Budget as well as other strategic decisions and/or documents;
- Review, discuss, and decide on activities proposal based on recommendations from Technical Committee;
- Monitor progress on achievement of program / activity implementation and endorse reporting on KOMPAK’s progress and results including BAST reporting.

## KOMPAK Technical Committee

The SC is supported by a Technical Committee (TC) that focuses on specific policy issues and activities related to KOMPAK’s three strategies. The TC meets every six months and is responsible for the overall coordination of activities in the relevant ministries, including:

- Coordinate and communicate with the SC in terms of progress achieved and follow-up required;
- Endorse Standard Operating Procedures (SOP) for KOMPAK Activities;
- Reviewing and approving annual Technical Assistance plans;
- Jointly endorse annual KOMPAK provincial workplan with provincial technical team;
- Provide technical supervision and encourage the implementation of approved work plans.

## Thematic Working Groups

Thematic Working Groups were formed to discuss issues and updates on the three achievements of KOMPAK, these groups meet at least every three months and have the following roles:

- Organise communication forums and technical discussions across ministries / agencies as well as Strategic Partners to ensure coordination in accordance with the three outcome themes (basic services / village governance / development of economic opportunity);
- Coordinate KOMPAK activities undertaken by relevant Ministries / Agencies and Strategic Partners to ensure integration and harmonisation of implementation, and prevent overlap of activities;
- Provide technical policy input, technical review of regulations, and other technical recommendations to the TC as requested by the Chairperson of the TC.

## Provincial Offices and Sub-National Arrangements

Considering the nature of the program and the sub-national delivery mechanisms, Provincial and District Technical Teams have also been established to complete the KOMPAK governance structures from national to local levels. These two teams have the following roles and responsibilities:

Level	Structure	Roles and Responsibilities
Local Government	Provincial Technical Teams (PTT)	<ul style="list-style-type: none"> <li>• Review and support the provincial agenda and disseminate work plans with participating district governments, including identification of target districts for replication;</li> <li>• Act as an information center in support of dissemination / communication of good practice and learning with other districts and various stakeholders, including the wider community and legislature (eg DPRD);</li> </ul>

Level	Structure	Roles and Responsibilities
		<ul style="list-style-type: none"> <li>• Annual planning and budgeting for joint implementation;</li> <li>• Monitoring and oversight of districts in program implementation</li> <li>• Coordinate and prepare for six monthly provincial reporting</li> </ul>
	District Technical Teams (DTT)	<ul style="list-style-type: none"> <li>• Formulating regional strategies in the fulfilment of basic services and integration into medium-term development plans, including the integration of minimum service standards in regional planning and budgeting documents</li> <li>• Preparation of local regulations (e.g. delegation and extension of authority from the Bupati (Regent) to the Camat (Head of Sub-district), optimising village funds for basic services)</li> <li>• Annual planning and budgeting</li> <li>• Capacity building of other government units (district to sub-district, district/sub-district to village)</li> <li>• Supervising and monitoring program implementation</li> <li>• Coordinating and preparing the biannual reporting</li> </ul>

## Facility Management and Implementation Support

### Short and Long-Term Technical Advisors to Government

A second delivery modality for KOMPAK has been to provide technical advisors to support the government based on demand and benefit for implementation specific program activities. While it is recognised that this modality is very much appreciated by the GOI counterparts, the Refresh Team identified through consultation a clear need to **revisit and tighten the criteria for the use of embedded long- and short-term Technical Assistance (TA)** in ministries. Further, moving forward it will also be necessary to ensure that the TAs are providing advice in line with overall KOMPAK strategies and goals. Thus, a clear set of criteria should be agreed to by the Steering Committee and adhered to when receiving requests at both the national and sub-national level. Such criteria could emphasise that technical advisors:

- must be inter-ministerial or inter-departmental within an assigned Ministry;
- must be policy focused and not replace the functions of government staff;
- must be output-based and specify a concrete set of deliverables;
- must report to KOMPAK and DFAT as well as GoI;
- must be directly related to KOMPAK EoFOs; and
- must be time bound.

In addition, the process for requesting TAs has also been rationalised and streamlined through the KOMPAK governance mechanisms. The new process means that TA requests will need to be integrated into the annual work plan process in which: 1) the Steering Committee endorses the criteria for KOMPAK TAs as part of the work plan approval, 2) Needs for TA in each Ministry (number and specifications of TAs) are discussed and agreed upon by the Technical Committee, and 3) Technical Committee reviews and approves requests for TAs on a six-monthly basis.

### Strategic Partners

In addition to direct implementation by KOMPAK (self-implementation) and short-term and long-term Technical Advisors (TAs), KOMPAK also works with Strategic Partners (SPs) who are NGOs, CSOs and universities, leveraging their networks and expertise to deliver KOMPAK's activities. This strategy is sound and will be



continued. However, for the next four years KOMPAK has tightened the criteria to ensure focus on KOMPAK outcomes based on lessons learned from the initial period of implementation and as a direct response to the IPR recommendation 5. These criteria have been developed based on initial lessons from these partnerships and the principles for future engagement will include:

- Engaging with national-level Strategic Partners only when those national partners bring value-added in terms of: (i) concept and design, (ii) policy advocacy, engagement, and uptake at national level, (iii) monitoring and impact evaluation, (iv) capacity to bridge the evidence to policy gap, and (v) already well-established networks in the regions, including with local CSOs, and can build capacities of local CSOs on the issue at hand. These national-level partnerships could be managed overall by KOMPAK Jakarta, but the design and implementation would require intensive involvement of the provincial teams. The provincial teams would oversee the field work of the local CSO partners. Accountability mechanisms would also need to be put in place for the local partners to coordinate with and report to KOMPAK province managers.
- Engaging with local CSO partners when their skills and capacities are needed to: (i) implement a local-specific strategy or intervention, (ii) deliver a specific set of activities in a specific location, (iii) trial some interventions that are part of KOMPAK's theory of change through different local approaches, (iv) complement KOMPAK's direct interventions (e.g. KOMPAK works on supply-side village government strengthening, partner works on demand-side community empowerment), and (v) provide technical assistance to local governments for a longer-term capacity development goal. These local-level partnerships could be managed by KOMPAK provincial offices. This would require co-design of activities between KOMPAK sub-national offices and the local partner, with clear accountability and integration of the partners' work into KOMPAK's work plan. KOMPAK Jakarta must provide technical guidance and support.

A 'health-check' will therefore take place based on the above considerations to determine KOMPAK's future engagement with its strategic partners. Further, over the next four years there will need to be a clear delineation of work responsibilities between KOMPAK directly implemented activities and those of the SP to avoid overlap. This will be facilitated through:

- stronger relationship between the SP and provincial offices, with possibility of building accountability mechanisms between the local partner and provincial offices;
- while overall management and decision-making processes may remain at the national level, day-to-day working relationship and coordination will be under the responsibility of the province managers;
- the provincial office shall play a role in monitoring implementation of activities by the strategic partners;
- for any new Strategic Partner contracts, the provincial managers shall be consulted and take part in the design and work plan development processes; and
- for selection of locations, the provincial managers shall be consulted as part of the decision-making process.

Given the need to ensure sustainability through coherence and consolidation, the ongoing Strategic Partnerships needs to be reviewed and rationalised. KOMPAK shall revisit the purpose of each Strategic Partner engagement and assess the relevance, effectiveness and efficiency of their work with KOMPAK based on the new criteria referred to above. However, it will also be critical to maximise continuity and keep up momentum for the activities that will continue over the next four years. To help maximise such continuity the 'continuing' SPs that meet the above criteria, will be directly engaged, rather than going back to market.

## Geographic Strategy

KOMPAK has gradually expanded its coverage from two initial provinces to the current seven provinces, 26 districts and 48 sub-districts (see Annex 5 for full list). This expansion has been accompanied with an expansion of KOMPAK's provincial offices and presence. Moving forward KOMPAK will remain in the current target areas

and, if deemed necessary, go deeper and broader within current engagement areas. Considering that the remaining period will focus on consolidating and complementing work already started in the current locations to leverage investments already made, the rationale for limiting expansion to new provinces is strong. However, rather than close the door unequivocally on this option, there is the possibility of expanding if opportunities emerge and justification for such expansion will further contribute towards the delivery of KOMPAKs overall goal. Therefore, and as recommended by the SC in February 2018, KOMPAK will explore the potential to add East Nusa Tenggara as an additional pilot province, further strengthening KOMPAK's focus on Eastern Indonesia.

Further to this, DFAT has specific interests to continue KOMPAK's focus in Aceh and Papua, as KOMPAK's support in these special autonomy provinces can help the local governments to improve the quality of the otsus-funded policies and programs, as well as to help them to prepare to transition out of otsus status and funding. Otsus period will end in 2022 in Aceh and in 2025 in Papua.

While the main concern has been to define target areas, it is also necessary to define criteria for when to exit a target area. This is of course a very sensitive and controversial issue, but nevertheless necessary. It should be noted that there are both positive and negative reasons for exiting a target location. KOMPAK is committed to testing its sustainability strategy by existing successful districts before 2022 and monitoring the consequences. There are also locations where take-up of KOMPAK activities has been limited, prompting an analysis of whether resources could be better spent elsewhere. Criteria for **exiting** districts:

- Lack of commitment from the local government – based on willingness to allocate local budget to finance replication or scale-up of activities after field-testing has been completed; and willingness to pass necessary regulations to facilitate implementation of the activity;
- Lack of alignment and coherence between local government priorities and KOMPAK's Outcome areas;
- Lack of commitment from civil society counterparts – based on poor implementation of activities, or lack of coherence between KOMPAK outcomes and CSO priorities
- Overcrowding of donor-funded programs in the area without clear value-add of KOMPAK; and
- KOMPAK has completed all activities successfully – based on completion of all milestones in all activities in the district workplan. As not all activities will be completed simultaneously, some activities may be handed over to government over a staggered timeline. In each case a clear exit strategy at the district level will be outlined by KOMPAK in advance and in collaboration with the district government.

## Financing Strategy

KOMPAK has a very clear investment mandate and has to date fully financed a majority of its activities. Moving forward, and in line with its new approach to replication and scale-up, it will be expected that financial contributions by GOI for activities will increase over time. Considering the limited resources available in KOMPAK to fully finance replication and scale-up activities in all target areas, it is expected that national and local governments will provide both in-kind and financial resources for such scale up activities directly. This strategy is not only related to monetary contributions, it is very much linked to achieving sustainability of activities and to ensure full institutionalisation and integration of successful activities into GOIs own systems and institutions.

The nature of these financial contributions will be negotiated between KOMPAK and GOI counterparts during the inception of all new activities and timelines for gradual financial handover will be agreed. For existing activities such financing strategies and timelines will need to be discussed. The failure to reach an agreement of cost-sharing and eventual hand-over of activities, will result in fewer project activities and locations than originally anticipated.

Measuring leverage is important and represents an indication of how well KOMPAK is designing and delivering useful contributions to improved service delivery solutions to GOI. KOMPAK has successfully leveraged GOI funds on a number of specific investments during its initial period of implementation as recorded in the KOMPAK 2017 Value for Money assessment. As program activities mature and gain more traction it is expected that the ratio between KOMPAK and GOI contributions to activities will either remain the same or increase.

There is however one lesson to be mentioned regarding GOI financing of KOMPAK initiated activities. The timing is crucial and considerations for GOI's planning and budgeting processes and timelines will need to be followed. To enable financing of activities through APBN/APBD, decisions by the various governments to implement a certain activity package will need to take place early in the year prior to being financed (FY-1). If it is not, it becomes harder for the local governments to finance implementation and it may take as much as another year before this is possible.

## Monitoring, Evaluation and Learning

KOMPAK graduated from its start-up phase into full implementation in 2017. As KOMPAK has evolved, so have its needs, requiring the Facility to reassess the systems that have been established to support how KOMPAK monitors change, evaluates impact and captures learning.

Throughout 2017 several significant changes occurred; full-scale implementation resulted in a shift of focus and management from the national to the sub-national level, a subsequent restructure of teams to provide more technical assistance to the sub-national teams, and an incorporation of communications and learning into the team responsible for performance, research and evaluation.

Based on these evolving needs and experience to date, a key priority for KOMPAK falling under the MEL area of work is to develop the tools and capacity for learning and adaptive programming. KOMPAK is designed as an iterative, adaptive program. This means that KOMPAK will not only have to *respond* to the changing policy priorities of the two governments, but that implementation will *adapt in real time* as lessons are learned about what is working and what isn't. This requires putting in place a system that encourages regular and frequent review and reflection. KOMPAK has now institutionalised both a three-monthly and a six-monthly 'time-out' where implementing staff sit with technical advisers and senior management and consider project performance. This requires not only a review of progress against the plan (inputs and activities) but also against the understanding of how change actually is happening, and thus the extent to which it mirrors how we thought it would happen. And this is where the iterative adaptation occurs.

Such an honest and self-critical reflection process took the best part of two years for KOMPAK to put in place. Early 'time-out' events were largely data collection exercises, matching implementation to the work plan. As experience and confidence grew within KOMPAK teams (and among Strategic Partners), discussions became more like 'interrogations', and less like *ex post* 'justifications'. Deepening these critical reflexive processes is a major priority for KOMPAK over the next four years.

KOMPAK will continue this evolution based on the four IPR recommendations on how KOMPAK should improve how it monitors, learns and evaluates interventions:

- **Recommendation 14:** 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.
- **Recommendation 15:** The IPR team recommends that KOMPAK ensure timely delivery of collated data to the provinces to feed into their regular workshops and meetings.

- **Recommendation 16:** 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.
- **Recommendation 17:** 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.

As a design and implement facility KOMPAK accepts and welcomes the opportunity to revisit indicators, monitoring and evaluation tools and the Project Management Cycle (PMC). Implementation teams across the program also recognize this opportunity and that the original frameworks that were put in place need to be refined in order to reflect the learning and evolution of the program to its current state. This process will be consultative, ensuring that all levels of staff are able to provide input. The revision process is already underway and, as per the IPR recommendations, this revised framework will be in place before August 2018.

Implementing these recommendations requires a reassignment of roles in the main teams within KOMPAK’s organisational structure and a revised monitoring system, which will enable an increased focus on day-to-day monitoring, adaptation and learning by the sub-national teams combined with longer-term or ad hoc studies by the evaluation team. This section outlines the ways KOMPAK will achieve this.

Further, KOMPAK has since mid-2017 commenced development of a Management Information System (CASPIO) which is currently in use but will be further expanded to become a more effective management tool as also identified by the IPR team (IPR recommendation 14). CASPIO currently provides some basic project management functions, such as monitoring achievement of workplan outputs and expenditure. The MIS is accessible by all staff, and various dashboards have been designed for different groups of users across KOMPAK. Currently KOMPAK is expanding and strengthening the MIS to fulfill other critical functions, such as integrated data management for monitoring, evaluation and reporting purposes, consolidating strategic partner reports, and tracking implementation progress by province. It is envisioned that the MIS will house important data from various sources including GOI, partners and KOMPAK’s own data collection in a single system. In doing so, KOMPAK aims to analyze and use the data more systematically to inform program decisions internally, as well as to report back externally to GOI and DFAT. Additional expertise on systems analysis and software development is being sought to upgrade the existing MIS to enable more effective and efficient project management, monitoring, evaluation, and reporting.

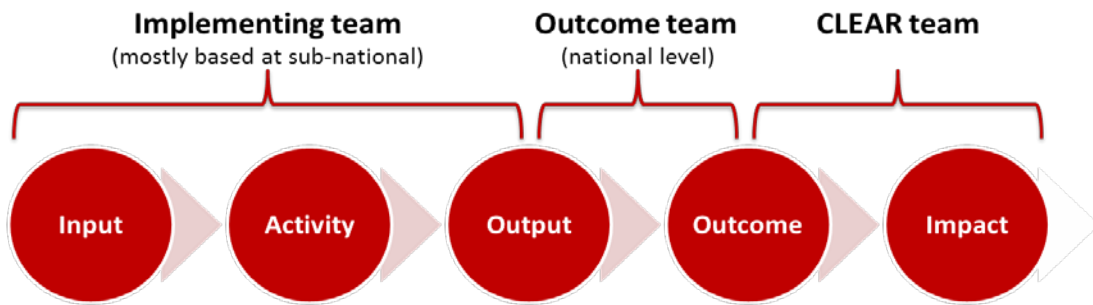
## Restructure and Roles

In the first 18 months of KOMPAK the responsibility, authority and resources for implementation were held at national level. Staff at sub-national level were then recruited to implement projects in the provinces. This was modified in 2017, when greater authority and resources for implementation were given to the newly established sub-national teams. The national teams were to focus on national level activities and provide technical advice and support to the sub-national teams.

The other significant change was to combine communications with the team responsible for performance, research and evaluation, and to create a new role focused on learning. This became the CLEAR team (Communication, Learning, Evaluation, Analytics and Reporting). This change also reflected a need for improvements to the way that KOMPAK communicates results.

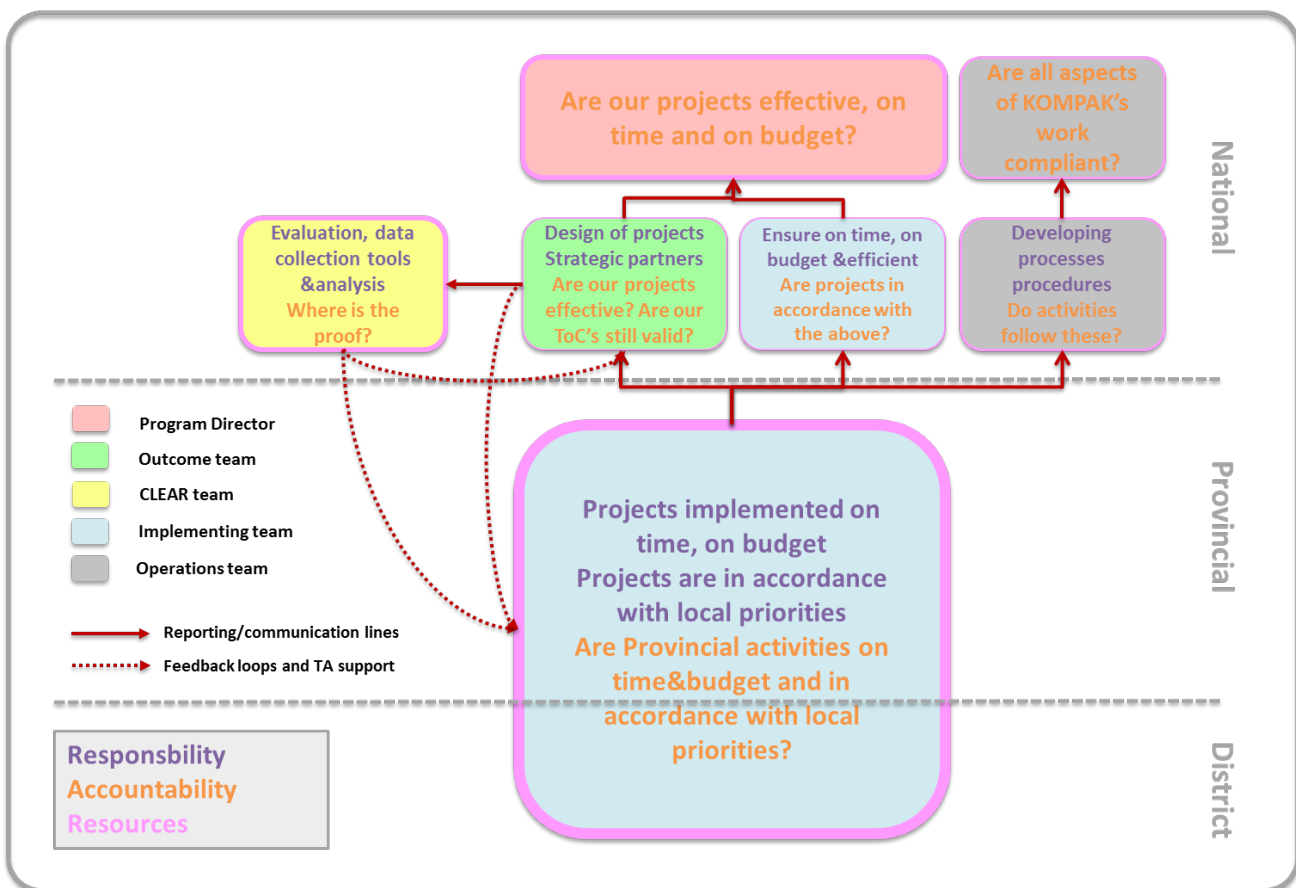
To avoid further confusion, the division of roles and responsibilities will be adhered to as follows:

**Figure 9. Division Of Roles and Responsibilities**



The revised version offers an option for determining allocations of responsibility, accountability and resources for the next four-year phase. More details are provided in the below diagram.

**Figure 10. KOMPAK Roles and Responsibilities for Monitoring and Delivering Result**

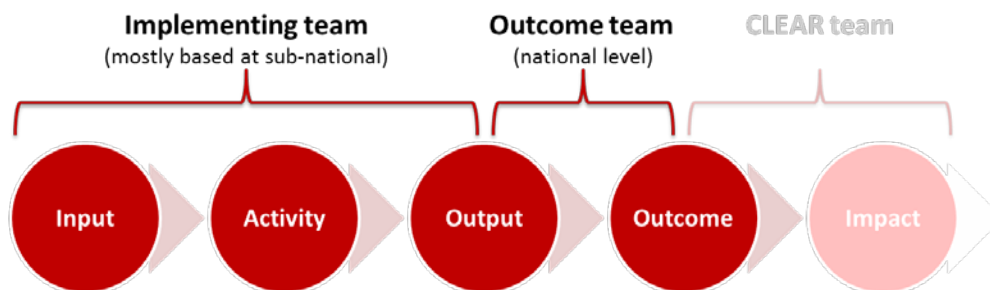


Under this structure the sub-national implementation teams not only have responsibility for ensuring that activities are on time and on budget, but that they are implemented as intended. This additional responsibility will provide a first line of monitoring and analysis about the usefulness of KOMPAK's interventions. The national

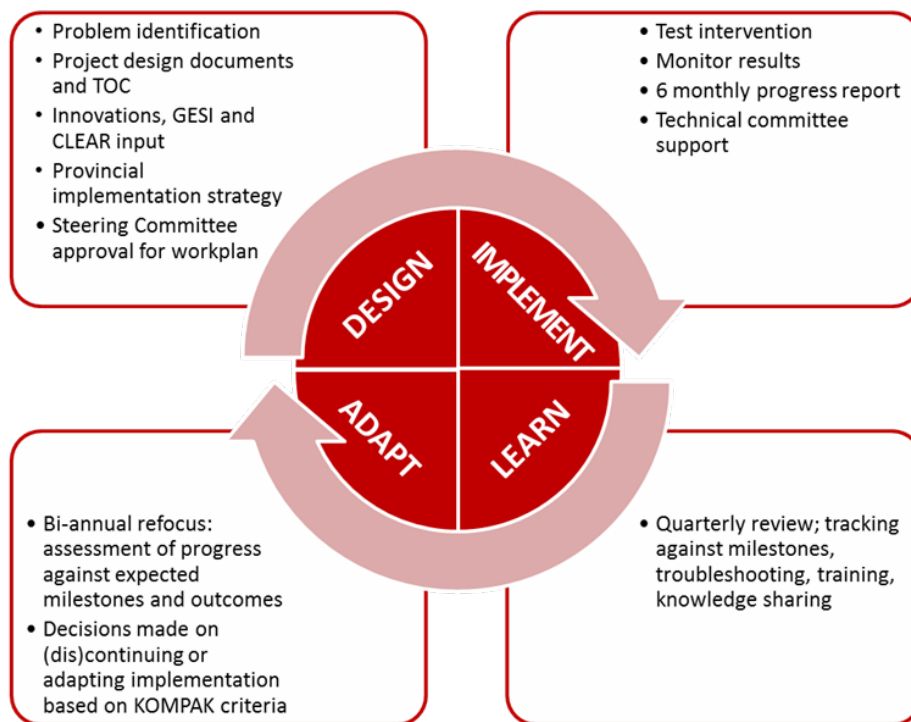
outcome team’s main responsibility is to deliver national level projects, support the design of all KOMPAK’s projects, provide quality assurance during implementation, and to determine the effectiveness of KOMPAK’s projects towards achieving outcomes. The CLEAR team will continue to collect data on Facility level indicators, provide analysis of progress at the facility level and lead the learning and documentation process. In addition, CLEAR will provide technical support to the outcome and provincial teams to identify project level indicators, support data collection for monitoring and provide data management and analysis.

The key purpose of this revised structure is to integrate design and implementation with monitoring and learning, to enable adaptation and responsiveness to changing circumstances. Implementation teams need to be empowered to adjust work plans and activity schedules and to add new activities or drop non-performing ones without the hindrance of a major bureaucratic process. Changes of real substance will also need review by Outcome teams.

### Implementation and Monitoring – from Inputs to Outcome



To implement the above, KOMPAK will follow the following iteration of its Project Management Cycle (PMC):



The above PMC provides KOMPAK with a clearer approach to monitoring, learning and adaptation. Two further types of documentation will be key components of the above PMC:

- **Activity Designs** will ensure activity coherence, detailed guidance to all program staff at all levels, and a framework for monitoring performance, analysis, and learning. Until now, KOMPAK has operated with Activity Concept Notes and Umbrella TORs to ensure coherence and streamlining of activities. In future these documents will be combined into what is referred to as Activity Design documents which will incorporate complete activity descriptions, MEL specific framework, GESI guidance, and timelines; and
- **Provincial Road Maps** will ensure provincial level coherence and linkages between national KOMPAK strategies and local policy priorities. It is expected that implementation and activity composition will vary by location considering the different contexts, actual needs and policy environments. In 2017 KOMPAK prepared provincial profiles. These profiles will moving forward be updated and expanded to provide a complete provincial framework for KOMPAK program delivery in each area adjusted for local context and needs.

These documents will be treated as living documents and will be used in quarterly reviews and biannual refocus activities. They will be updated annually based on the learning throughout the year and will provide the basis for the development of annual provincial workplans.

This PMC is driven by the Outcome and Implementation/provincial teams; the former gaining answers to whether their projects are effective and leading towards outcomes, and the latter enhancing understanding of whether activities are efficient and in line with the local context. This will enable KOMPAK to better track the institutional changes it seeks to make and whether the program's Theories of Change remain true or require refinement.

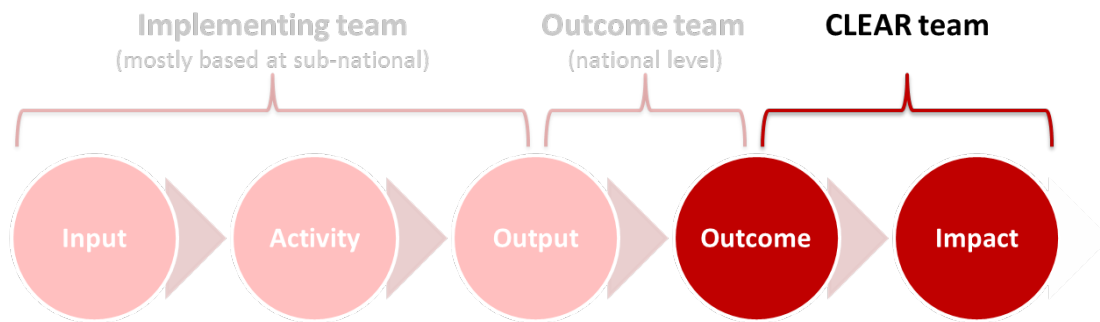
The role of CLEAR in this cycle is as follows:

- To provide inputs at each point in the cycle and to lead the quarterly reviews and the bi-annual refocus sessions;
- To provide the criteria and objective review of activities and projects that the Outcome and Implementation teams have put forward as having potential to be considered 'good practice' ready for scale up or replication and;
- To produce good practice products to promote replication and/or scale up.

The GESI and innovation teams are also required to provide input throughout, particularly at the design and adaptation phases to ensure efficiency and that all projects are promoting GESI. GESI Action Plans and checklists will be used in the Quarterly Review and Bi-annual reflection processes, enabling the GESI Manager to identify where resources should be targeted. The PMC will also be supported by Operations Team and KOMPAK's Strategic Advisory Team.

This system and the documents that support it are tested, regularly reviewed and adapted accordingly to ensure that they serve all the relevant teams. This process is driven by the CLEAR team. Online models may also be tested for increased efficiency.

## Evaluation and Learning – from Outcomes to Impact



The PMC is also designed to yield the information required to analyse progress and results at the Facility level (the Outcomes to Impact section of the diagram).

### Evaluation

KOMPAK's evaluation will include the following:

- Establishment of robust baseline data that provides the evidential basis to measure progress and Outcomes;
- Analysis of PMC information to describe progress across output and outcomes
- Impact evaluations of KOMPAK's work with the beneficiaries (information collected by the village government, facilitators and supplemented by monitoring and evaluation staff at provincial level);
- External evaluations and specific studies to examine the long-term impact of KOMPAK's work and as a response to any issues arising during Project implementation; and
- Rapid response studies to provide the GoI with 'just in-time' analysis. Current government procurement regulations make it difficult for government agencies to contract local think-tanks and research institutes to provide rapid-response services. KOMPAK will provide carefully selected 'rapid response' analytical services to ensure that government partners have the analytical inputs needed to make evidence-based decisions;

Performance Indicators and accountability lines are attached to each of the Outcomes and to each of the Intermediate Outcomes. KOMPAK indicators are aligned to the indicators defined by DFAT's Performance Assessment Framework (PAF) section at the Intermediate Outcome level and at the Project-level. Theories of change are tested and validated every six months, in response to the implementation and testing of project interventions and indicator data.

KOMPAK has developed a set of high level performance indicators that are attached to each of the EOFOs and IOs, are aligned with DFAT PAF indicators where relevant, and are attached to Project-level outcomes (See Consolidated Project-level Performance Framework).

KOMPAK has collected the necessary baseline information for each Project/Activity through the use of secondary sources and the undertaking of necessary primary baseline data generation Activities. This baseline data is used to shape the performance indicators and output targets for each Project/Activity.

The outcome and implementation teams, as well as Facility partners will monitor progress against the defined milestones and indicators (conducted with technical assistance from the CLEAR team) at the 'outputs to outcomes' level and will prepare progress reports as per agreed schedules with KOMPAK's Senior Management Team (SMT). This information will feed into the overall KOMPAK reporting to DFAT.



To implement the IPR recommendations KOMPAK will revisit indicators as part of the revision of the MEL framework. Systematic strategies will be needed to evaluate the extent to which KOMPAK has supported government efforts to improve developmental outcomes in education, health, legal identity and nutrition. To facilitate this, KOMPAK will build upon the 2017 baseline survey. The baseline survey established that KOMPAK and comparison areas were equivalent at the start of program activities. We plan to revisit all baseline study locations and participants to collect follow-up data and information. Additional data collection will make it possible to accurately estimate program changes over time and treatment effects due to KOMPAK program participation. Our methods ensure that changes are likely attributable to the KOMPAK program rather than pre-existing differences between treatment and control groups. Second, KOMPAK will use advanced statistical models (e.g. regression analysis, interrupted time series) to evaluate program impacts on theoretically relevant development outcomes that are linked to program inputs and activities. Building upon the baseline survey and utilizing advanced statistical modelling techniques will strengthen KOMPAK's ability to evaluate program effects and make claims related to program attribution.

## Learning

KOMPAK intends to **strengthen its synthesis, lesson learning and dissemination**. Here the CLEAR team has the major role to play. Working with the outcome teams it should lead on cross-district, cross-province and cross-activity learning: in short, all learning that requires synthesis and falls outside the remit of one team (be it a provincial team or an outcome team). However, for CLEAR to lead on this, CLEAR will take a more active role in guiding the technical and provincial teams in data collection, management and analysis to ensure that necessary data is collected and analysed. As KOMPAK enters its second year of full-scale implementation, it will focus on the following three priorities:

- Ensuring a **common understanding of KOMPAK's focus, tools and approaches** amongst staff; as an adaptive facility, KOMPAK takes responsibility for ensuring that all staff understand and can employ this approach in their work;
- Ensuring GOI involvement at all levels and in every step of the process to create ownership and increased understanding and learning throughout the process. This is particularly important to achieve the aim of GOI institutionalisation of interventions; and
- **Documenting evidence and lessons learned**; strengthening the feedback loops between the national and sub-national teams, as well as across sub-national locations is required for KOMPAK to deliver as a learning organisation.

To enact the above, all projects and activities will undergo regular reviews (a milestone tracking and troubleshooting review each quarter and a more in-depth refocus review every six months) to determine whether activities or projects need to be adapted, continued, replicated or dropped. Some key guiding principles for adding and dropping activities have been established:

- consolidation of **initiatives that have proven or have shown initial potential for success in the final stages of KOMPAK**. This narrowing of program focus implies focusing on certain initiatives, identification of what may still be 'missing' in these project initiatives, and continued iterations of agreed focus areas;
- consolidation by deliberate focus on strengthening the capacities of, and the systems and processes related to **national-district-sub-district-village relationships and linkages**. This area is closely linked with the above issue of coherence and linkages between the various levels in any initiative being implemented, or identifying the 'line of sight' from national to local initiatives and act accordingly. This will for certain projects imply an added focus on the district level to ensure all levels of the 'authorising' environment are targeted considering the important role and mandate of the district in local service delivery in Indonesia;
- consolidation by applying strict **criteria for dropping and adding activities** and indeed for 'exiting' districts or provinces. It is recognized that dropping activities or exiting certain locations may be

contentious. But it is important in that if KOMPAK wishes further to develop as a responsive and adaptive facility it needs to have the potential to exit initiatives that are not performing as well as envisaged. KOMPAK will develop an implementation index to quantify implementation progress and be used as a metric for making decisions about dropping or continuing existing activities. This will need close cooperation with DFAT and the GoI. Considering that KOMPAK needs to remain flexible, such criteria should provide guidance rather than be set in stone. Example of such criteria is found in Annex 1.

KOMPAK plays a facilitator in this regard by trailing different approaches for feedback and showcasing results to decision-makers in central government. This will require a strong combination of data, documentation, and communications to package the results in an effective way for various audiences including GOI, DFAT, other external stakeholders and internally within KOMPAK. KOMPAK also intends to work more closely with KSI to ensure that lessons and best practices generated by KOMPAK supported initiatives are made available to the wider development community.

### Quality Assurance Framework

KOMPAK has a detailed and comprehensive Quality Assurance (QA) process. The Guidelines (available upon request) include steps for developing and providing QA to all knowledge products generated by KOMPAK and its partners. KOMPAK has also developed a separate set of QA guidelines for partners (available upon request). These guidelines are to be applied by internal KOMPAK teams in the selection of high quality partners from the assessment of proposals, co-designing of activities and sub-activities to the submission and acceptance of deliverables and outputs. The guidelines are also intended to assist the partners to develop high quality deliverables consistent with KOMPAK's standards.

KOMPAK also incorporates quality assurance into its PMC. Regular and systematic points of assessment that both monitor progress and assess efficacy of interventions are key to managing developmental risk. In the above PMC there are key points that require external assessment and advice:

- **Design stage:** An annual process to; interrogate Theory of Change based on implementation to date; revise Activity Designs and develop Provincial Roadmaps; develop annual workplans based on Activity Designs and Provincial Roadmaps.  
**Inputs from DFAT and Strategic Advisory Team (SAT) and sign off on annual workplan by SC.**
- **Implement and Learn stage:** An ongoing and quarterly process governed by the milestones and indicators laid out in the Activity Designs and Provincial Roadmaps, quarterly knowledge sharing and troubleshooting.  
**Input from DFAT at Quarterly Review point and input from Technical Committee.**
- **Adapt stage:** A bi-annual reflection point to examine progress against outcomes and whether activities should stop, continue or adapted to ensure achievement of outcomes based on SC agreed criteria.  
**Input from DFAT and independent reviewers at bi-annual reflection, and Steering Committee agreement on stopping activities.**

This revised PMC will enable KOMPAK to receive regular input on the quality of its activities and early identification of potential developmental risks to feed into the Risk Management Plan.

KOMPAK is also contractually required to seek DFAT's approval for any (program or procurement) activity budgeted at or above \$ 250,000. This allows DFAT to closely monitor the program's efficiency and approach to procurement methods and program implementation.

## Strategic Advisory Team (SAT)

The primary purpose of the Strategic Advisory Team is to ensure the program remains relevant and on track to achieve the program's development outcomes as part of the KOMPAK quality assurance process. This is to be achieved through various inputs as required: regular annual review to ensure that KOMPAK is responding effectively to the changing policy context; its responsiveness to GoI requests and alignment of activities to GoI priorities; review of annual work plans and six-monthly progress reports; written accounts of how the program is tracking towards its goal and purpose; advice to address specific technical issues emerging within the GoI policy agenda. The SAT will advise the KOMPAK Executive Team and DFAT on the extent to which overall KOMPAK strategy remains on track to achieve its end of program outcomes.

It is expected that the annual review by the SAT is timed with the KOMPAK annual review and planning process to enable strategic and timely input to KOMPAK's internal processes. A specific Terms of Reference for the SAT will be updated to clearly outline the objective and scope of work.

## Independent Review Team

In 2018, an Independent Review Team involving appropriately qualified experts reporting to DFAT will be established to provide strategic oversight and advice to DFAT. It is envisaged that the Independent Review Team will coordinate its work closely with the Strategic Advisory Team in conducting regular assessments of KOMPAK's strategic direction, performance and impact (at least annually).

## Communications and Knowledge Management

KOMPAK's new Communications and Knowledge Management strategy (available upon request) aims to minimise the weaknesses and threats, while enhancing the strengths and pursuing the opportunities. The best way to achieve this is by increasing the visibility of the various project outcomes, and demonstrate to our targeted audiences the positive impact that our interventions have made to the poor and vulnerable in KOMPAK working locations.

The objectives of KOMPAK's communications and KM strategy are to:

- Increase the knowledge of, and access to, information for the GOA and GOI regarding KOMPAK's work and how this will meet the relevant government's objectives related to poverty reduction;
- Ensure that policy makers in the relevant areas are able to access sufficient information and gain sufficient knowledge from the programs' outputs and outcomes to integrate them into their decision-making process to achieve their sustainable development goals;
- Create interest among CSOs, the private sector and universities regarding the program's innovative ideas to create greater interest in partnering with the programs;
- Strengthen understanding and knowledge of the work that KOMPAK does for the Indonesian public, particularly in KOMPAK working locations.

Through the implementation of the communications and KM strategy, KOMPAK hopes to:

- Facilitate wider adoption of proven and sustainable models for improving service delivery and economic opportunities, based on learning from pilots.
- Build Indonesian public knowledge that Australia is working to support the GoI's poverty reduction program by improving basic services and increasing rural economic opportunities for the poor and vulnerable;
- Maintain collaboration, goodwill, and trust with all government levels, particularly in KOMPAK's working locations;
- Create positive attitudes amongst the general public about KOMPAK's work.

## Interface and complementarity with other programs

A way to further leverage resources and increase impact is to consider linkages and alignments with other DFAT-funded and other development partner investments. The focus sectors under KOMPAK's mandate to improve basic services for the poor and vulnerable are health, education, legal identity, and moving forward, nutrition. As a governance program KOMPAK has limited influence over the quality of services, but can provide valuable support to the planning, budgeting and management of schools, health centers and civil registry services. It is therefore important that KOMPAK identify opportunities for collaboration with other donor (particularly DFAT-funded) programs working on the technical aspects of these services, thus providing more comprehensive interventions. This is also a priority for DFAT to avoid duplication within its portfolio. KOMPAK will therefore seek opportunities for collaboration at both the national and sub-national levels with these programs. This could include joint lobbying and resource sharing at the national level. With implementation in 26 districts, KOMPAK may be able to provide examples of change to be used in advocacy efforts by other DFAT-funded programs. At the sub-national level, where locations overlap with other DFAT programs, KOMPAK could provide support to government and service units to influence funding for health and education, as well as improvements to the administration of these funds. For example, KOMPAK could focus advocacy and capacity development efforts on ensuring the minimum 5% budget allocation for health services is adhered to at the District level. Minimum Service Standards within health, and Early Childhood Development at the District level and below, are areas where KOMPAK is well placed to collaborate with DFAT-funded health and education programs, including partnerships with the World Bank and UNICEF.

In addition to sectoral collaborations, there is also potential to align with other DFAT programs in terms of approach. The Knowledge Sector Initiative (KSI) is promoting knowledge-to-policy systems, engagement in policy dialogue and processes at the sub-national level, which is in strategic alignment with KOMPAK's objectives. KOMPAK will continue to build on and learn from its local initiatives to collaborate with INNOVASI<sup>40</sup> and MAMPU partners<sup>41</sup> to pursue mutual objectives that can inform KOMPAK's strategy going forward for engagement with civil society partners and specific interventions in improvements in basic services. As part of strengthening its approach to gender equality and social inclusion, KOMPAK will finalize the mapping of common areas of work and MAMPU and Peduli CSO partners in KOMPAK regions to identify opportunities for collaboration, where objectives align, and to inform the approach and design for the next phase. KOMPAK will continue to engage with AIPEG<sup>42</sup> on competency based bureaucratic reform aligning advocacy efforts and sharing of good practice particularly as the current phase of AIPEG draws to a close and consolidates and communicates learning and results. KOMPAK will follow up on initial discussions with PRISMA to work together on BUMDES and market linkages. Further, KOMPAK is already collaborating with Mahkota (Towards a Strong and Prosperous Indonesian Society) in designing and delivering a Universal Child Grant program in Papua, and with AIPJ (Australia-Indonesia Partnership for Justice) in piloting a board game to improve transparency and accountability of village funds, and Local Solutions for Poverty (LSP) on mainstreaming basic services into Village Law implementation.

KOMPAK will aim to identify opportunities for collaboration with these, and potentially other DFAT-funded programs moving forward. To enable such collaboration with other programs, KOMPAK will need active DFAT leadership and guidance.

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<sup>40</sup> Initial discussion on KOMPAK technical support for addressing issues of Drop out school children "SABER DO" in North Lombok.

<sup>41</sup> Examples include: in Pangkajene and Kepulauan, South Sulawesi, KOMPAK and MAMPU partners jointly designed a Puskesmas complaint handling system; KOMPAK is facilitating knowledge transfer on Village Information System between village operator from Desa Rarang Selatan (East Lombok) to village operator from Desa Darek (Central Lombok) to support MAMPU's work on documentation of migrant workers.

<sup>42</sup> AIPEG will transition into AIECO moving forward.

KOMPAK has a long-standing working relationship with the World Bank, in particular in the areas of Inter-Governmental Fiscal Transfer arrangement and in community development (village law implementation). Most recently, there have been discussions around extending this partnership to also cover health sector challenges. In Papua and West Papua, KOMPAK will further strengthen linkages with UNICEF on literacy and basic education.

## 7. Operational Considerations

There are several manuals which are guide the operational aspects of delivering KOMPAK (see Annex 8). These will be regularly updated as required. This section therefore only covers a few essential points that are considered important in guiding some key operational aspects of the program in the future.

- **Adjustment of current internal delivery structures:** A restructuring was completed in 2017 based on the Review and Revitalisation Report (2017). While the restructuring resulted in more timely approval processes and faster response times to Sub-National requests for support, this change also resulted in some confusion over the triad of responsibility, authority and resources that is required for effective implementation. It also exposed a weakness in the KOMPAK system on who should be responsible for monitoring the effectiveness of projects. Therefore, the current structures will be adjusted moving forward, to maximize technical capacities and adequate support for sub-national implementation.
- **Address the gap between actual expenditure and BAST report:** Currently some of the personnel costs and operational expenditure is funded under the budget allocation for Activity Cost as these positions/expenditure are directly linked to delivery of activities. However, such types of expenditure are not recognised by GOI as approved expenditure for the BAST process, which therefore creates a large gap between actual expenditure categorised as an “Activity Cost” and what is recognised through the BAST process. Moving forward, all personnel and operational costs should be allocated under relevant fund allocation rather than as an Activity Cost. KOMPAK will also approach GOI to incorporate activities for communication, M&E, GESI, innovation and KOMAPAK’s governance mechanism (Steering Committee, Technical Committee, Working Group etc) to be recognised as approved activities in the BAST process.
- **Investing in developing an integrated staff performance management system:** KOMPAK will invest in developing an integrated performance based system to meet the professional development needs of staff and the annual salary review process. KOMPAK will provide support to professional development and develop relevant policies to facilitate that.
- **Implementation Unit:** Even though the administrative functions for each outcome area have close relevance to operational aspects, these functions are currently managed by dedicated personnel within the respective outcome teams. To further streamline these functions and to bring in operational consistency, a separate Implementation Unit shall be established within the Operations Team, but with a dedicated functional responsibility for each outcome area.
- **Incorporation of Sub-national teams for Grants management process:** KOMPAK will increase the involvement of Sub-national teams in grants management to ensure better and efficient coordination of activities delivered at the Sub-national level – both by its grantees and KOMAPK sub-national teams.

## 8. Risk and Safeguard Assessment

Program systems, process and internal controls enable KOMPAK to effectively identify and mitigate risk related to the operating environment, programming for results, safeguards, fiduciary aspects, relationships and reputation. KOMPAK risk management is a responsibility of the Contractor Representative. Implementation of the Risk Management Plan will be led on a day-to-day basis by the Team Leader, with delegated accountability to directors and leads.

KOMPAK maintains a Risk Register that is based on a high-level risk matrix (Annex 9) that outlines major risks that may affect overall delivery of activities. While the high-level matrix remains largely the same throughout the program, KOMPAK maintains a risk register that is updated on a quarterly basis and submitted to DFAT. KOMPAK also provides immediate updates to DFAT on any emerging risks identified through informal process (i.e. meetings, email communications, phone calls etc.). DFAT may directly manage these emerging risks especially when they involve risks to reputation and bilateral engagement.

KOMPAK's governance structure also has the provision for Quarterly Technical Committee (TC) meetings which is chaired by BAPPENAS and DFAT. These forums provide the opportunity for GoI, DFAT and KOMPAK to: raise and discuss issues, propose and agree on remedial actions, and provide updates related to program and project risk management as required. In the lead up to a TC meeting, Thematic Working Groups under each program outcome area provide the opportunity for lower levels of GoI, together with DFAT and KOMPAK to identify activity level risks and issues with proposed follow up actions to be taken to the TC as required. In addition, informal one on one meetings between KOMPAK Team Leader with key stakeholder in different GoI partner agencies allow the opportunity for early identification of risks, and if necessary, KOMPAK alleviates those with DFAT management for a coordinated approach to mitigate such risks. Similar meetings also occur in the provinces between Provincial Managers and key local government partners (including Governors and District Heads).

KOMPAK also has an internal Quarterly Review processes to review progress of implementation to date and any adjustment to implementation plan for the following quarter. One aspect of this forum is to consider and discuss activity level risks related to achievement of results and the operating environment, and agree on implementation of relevant risk management strategy. Staff understanding of the political economy and operating context, coupled with strong national and local relations allow teams to both identify and manage risk on an ongoing basis. DFAT is also engaging closely with the GoI to maintain a strong bilateral partnership which is proven useful when a risk arises.

KOMPAK is a complex governance program that is implemented in a fluid environment. Potential risks in the operating environment in 2018 include those related to political relations and engagement during the campaign for local elections and the post-election period. The campaign for local elections will begin in February and take place in five KOMPAK target provinces, including governor elections in Papua. This may alter relations and affect planned activities where newly elected governors or district heads shift priorities, and during the interim period (up to October) where Acting governors or heads of district do not have full authority. Strong working relations between KOMPAK provincial teams with local planning and sector agencies will help to manage this transition so that activities continue as planned. In the first phase, the program experienced cases where behaviour of strategic partners compromised local government relations. In these cases provincial teams were made aware through their relations with government, followed up on immediately involving Executive Management, and resolved with no disruption to activity plans or relations.

In Papua, there is potential risk to commitments that date back to 2014 supported by KOMPAK (previously AIPD), as well as new DFAT initiatives supported by KOMPAK related to malnutrition and effective utilisation of special autonomy (OTSUS) funds. KOMPAK is regarded as an important and close partner for government and

KOMPAK's responsive and flexible approach will assist the team to navigate the transition and forge new relations with newly elected local leaders. Moreover, the country will hold presidential elections in 2019, which may divert attention and resources of key stakeholders in government and civil society away from development programs. Hence, KOMPAK will make extra efforts to maintain the strong level of engagement with government at both the technical and leadership levels during this period. In anticipation of the election and a new government being put in place in 2019, KOMPAK has already started providing inputs to the drafting of the next Medium-Term Development Plan 2020-2024 to ensure policy uptake and sustainability of KOMPAK-supported initiatives.

DFAT's IPR of KOMPAK (November 2017) noted that the program is playing a strategic role in supporting Indonesia's decentralization agenda and aligns with Indonesia's own development objectives articulated in the National Medium-Term Development Plan (RPJMN). As a governance program, potential risk for KOMPAK is that measuring contributions to improvements in national and local systems, policies and processes can be difficult. KOMPAK is designed to be a flexible facility (with parameters) to be able to respond to changing contexts and conditions and remain relevant and on track towards objectives. There are three main ways in which KOMPAK operates to mitigate risk of not achieving results: KOMPAK governance arrangements (regular technical consultation and advice from partner ministry agencies to ensure the program is on track, relevant and responsive); the technical focus areas (selective and realistic targets for change that are political priorities and technical feasible); and working politically (analysing and understanding the political economy at all levels of government to inform approach, and placing key importance on relationships and trust particularly with government partners), Contribution analysis will assist to identify the specific contribution of KOMPAK verified by government partners. The Technical Working Groups and Joint Supervision Missions have proven effective for discussing progress towards results across GoI, DFAT and KOMPAK teams. The technical discussions and field based experiences help to connect planning and reporting with implementation in the field.

Risk related to fiduciary aspects and safeguards either by KOMPAK staff or strategic partners are most likely to stem from weak staff capacity or lack of awareness of relevant policies and procedures. KOMPAK strictly applies the zero tolerance policy and implements mandatory fraud awareness and child protection training for all staff and partners (grant recipients) as part of induction and provides regular refresh training. Existing controls within the SOP, and strict implementation of these provide strong internal controls to mitigate fiduciary and safeguard risk. KOMPAK's operations manual and SOPs are regularly reviewed and updated to increase efficiency but without compromising the effectiveness of internal controls which have been tested and proven effective in identifying cases of fraudulent behaviour, recovery of lost funds and take appropriate disciplinary action with no disruption to program activities and plans.

A complete risk assessment and safeguard assessment have been prepared and attached as Annex 9 and Annex 10 accordingly.



# Annexes

## Annex 1: Criteria for Adding and Exiting Activities

### Criteria for adding new activities:

- Clearly contribute towards KOMPAK's agreed intermediate outcomes and end of facility outcomes;
- Clearly contribute towards GOI's development plans and strategy;
- Clearly contribute towards solving local development challenges and priorities (applicable for locally implemented initiatives);
- National and/or sub-national government (and other relevant stakeholder) commitment to the activity;
- KOMPAK has the required capabilities and expertise, and has a comparative advantage over other development actors in delivering the activity.
- Clearly defined project/activity description which provide information about:
  - Linkages to the above;
  - Ability to describe what success look like;
  - Sustainability and Exit strategy identified;
  - Strategy for how to achieve policy impact, replication, institutionalization and scale-up;
  - Identification of indicators and monitoring framework;
  - Timeline for implementation;
  - Estimated costs.

### Criteria for exiting activities:

- Does not contribute to KOMPAK defined outcomes;
- Does not contribute towards GOI's development plans and strategy;
- Does not contribute towards solving local development challenges and priorities (applicable for locally implemented initiatives);
- Lack of or declining national and/or sub-national government commitment to the activity;
- Does not meet defined milestones for success;
- Does not achieve the intended results;
- Too expensive and resource-intensive for government or others to replicate.
- Other development actors are better-placed to assist.

### Criteria for exiting districts:

- Lack of commitment from the local government – based on willingness to allocate local budget to finance replication or scale-up of activities after field-testing has been completed; and willingness to pass necessary regulations to facilitate implementation of the activity;
- Lack of alignment and coherence between local government priorities and KOMPAK's Outcome areas;
- Lack of commitment from civil society counterparts – based on poor implementation of activities, or lack of coherence between KOMPAK outcomes and CSO priorities
- Overcrowding of donor-funded programs in the area without clear value-add of KOMPAK; and
- KOMPAK has completed all activities successfully – based on completion of all milestones in all activities in the district workplan. As not all activities will be completed simultaneously, some activities may be handed over to government over a staggered timeline. In each case a clear exit strategy at the district level will be outlined by KOMPAK in advance and in collaboration with the district government.

## Annex 2: Guiding Principles for Measuring Policy Impact

- Clearly define what type of policy impact is the desired goal of any activity;
- Establish clear GOI ownership and commitment from the start of the activity;
- Clearly define the key ‘authorisers’ of policy change and the channels (the ‘loops’) whereby learning happens;
- Establish clear learning feedback loop, so that regular monitoring and learning need to be strengthened especially at the project management (technical) and implementation (process) level. (See Section 6.5 on monitoring and learning for more detailed information);
- Ensure institutionalisation takes place during pilot testing, where the stakeholders and final users are fully involved from the very beginning;
- Establish a clear sustainability and exit strategy from the start of the activity that makes it clear that GOI is expected to finance and scale-up successful activities.

## Annex 3: Policy Impact

Policy impact refers to a wide spectrum of ‘policy issues’. Working with government institutions, focusing on sustainability of KOMPAK interventions will eventually be closely linked with changes to ‘policy’ frameworks as such changes are needed to institutionalise new procedures, systems, institutional setup or even to encourage behavioural change within established institutions. The matrix below illustrates the various ‘policy issues’ that KOMPAK seeks to influence.

ILLUSTRATIVE POLICY ISSUES MATRIX			
“Macro-policy” ←-----→ “Micro-policy”			
Broad Policy Direction	Statutory & Legal Framework	Regulatory Framework	Norms: prescribed systems, procedures, guidelines, practices
<p><i>Official positions and statements (e.g. Presidential and Ministerial decrees) on for example local governance issues such as:</i></p> <ul style="list-style-type: none"> <li>• <i>what role local authorities are to play;</i></li> <li>• <i>role of sector ministries vs local authorities;</i></li> <li>• <i>what powers, staff and fiscal resources to entrust to local authorities and how;</i></li> <li>• <i>how they should relate to parliament, to central government, to civil society, &amp; to traditional authorities, etc.</i></li> </ul>	<p>Constitutional and legal provisions – their adequacy, clarity, consistency with broad policy, existing laws, internal consistency, on for example <b>local governance issues</b> such as:</p> <ul style="list-style-type: none"> <li>• <i>The role, functions and powers of local governments;</i></li> <li>• <i>Relations between local legislature, executive, and central government;</i></li> <li>• <i>Relationship with the public, civil society and traditional authorities;</i></li> <li>• <i>Relationship with other tiers;</i></li> <li>• <i>Relations with civil servants;</i></li> <li>• <i>Fiscal powers and transfer arrangements; etc.</i></li> </ul>	<p>Ministerial regulations, directives, circulars, - their adequacy, clarity, consistency with nat. policy &amp; with legislation, internal consistency, on for example <b>local governance issues</b> such as:</p> <ul style="list-style-type: none"> <li>• <i>Channelling of funds to local government;</i></li> <li>• <i>Management &amp; accounting of local government finances;</i></li> <li>• <i>local taxes collection;</i></li> <li>• <i>preparation of local government plans and budgets;</i></li> <li>• <i>procurement procedures &amp; limits;</i></li> <li>• <i>staff hiring and management;</i></li> <li>• <i>role of local committees and how they are constituted and run;</i></li> </ul> <p><i>Designation of supervisory authority &amp; reporting requirements, etc..</i></p>	<p>Officially endorsed or accepted systems, procedures, guidelines and practices – their consistency with a., b. &amp; c., effectiveness, efficiency, fairness, transparency, reflection of best practices, on for example <b>local governance issues</b> such as:</p> <ul style="list-style-type: none"> <li>• <i>How to undertake local consultation, plan preparation and budgeting;</i></li> <li>• <i>Implementing investments;</i></li> <li>• <i>Organizing community self-help;</i></li> <li>• <i>Dealing with the private sector or NGOs;</i></li> <li>• <i>Training and capacity building;</i></li> <li>• <i>Monitoring; Communications; etc..</i></li> </ul>

Author adaptation of UNCDF paper on Innovation and Policy Impact, 2001.

To deliver more consistently on this strategic intent, KOMPAK will need to become more deliberate at the initial selection and design stage of any activity. To do this will require identifying the key ‘authorisers’ of policy change and the channels (the ‘loops’) whereby learning happens - with the aim to change current policies and scale-up – and where learning is fed back to decision-makers or the ‘authorisers of change’. To enable this learning feedback loop, regular monitoring and learning need to be strengthened especially at the project management (technical) and implementation (process) level.

**Replication:** It is suggested that the bedrock of the replication strategy should be ‘cloning’ successful KOMPAK systems, processes, innovations etc. **from existing ‘KOMPAK districts’ to other KOMPAK and non-KOMPAK districts but within the same province.** ‘Cloning’ does not mean adopting wholesale one district’s experience:

replication should be model by model, approach by approach. This would simultaneously facilitate replication *and* consolidation, as KOMPAK resources already embedded at province level will be utilised more broadly.

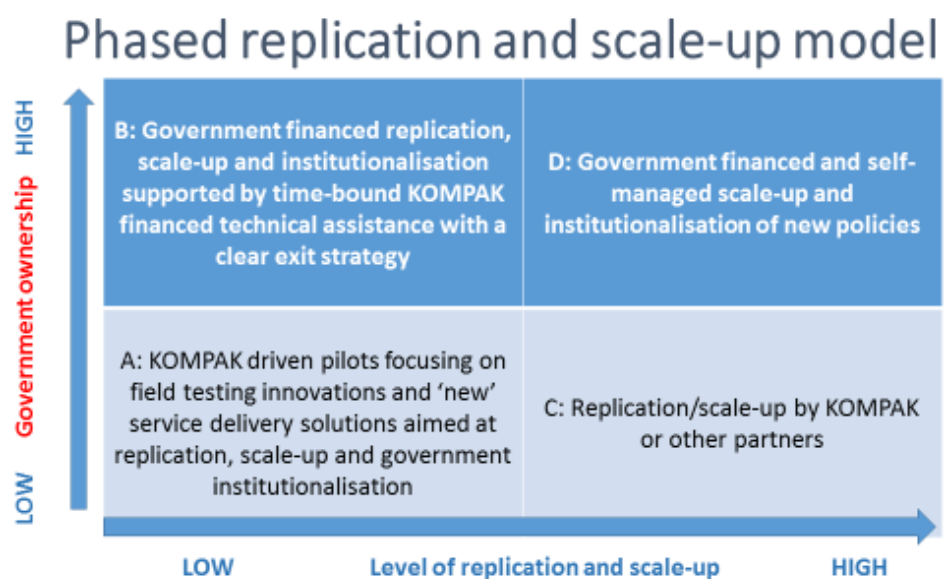
When considering replication, KOMPAK should consider both the technical feasibility of the proposal (the extent to which the district has the necessary legal and executive authority, the administrative responsibility and necessary staff, financial and information resources), and the political commitment to it. The ultimate goal is of course for GOI to replicate and finance KOMPAK-initiated interventions and pilots. Therefore, when new interventions or pilots are being discussed with GOI stakeholders, this element should always be a key point and clearly stated as an end-goal if positive results are achieved.

Whilst sub-national teams will continue to pilot activities, the teams are already experiencing requests from non-KOMPAK locations for support to replicate some interventions. Although piloting is a resource and time-intensive activity, replication is a key strategy for KOMPAK. In these cases, KOMPAK staff may be able to take on an ‘advisory service and mentor’ role rather than a primary implementer. However, to be able to operate more as a TA Facility at the local level, KOMPAK will need to investigate options whereby ‘external suppliers’ e.g. Gol staff, NGOs, local CSOs and Strategic Partners are trained to deliver and support this type of replication and scale-up. It is unrealistic to think that KOMPAK staff will be able to fully support province- or national-wide replication or scale-up, hence other institutions will need to be part of this strategy. Related to this, KOMPAK may consider developing criteria for deciding which activities in the work plan should be delivered directly by KOMPAK and which require third party implementation, whilst always considering the overarching principle of building local institutions and capacities for further replication and scale-up.

**Scale-up and broader policy impact:** When does replication stop and scale-up starts? There is no definite answer to this question and as the terminology suggest it is a progression of expansion. However, for the purpose of creating a common understanding among staff, replication is referred to as the use of lessons learned from the demonstration projects/initiatives and applying them elsewhere, or ‘cloning’ one initiative from one location to another. While the reference to scaling-up indicates that results of a demonstration projects/initiative will be used in the design and implementation of a full fledge roll-out of an initiative to an entire area, e.g. to all kecamatans in one district, or to all districts in one province, or nationally across Indonesia. Government scale-up is closely linked to policy adoption and institutionalization across one level of government.

### Moving towards a phased replication and scale-up model

While changing policies, regulations, systems and institutions are seldom a liner process, the proposed model provides a conceptual visualisation of the various phases and something to measure against. This phased replication and scale-up model (on the right) has no prescriptive pattern and the starting point and evolution from one category to the other may take many forms:



**Cell A:** KOMPAK will develop or refine already existing service delivery improvement initiatives: KOMPAK driven pilots focusing on field testing innovations or ‘new’ service delivery solutions intended for policy impact. If such

field-testing is shown to provide the intended results, the next stage is expected to be a move to another cell – whichever is feasible.

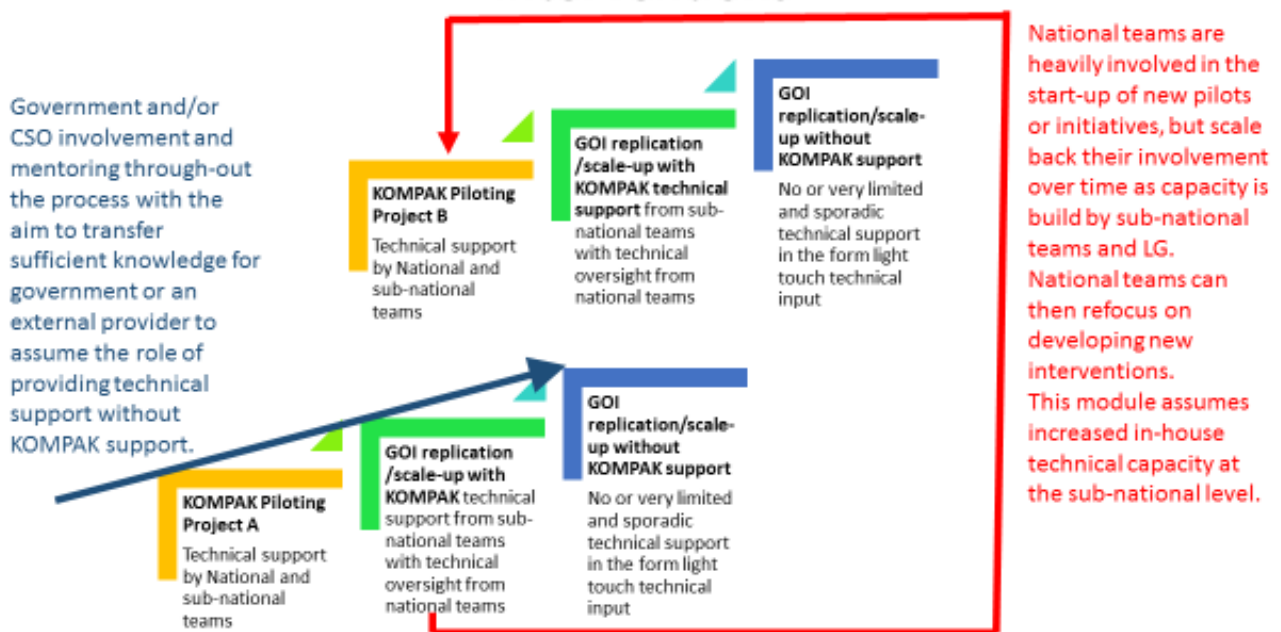
**Cell B:** This may be a continuation of work completed in cell A, or it may be already existing work emerging from Government. In these cases, GOI requests for TA, mentoring or training is expected to be largely self-financed, while KOMPAK would only provide strategic TA and activities in support of GOI led replication or scale-up. Here TA is time-bound and has a clear exit strategy: the main aim is for government to take the initiative to cell D.

**Cell C:** Considering the size of Indonesia and the available resources in KOMPAK, replication and scale-up success may also be measured by uptake of KOMPAK initiated and financed pilots or innovations by other development partners or the private sector.

**Cell D:** This is the ultimate objective and the final stage in a phased piloting approach. It is assumed that at this stage, KOMPAK or other partners have transferred sufficient knowledge to Government to enable independent scale-up with no or very limited technical assistance.

Moving from one cell to another clearly requires different type of support from KOMPAK and its staff at the various levels. A suggestion for operationalisation of this model in terms of KOMPAK staff deployment is provided below showing an example of field testing. The same logic will also apply for national level pilot or innovation initiatives:

## KOMPAK staff involvement in field testing of pilot interventions



This example assumes that in the initial Phase 1 of piloting both national technical teams and sub-national implementation teams are driving the process and implementation. As government ownership grows, the model assumes that in the next four years the sub-national technical team and national/local government stakeholders will assume more responsibilities for direct technical support while government (at whichever level) will self-finance implementation. During the next phase of KOMPAK, it is assumed that KOMPAK national staff will be able to i) scale back to only provide strategic technical support, quality assurance and support evaluation and learning, and ii) design and initiate new pilots and interventions. Moving to Phase 3, sub-national staff will also scale back technical support and provide much more of an outsider technical advisory role if needed. This model

requires government and/or CSOs to be heavily involved from the beginning to enable them to acquire the necessary capabilities to self-implement and scale-up in Phase 3.

This strategy does require KOMPAK to build the necessary technical capacities at the local level and be sufficiently flexible in adapting staff requirements from location to location depending on actual technical needs. The question is how much capacity is needed at the local level vis-à-vis technical support from national level. There are two options to consider:

Option 1	Option 2
<p>Increase technical capacities at the local level for the provincial offices to manage technical advice and support more directly with quality assurance and technical oversight provided by the national level. National level technical staff will in parallel:</p> <ul style="list-style-type: none"> <li>• Provide national level technical support and advisory services;</li> <li>• Responsible for designing new pilot and innovation initiatives;</li> <li>• Provide direct technical support for implementation of new initiatives (Step 1) at the local level with subsequent quality assurance and technical oversight (Step 2 and 3).</li> </ul>	<p>Remain with the current structures of technical support being provided by the national level while provincial offices have more of a coordination function.</p> <p>National level technical staff will therefore remain responsible for Step 1 and 2 in the diagram above, unless the pilot is initiated locally. In these cases, national level will provide technical assurance of the design and during implementation, in addition to provide technical review of the results.</p>

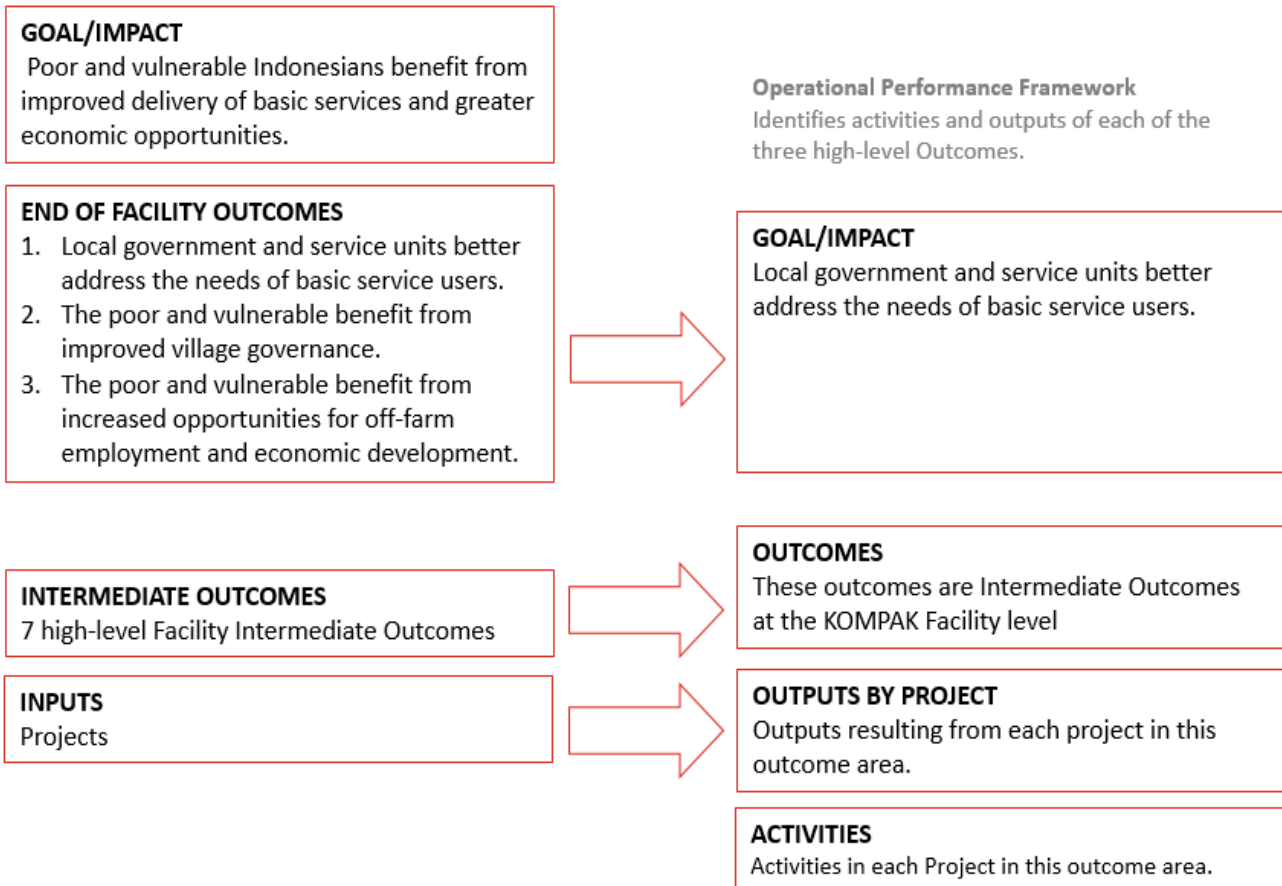
To enable sufficient focus on targeting policy impact, feedback loops and learning, additional resources will need to be devoted to learning from, and writing up, experiences at national and sub-national levels that have potential policy impact.

## Annex 4: Strategic Framework Approach

To operationalise this approach, KOMPAK has adopted a cascade Performance Framework that has two levels; the Strategic Performance Framework level and Operational Performance Framework level as shown in Figure 11.

**Figure 11. Cascaded Approach**

**High Level KOMPAK Performance Framework**  
Identifies KOMPAK's Strategic Goal and how KOMPAK will achieve this Goal.



The Strategic Performance Framework identifies the high-level Goal, the End of Facility Outcomes (EFOs), Intermediate Outcomes and the key Projects to be implemented towards achieving the desired EFOs. 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 to. The EFO 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.

## Annex 5: Summary of KOMPAK GESI Strategy 2017-2018

Gol is taking a new approach to targeted poverty reduction that more strongly integrates the investments in social services with community-based efforts for more sustainable livelihoods. The following summary provides a brief overview of KOMPAK's GESI framework. The full GESI Strategy is available upon request.

Indonesia's Gini coefficient increased steadily from 0.31 in 2001 to 0.413 at the end of 2014. Positively, the National Statistics Agency (Badan Pusat Statistik, BPS) reported a decrease to 0.397 in March 2016,<sup>43</sup> but this remains high by regional and developed country standards. Governments and frontline services have a responsibility and opportunity to promote equality and uphold the rights of the most vulnerable. Inequality is inherent to social exclusion. Social exclusion can push those who are poor, further into poverty, and can prevent the poor from lifting themselves out of poverty. Those who are excluded based on gender, race, class, ethnicity, religion or sexual orientation often face multiple forms of deprivation that can limit their access to employment and basic services, and prevent them from having a voice in decision-making. KOMPAK will focus on three target groups to promote gender equality and inclusion and support achievement of KOMPAK's program objectives:

**Poor women:** Most often it is the women on behalf of the family who interact with basic services at the local level (health providers, education units and civil registry services). Administrative, geographic and informational barriers often make these services inaccessible. As the primary carer in the household women are best placed to identify priority needs as well as issues of access and quality of basic services, and subsequently best use of resources – such as village funds - to address priority issues. However, Indonesia's experience of more than a decade of community driven development has shown that while women may participate in village meetings, this has not lead to transformative change in terms of their leadership, influence and control over assets and decision making processes.

**People with disabilities (PWD):** Disability is both a cause and consequence of poverty. PWD remain largely marginalised from mainstream development policies and programs. The actual number of PWD in Indonesia is not yet accurately captured. The Ministry of Social Affairs estimates that 4.87 percent of the total population is living with a disability.<sup>44</sup> Barriers including those related to access to information, infrastructure and stigma can prevent the poor who are living with a disability from accessing basic services and economic opportunities they are entitled to.

**Indigenous populations:** The Indonesian National Indigenous Alliance (AMAN) estimate that 20 percent of Indonesia's population (approximately 70 million people) can be classified as indigenous.<sup>45</sup> Indigenous people can face exclusion due to geographic isolation, discrimination, lack of appropriate and accessible information and understanding about their rights, or a combination of these factors. These can prevent indigenous people from accessing quality basic services and economic opportunities, and for indigenous women they may face additional cultural and social barriers that lead to multiple forms of deprivation and disadvantage.

### KOMPAK GESI Framework

KOMPAK adopts a twin track approach to GESI. This involves:

**GESI mainstreaming:** To ensure GESI is an integral part of planning, preparation, implementation, monitoring, evaluation and reporting in all outcome areas.

<sup>43</sup> <https://www.bps.go.id/brs/view/id/1280>

<sup>44</sup> Badan Pusat Statistik, Sensus Penduduk 2010

<sup>45</sup> Aliansi Masyarakat Adat Nusantara, 2016. AMAN tagih pemerintah sahkan RUU Masyarakat Adat dan Satgas Masyarakat Adat: <http://www.aman.or.id/2016/12/16/siaran-pers-aman-tagih-pemerintah-sahkan-ruu-masyarakat-adat-dan-satgas-masyarakat-adat/>



*GESI focused initiatives:* That address particular inequalities and identify and test promising strategies for replication, or otherwise inform future program development.

The purpose of KOMPAK’s GESI Strategy is to identify opportunities and mechanisms for integrating GESI into KOMPAK interventions, using this twin track approach. Table 2 outlines the main focus in relation to each of the EOFOs that broadly focuses on: 1) improving access to and use of information and data; 2) strengthening capacities and skills, particularly of women, to influence and engage in village development processes; 3) influencing policy and the process of policy development.

**Table 2. GESI Strategies in Relation to KOMPAK’s EOFOs**

End of Facility Outcome	Focus Intervention
EOFO 1: Local government and service units better address the needs of basic services users	<ul style="list-style-type: none"> <li>• Ensure policy engagement includes GESI related analysis and recommendations wherever relevant</li> <li>• Facilitate representation of women, people with disabilities, and other marginalised groups in local government and service delivery related policy and planning</li> <li>• Promote attention to understanding and responding to disaggregated needs, particularly those of women, PWD, and other marginalised groups in frontline service planning, delivery, and monitoring</li> </ul>
EOFO 2: The poor and vulnerable benefit from improved village governance	<ul style="list-style-type: none"> <li>• Ensure policy engagement includes GESI related analysis and recommendations wherever relevant</li> <li>• Promote attention to understanding and responding to disaggregated needs, particularly those of women, PWD, and other marginalised groups in village development planning processes</li> <li>• Promote women’s, PWD and ethnic minorities knowledge, confidence and ability to influence village development processes to meet their needs.</li> </ul>
EOFO 3. The poor and vulnerable benefit from increased opportunities for off-farm employment and economic development	<ul style="list-style-type: none"> <li>• Ensure policy engagement includes GESI related analysis and recommendations wherever relevant</li> <li>• Increase attention to women’s, PWD and ethnic minorities labour force access and participation in relevant GOI policy and programs</li> <li>• Identify and test strategies or models for promoting economic opportunities, including financial inclusion, for women and PWD</li> </ul>

### Assumptions

Five core assumptions underpinning KOMPAK’s ways of working. These assumptions will be tested through KOMPAK’s performance measurement system. The specific GESI considerations are:

1. KOMPAK investment in relationships will enable productive engagement on policy and practice change.
 

**GESI focus:** Strong relationships will enable more open discussion of potentially contentious GESI integration.
2. Policy change will stimulate behaviour change (with a broad definition of policy from legislation to local regulations and guidelines, and behaviour change including both staff performance and changes in planning, resource allocation, and implementation).

- GESI focus:** Inclusion of specific GESI related articles in policy will stimulate behaviour change – or provide an avenue for advocacy on policy compliance (that is, if it is in the policy or legislation, then CSOs and others can push for it to be done).
3. Government of Indonesia (from village to national levels) and other actors will use information (data, research, good practices) to make decisions related to delivery of basic services and village development.  
**GESI focus:** More available disaggregated data and analysis will encourage greater attention to GESI.
  4. Greater or more diverse participation in discussions and decision making will lead to more accountable planning and resource allocation.  
**GESI focus:** This includes specific attention to participation of women, PWD, and other marginalised groups or their representatives (such as DPOs or other CSOs).
  5. Service improvements will lead to greater service uptake by service users.  
**GESI focus:** If services are more responsive to the needs of women, PWD, and other marginalised groups, there will be more service uptake by these groups.

### Monitoring, Learning and Evaluation

To track progress and strengthen quality programming responsive to specific GESI issues, KOMPAK will draw on the following program tools, analysis and data:

- KOMPAK’s GESI Checklist is used by project teams to assess how gender sensitive and inclusive project design, implementation and monitoring is.
- Project GESI Action Plans draw on the Checklist to identify specific actions to be taken by project teams to address gaps and strengthen GESI within each project.
- KOMPAK’s Provincial Plans developed for the 7 target provinces provide analysis on the context and conditions related to KOMPAK’s focus and how specific barriers, conditions, opportunities affect different groups, and in particular women. The Plans include project focus areas and types of interventions, including those that address identified GESI issues.
- Quarterly Review process includes a review of projects against their GESI Action Plans. GESI program indicators are included in the Strategic Framework and are taken up by each project and strategic partners relevant to their activities.

KOMPAK’s Gender and Inclusion Lead support by the GESI Manager will coordinate this work to support implementation teams.

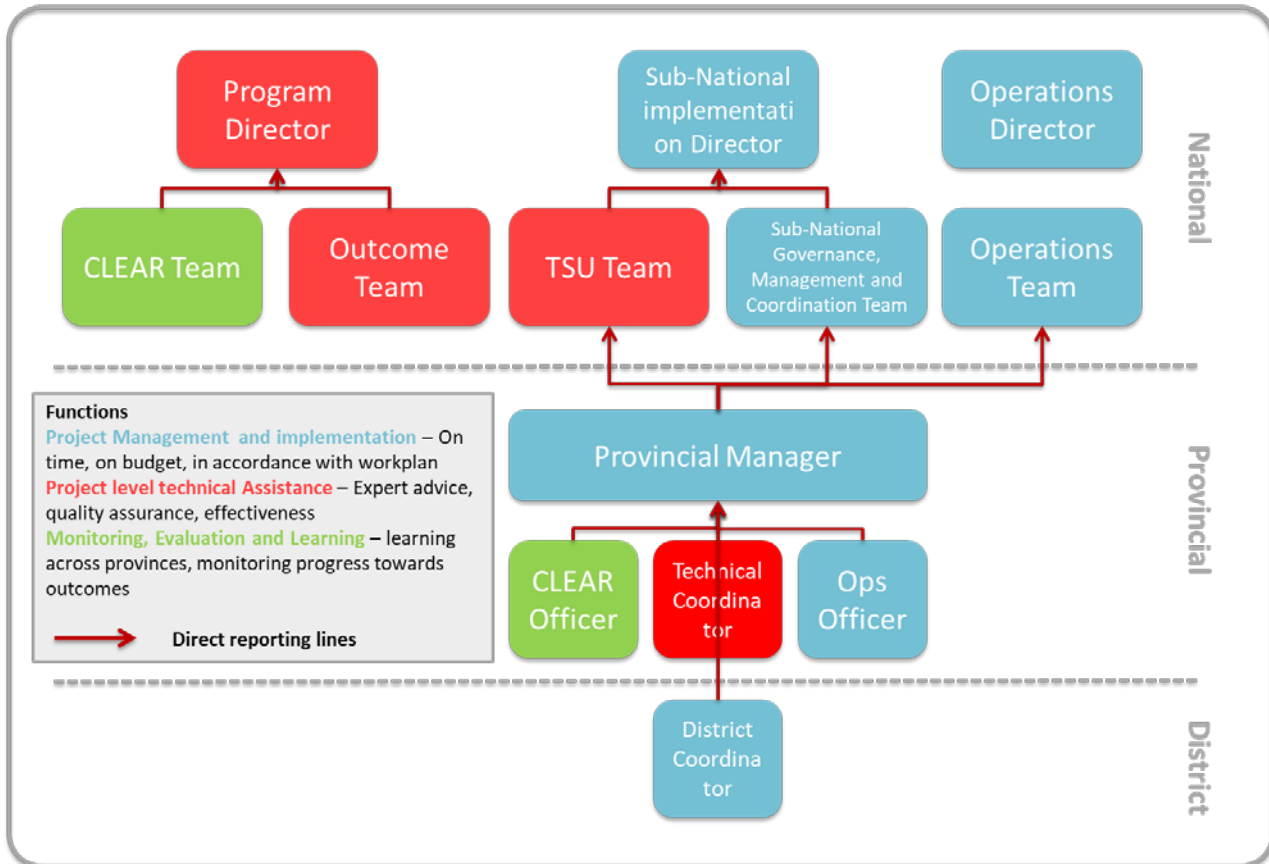
## Annex 6: KOMPAK target areas as per January 2018

Province	District	Sub-District	
Aceh	1. Bireuen	1. Simpang Mamplam	
	2. Bener Meriah	2. Bandar	
	3. Aceh Barat	3. Arongan Lambalek	
Central Java	4. Brebes	4. Paguyangan	
	5. Pemasang	5. Belik	
	6. Pekalongan	6. Petungkriyono	
East Java	7. Bondowoso	7. Cermee	
		8. Wringin	
	8. Lumajang	9. Gucialit	
		10. Pasirian	
	9. Pacitan	11. Tegalombo	
		12. Tulakan	
	10. Trenggalek	13. Dongko	
		14. Pule	
	NTB	11. Lombok Utara	15. Bayan
			16. Pemenang
12. Lombok Timur		17. Aikmel	
		18. Terara	
13. Bima		19. Woha	
		20. Bolo	
14. Sumbawa		21. Plampang	
		22. Utan	
South Sulawesi	15. Bantaeng	23. Pajukukang	
	16. Pangkajene Kepulauan	24. Liukang Tupabiring Utara	
West Papua	17. Kaimana	25. Kaimana	
		26. Kambrau	
	18. Fakfak	27. Pariwari	
		28. Fakfak Tengah	
		29. Fakfak Barat	
	19. Manokwari Selatan	30. Ransiki	
		31. Oransbari	
		32. Momi Waren	

Province	District	Sub-District
Papua	20. Sorong	33. Makbon 34. Seget
	21. Asmat	35. Asmat
	22. Boven Digoel	36. Jair
		37. Kombut
		38. Mandobo
	23. Lanny Jaya	39. Yiginua
		40. Malagai
	24. Waropen	41. Waropen Bawah
		42. Urei Fasei
	25. Nabire	43. Uwapa
		44. Teluk Kimi
		45. Kep. Moora
26. Jayapura	46. Sentani Timur	
	47. Sentani Barat	
	48. Demta	
<b>7 Provinces</b>	<b>26 Districts</b>	<b>48 Sub-Districts</b>

## Annex 7: 2017 Roles and Responsibilities

This diagram shows two important conclusions of the Refresh team regarding KOMPAK’s structure after the changes implemented in 2017: first, KOMPAK separates design (red) and implementation (blue) functions, and second it separates implementation (blue) functions from monitoring and learning (green) functions.



## Annex 8: List of KOMPAK's Operational Manuals

No	Manual	Short Description	Last Date
1	KOMPAK Finance Manual	The manual outlines applicable operational procedures on KOMPAK Financial and Travel protocols. Operational procedures from finance includes delegation, Codes and Chart of Accounts, online financial system, payment procedures, advance management and other financial activities. The manual also provides guidance on travel arrangement procedures and policy for all KOMPAK personnel.	December 2017
2	KOMPAK Grant Manual	This Grants Manual is intended to be the basis for processes for KOMPAK grants management. The manual includes the protocols of the Grants Management cycle, from planning the grants, selection process, due diligence requirements, managing the grants implementation until the grants closure.	October 2017
3	KOMPAK Procurement Manual	The manual provides guidance on KOMPAK procurement process, the importance of Value for Money principle application and Company panel availability. The Procurement procedure outlines selection process, procurement threshold and its protocols, due diligence requirements, contract management. KOMPAK has Company panel available for specific area to provide flexibility and simplify administration requirements, such as Preferred Hotel List, Event organiser, Communication & Creative Agencies, Printing & Merchandise.	November 2017
4	KOMPAK HR Manual	The manual is intended to provide guidance on the HR procedures including recruitment protocols, contract management, Performance management, and Expert Panel Availability. The manual outlines HR process from staffing plan, selection process, due diligence, managing KOMPAK's personnel contract and benefits, performance management. KOMPAK has Technical Assistance Panel available for specific area where the program could draw from the available lists based on program requirement.	June 2017
5	KOMPAK Security Manual	The manual is to provide guidance on Emergency procedures, information on important contact details of KOMPAK personnel and regional Emergency contact no, mitigating security, natural disasters and health risks, and reporting procedure.	March 2016
6	KOMPAK SOP	Providing background of KOMPAK, its governance arrangement from the governance bodies of Steering Committee up to Regional Technical team. The SOP also outlines the implementation mechanism of KOMPAK activities including the monitoring & Evaluation, reporting requirements.	June 2016
7	Child Protection Policy	The policy provides a framework for preventing and managing the risk of child exploitation and abuse, defines roles and responsibilities, and communicates protocol for reporting and investigating concerns or allegations of child exploitation and abuse.	March 2017

## Annex 9: Risk Matrix – KOMPAK 2018-2022

	Event/Impact	Mitigation/ Treatment	Responsibility	Rating after Mitigation		
				Likelihood	Conse- quence	Rating
Operating Environment	Presidential Election 2019: <ul style="list-style-type: none"> <li>- political volatility during the campaign and election period</li> <li>- changes in policy direction post-election</li> </ul>	<ul style="list-style-type: none"> <li>- Maintain close engagement with main ministry counterparts to implement as per work plan and anticipate changes;</li> <li>- Continued political economy analysis by KOMPAK teams;</li> <li>- Strategic input to government's development of next Medium-Term Development Plan 2020-24.</li> </ul>	DFAT/ contractor	Possible	Minor	Medium
	Provincial (Governor) Election in 5 of KOMPAK's provinces 2018 (including Papua)	<ul style="list-style-type: none"> <li>- Maintain close working relations with BAPPEDA and local sector agencies to continue activities as planned and pre-empt changes and adjustments needed during the transition;</li> <li>- Care taken with KOMPAK and Australian Government branding for events during election campaign period.</li> </ul>	Contractor	Likely	Moderate	High
	A change in the political environment (external factors) that leads to sensitivities with donor engagement in Papua <ul style="list-style-type: none"> <li>- Affect work plan leading to KOMPAK not achieving set targets</li> <li>- Damage relations</li> <li>- A reduction in activities</li> </ul>	<ul style="list-style-type: none"> <li>- Maintain close working relations with national partners (especially Bappenas, Ministry of Home Affairs, President's Office) and provincial stakeholders (especially Bappeda) in setting strategic direction for Papua activities;</li> <li>- Continued political analysis from local partners (BAKTI) and provincial team to pre-empt issues and sensitivities;</li> <li>- Periodic risk updates via the risk register to DFAT.</li> </ul>	DFAT/ contractor	Unlikely	Moderate	Medium

<b>Results</b>	<p>KOMPAK contributions towards system strengthening and institutional change are difficult to measure</p> <ul style="list-style-type: none"> <li>- KOMPAK seen to not achieve objectives</li> <li>- KOMPAK contributions are regarded as unsustainable</li> </ul>	<p>Contribution analysis conducted with verification from GOI;  Process measures in place to capture progress towards desired changes, not just the change itself; and to feed monitoring data back to teams as an input for program planning and decision making.  Measures in place to capture institutionalizing change (policy, budgets, replication, scaling up);  Improve collaboration with other DFAT programs and development partners' activities;  Develop sustainability strategy for all major activities from the start.</p>	Contractor	Unlikely	Minor	Low
<b>Safeguards</b>	<p>KOMPAK strategic partners come in to contact with children and may unintentionally expose children to harm.</p> <ul style="list-style-type: none"> <li>- KOMPAK breach in policies</li> <li>- Serious injury to children affected</li> <li>- Loss of trust in the program</li> <li>- Reputational risk to DFAT</li> </ul>	<p>KOMPAK embedded induction training includes child protection policy training;  Child protection assessments are conducted of all partner organizations prior to engagement;  KOMPAK regular health checks that include a review of adherence to policies.</p>	Contractor	Possible	Moderate	Medium
<b>Fraud/ Fiduciary</b>	<p>KOMPAK office assets stolen or lost</p> <ul style="list-style-type: none"> <li>- Loss of funds</li> <li>- Inefficiency</li> </ul>	<p>Incorporation of asset management policy within KOMPAK operations manual;  Maintain asset and inventory register;  Use of asset/inventory hand over form and asset movement register;  Staff awareness about their responsibility for safety and maintenance of KOMPAK assets while in their possession.</p>	Contractor	Likely	Moderate	High



<b>Fraud/ Fiduciary</b>	<p>KOMPAK funds are not used for intended purposes (misappropriation of funds)</p> <ul style="list-style-type: none"> <li>- Loss of funds</li> <li>- Inefficiency</li> </ul>	<p>Implementation of the zero tolerance policy; All staff and partner staff attend fraud awareness training as part of induction; Re-fresher fraud awareness training conducted; Thorough review and cross checking of all claims and grant acquittal reports; Grants Capacity Building manager provides mentoring to partners to strengthen their internal systems and processes; Grant 'Health checks' conducted regularly.</p>	<p>Contractor</p>	<p>Possible</p>	<p>Major</p>	<p>High</p>
<b>Partners Relations</b>	<p>A government partner shifts priorities and seeks support from KOMPAK to address new areas of work.</p> <ul style="list-style-type: none"> <li>- Tensions and strains if requests cannot be met</li> <li>- At worse, national or provincial government/partners withdraws support.</li> <li>- Current activities are affected</li> </ul>	<p>Steering Committee and governance structure provides guidance for activity focus and selection; SOPs jointly developed by partner ministries and DFAT provide guidance on KOMPAK focus and governance arrangements; Informal discussions and communication as required with Senior management Team (and DFAT as required) to smooth over relations.</p>	<p>DFAT/ Contractor</p>	<p>Unlikely</p>	<p>Minor</p>	<p>Low</p>
<b>Transition Management</b>	<p>Potential break of 1-2 months of strategic partner activities during transition period due to delays in preparing new grant agreement.</p> <ul style="list-style-type: none"> <li>- Momentum and progress may be lost</li> <li>- Relations and trust lost</li> </ul>	<p>Complete partner review and decision by April; Completion of detailed SOS and relevant budges by May Completion of new grants by June 2018; Consideration to extend select partners till 30 June during their transition period.</p>	<p>DFAT/ Contractor</p>	<p>Unlikely</p>	<p>Moderate</p>	<p>Medium</p>

	<ul style="list-style-type: none"> <li>- Inefficiencies in having to re-recruit and start up activities</li> </ul>					
<b>Transition management</b>	<p>Subsidiary Agreement (SA) is not extended/amended in a timely manner by 30 June 2018</p> <ul style="list-style-type: none"> <li>- No legal basis for KOMPAK to operate</li> </ul>	<ul style="list-style-type: none"> <li>- KOMPAK to provide completion report and financial accountability report to GOI in time to process the SA extension; DFAT-GOI to start negotiation and agree on articles to be amended soon after AGB decision;</li> <li>- BAPPENAS to issue official letter (<i>Surat Edaran</i>) that informs relevant ministries and subnational governments that KOMPAK is under SA extension process and preparation/transition activities are allowed.</li> </ul>	DFAT/ Contractor	Possible	Major	High
<b>Program Governance</b>	<p>Low ownership and recognition to KOMPAK activities and results from counterpart ministries and subnational governments</p> <ul style="list-style-type: none"> <li>- Small proportion of spending is recognised in BAST documents</li> <li>- KOMPAK's results are not institutional-ized and sustained</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure program governance bodies (Steering Committee, Technical Committees, Working Groups) are well functioning, meet regularly and provide strategic direction to the program;</li> <li>- Work plan is developed jointly with GOI at central and subnational levels, and approved by governance bodies;</li> <li>- Regular update on progress and results to counterpart governments at national and subnational levels;</li> <li>- BAST is submitted on time with complete supporting documents.</li> </ul>	DFAT/ Contractor	Unlikely	Moderate	Medium

## Annex 10: Safeguard Screening of KOMPAK

	Yes	No	Not Sure
<b>Child protection<sup>46</sup></b>			
1.1 Did the outcome of the child protection risk context assessment indicate a full assessment is required? <sup>47</sup>		X	
1.2 Is the investment likely to involve contact with or access to children (0-18 years old) due to the nature of the activity or the working environment?	X		
1.3 Will the investment involve personnel working with children?		X	
<b>Displacement and resettlement</b>			
2.1 Does the investment involve construction on: exclusion from: or repurposing of land that is occupied, accessed to generate livelihoods or of cultural or traditional importance?		X	
2.2 Does the investment's success depend on other development activities that may involve construction on; exclusion from; or repurposing of land that is occupied, accessed to generate livelihoods; or of cultural or traditional importance?		X	
2.3 Does the investment involve planning for, advising on or designing the economic or physical displacement of people to make way for infrastructure development, disaster risk reduction or exclusion of the local population from land accessed to generate livelihoods?		X	
<b>Environment</b>			
3.1 Will the investment support any of the following: <ul style="list-style-type: none"> <li>• medium to large-scale infrastructure such as roads, bridges, railways, ports, infrastructure for energy generation; or</li> <li>• development of irrigation and drainage, diversion of water; or</li> <li>• land clearing, intensification of land use; or</li> <li>• hazardous materials and wastes; or</li> <li>• activity in mining, energy, forestry, fisheries, water supply, urban development, transport, tourism or manufacturing sectors?</li> </ul>		X	
3.2 Will the investment support any of the following: <ul style="list-style-type: none"> <li>• small to medium scale infrastructure such as localised water supply and/or sanitation infrastructure; irrigation and drainage; rural electrification, rural roads; or</li> </ul>		X	

<sup>46</sup> Answers to these questions will need to be logged in AidWorks under the policy marker questions.

<sup>47</sup> The Child Protection risk assessment guidance can be found on the intranet.

<ul style="list-style-type: none"> <li>• construction/renovation/refurbishment/demolition of any building for example: schools, hospitals or public buildings; or</li> <li>• localised use of natural resources, including small-scale water diversion, agriculture, or other types of land-use change?</li> </ul>			
<p>3.3 Will the investment contribute to, directly or indirectly, or facilitate, activities such as those listed above, including through:</p> <ul style="list-style-type: none"> <li>• trust funds, procurement facilities; or</li> <li>• co-financing contributions; or</li> <li>• support for planning, change to regulatory frameworks, technical advice, training or;</li> <li>• applied research?</li> </ul>	X		
<p>3.4 Has an environmental review of the proposed investment already been, or will be completed by an implementing partner or donor?</p>		X	
<p>3.5 Does this investment need to meet any national environmental standards or requirements?</p>		X	

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