



**SKALA**  
Sinergi dan Kolaborasi untuk Akselerasi Layanan Dasar  
Kemitraan Australia - Indonesia



Australian Government



## Pillar 2

# ENGAGEMENT STRATEGY





# Table of Contents

- Abbreviations .....4
- Introduction .....5
  
- 1. Theory of Change..... 7**
  - 1.1 High-Level Contextual Analysis.....7
  - 1.2 Problem Analysis and Picture of Success.....12
  - 1.3 Programmatic Boundaries .....16
  
- 2. Theory of Action ..... 20**
  - 2.1 IO4.....20
  - 2.2 IO5.....20
  - 2.3 IO6.....21
  
- 3. Activity Decision Making Criteria ..... 19**
  
- 4. Coherence and Cooperation ..... 24**

# Abbreviations

Bappenas	Ministry of National Development Planning
DOB	<i>Daerah Otonom Baru</i> (new autonomous region)
DTI	<i>Dana Tambahan Infrastruktur</i> (additional infrastructure funds)
EOPO	End of program outcome
GEDSI	Gender equality, disability and social inclusion
IO	Intermediate Outcome
MoF	Ministry of Finance
MoHA	Ministry of Home Affairs
MSS	Minimum Service Standards
OAP	<i>Orang Asli Papua</i> (indigenous groups in Papua)
OTSUS	<i>Otonomi Khusus</i> (special autonomy)
PAD	<i>Pendapatan asli daerah</i> (locally-generated revenue)
PES	Pillar Engagement Strategy
PFM	Public financial management
Regsosek	<i>Registrasi Sosial Ekonomi</i> (social economy registry)
RPLPM	Medium-term development plan
RPJPN	National long-term development plan
SKALA	Sinergi dan Kolaborasi untuk Akselerasi Layanan Dasar
TKD	<i>Transfer ke daerah</i> (transfers to (local) areas or districts)

# Introduction

The Pillar 2 Engagement Strategy of the Australia Indonesia Partnership – *Sinergi dan Kolaborasi untuk Akselerasi Layanan Dasar* (SKALA) program focusses on the subnational level engagement of the program, which primarily covers the Intermediate Outcomes (IOs) of the second End of Program Outcome (EOP) with linkages to other program IOs.

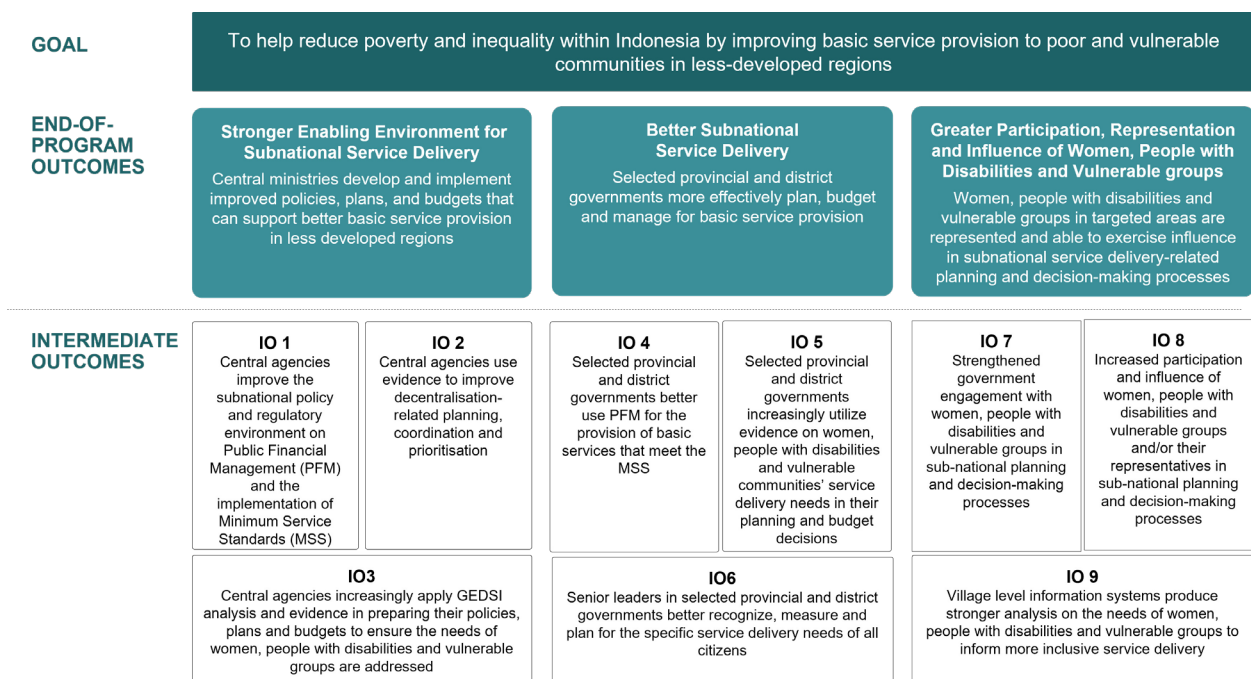


Figure 1: SKALA Program Logic

SKALA utilises pillar engagement strategies (PES) to provide a clear framework which expands on the program logic developed in SKALA’s initial design (Figure 1). The purpose of these PES is to provide the missing middle between the Program Logic (general theory of change) by grounding this “theory” in the different implementation contexts or “practice areas” in which the program will operate. This is particularly necessary given the program’s high-level outcomes, broad geographic scope, different scales of operations, and collaboration with partners having differing capabilities. The PES provides clarity on what SKALA will be doing and why in the different areas the program is operating.

The PES includes 2 important components: a Theory of Change, which is a description of how and why a desired change is expected to happen in a particular context; and a Theory of Action, which is a practical description of the actions, mechanisms and processes that will bring about the anticipated change, that is, to operationalise the Theory of Change. The PES explains what an intervention’s outcomes are expected to be, what may constrain the achievement of these outcomes in a specific

context, how change is expected to be brought about, and the actions that will be taken to deliver an effective program to achieve the stated outcomes.

As primary documents driving SKALA's implementation, the efficacy of the PES is tested on a periodic basis through the Monitoring, Evaluation, Research and Learning (MERL) system, reviewed at least annually and updated as required. This includes testing the assumptions and risks that underpin these strategies. This will help justify shifts in implementation and explain how the program has adapted over time to become ever more effective. The process also builds institutional knowledge of what is, and is not, working across the program.

With reference to Figure 1, the goal of the SKALA program is to “help reduce poverty and inequality within Indonesia by improving basic service provision to poor and vulnerable communities in less-developed regions”. The EOPOs and IOs mapped in the program logic provided in Figure 1 have a high level of interconnectivity and support each other to achieve the overall goal of the program.

Central to SKALA's approach are the poor and vulnerable communities of underdeveloped regions and the constraints they face in accessing minimum basic services. Although this forms the last of SKALA's 3 EOPOs, the representation and influence of women, people with disabilities and vulnerable communities must always be the focus of the SKALA team. This representation and influence is mainly aimed at improved provision of basic services. As such, SKALA's work should impact on service delivery units benefiting from improved planning, budgeting and intersectoral support. Given its nature as a governance program, SKALA will look to ensure effective targeting and provision of services through improved provision of micro/village level data and analysis/evidence. Accurate and community-validated data serves to amplify the voice and representation of poor and vulnerable communities. Combined with other relevant datasets and information sources, SKALA will strive to ensure any analysis responds to key policy questions and is used effectively by local decision makers.

Data, and its presentation, can bridge the link between communities and service delivery units to local government policy cycles. Data availability alone does not automatically translate to data use. Many government officials lack the necessary analytical skills and/or struggle to use evidence effectively as part of the planning and budgeting process. The effective use and timely updating of data – and the translation of this into analysis in the local government's annual policy cycle or process of planning, budgeting, implementation, monitoring and evaluation – is essentially the focus of this PES.

The effectiveness of the development policy cycle at the local government level is shaped and facilitated (or hampered) by the broader regulatory framework and enabling environment, much of which sits at the national level, as well as by inclusive leadership.

This PES focuses on the second EOPO. As such, it primarily covers the actions of subnational government stakeholders. This includes district governments operating frontline service units, and provincial counterparts in their support role to districts around better planning, budgeting and managing improved service provision. Other relevant stakeholders able to support or influence the

required change are also identified.

Based on an examination of the above stakeholders, this strategy details a theory of change for the second EOPO. It provides a high-level contextual analysis then considers the 3 IOs that contribute to stronger subnational service delivery, outlining key challenges, opportunities for success and risks, before elaborating ways forward through a theory of action. The strategy sets out activity decision making criteria and concludes with an overview of coherence across the IOs in the pillar and coordination with other stakeholders in the sector.

# 1. Theory of Change

## 1.1 High-Level Contextual Analysis

Since Indonesia’s “big-bang” decentralisation following the downfall of President Suharto in 1998, the performance of local governments has continued to be poor, particularly in “lagging” regions. There are 62 districts that are officially classified as “lagging” or *daerah tertinggal* (Presidential Regulation No. 63, 2020), based on criteria which include: (i) local economy, (ii) human resources, (iii) infrastructure and facilities, (iv) fiscal capacity, (v) accessibility and (vi) unique regional characteristics.<sup>1</sup>

Based on SKALA’s Subsidiary Agreement, 8 provinces have been selected as targeted regions where SKALA will operate. The following table provides a list of these targeted provinces and the total number of districts in each province:

Province	Number of Districts (included municipalities)	Notes and Previous Engagement
1. Papua Region (2 provincial teams in Papua and West Papua)	42 (2 municipalities)	Operating under one lead with activities covering 4 newly established provinces – ex-AIPD and ex-KOMPAK region
2. East Nusa Tenggara Province	22 (1 municipality)	Ex-AIPD
3. West Nusa Tenggara Province	10 (2 municipalities)	Ex-AIPD and Ex-KOMPAK region
4. Maluku Province	11 (1 municipality)	No previous engagement
5. Gorontalo Province	6 (1 municipality)	Ex-AIPD
6. North Kalimantan Province	5 (1 municipality)	No previous engagement
7. Aceh Province	23 (5 municipalities)	Ex-KOMPAK

Table 1: SKALA List of Targeted Provinces

Lagging districts exist in each of these provinces, which means that the task of improving governance capacity for better delivery of services to poor and vulnerable communities is affected to different degrees by the aforementioned factors and conditions which classify these districts as lagging.

Each of these factors and conditions affect minimum service delivery in a variety of ways, for instance:

- 1. Weak local economy** – a higher proportion of the local population do not have the means to afford services, which in turn increases the number of individuals requiring government support.
- 2. Poor human resources** – impacts on a number of different levels. Within the bureaucracy it means that there are less capable public servants able to quickly adopt and adapt to changes, whilst those who show capacity are often quickly rotated to other positions. Within the community, it means there is limited capacity to demand improved services and to ensure

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<sup>1</sup> This last criteria covers a range of “other” factors” which have hampered local development, including propensity to natural disasters, prevailing traditional cultures, norms and values, etc.



strong(er) representation in policy discussions.

3. **Limited infrastructure and facilities** – hampers the efficiency and speed in which services can be delivered and maintained, whilst increasing unit costs. This also acts as a barrier to mobilising and retaining capable personnel.
4. **Weak fiscal capacity** – requires a higher level of investment from national funding mechanisms, which can exacerbate problems when linked also to poor human resources and poor accountability. Another inevitable consequence means investment decisions are at the mercy of national allocation priorities.
5. **Accessibility** – creates additional challenges in service delivery, requiring unique and differentiated approaches, and often limits the availability of qualified personnel willing to be placed in remote regions.
6. **Unique regional characteristics** – conflict, frequency of natural disasters and other factors can also severely impact on service delivery and cannot be underestimated. These factors may place some regions or districts in the “too difficult” basket for SKALA, as the safety of the team must also be considered.

Although occurring in varying degrees across the 8 targeted provinces, each of these “given” or pre-existing conditions will significantly impact SKALA’s engagement and approach.

Beyond these given conditions, several regulatory and policy issues from the national government level will also affect the ability of provinces and districts to implement quality public finance management (PFM) related to minimum service standards (MSS) delivery. These include:

- Lack of regulatory harmony across ministries.
- Limited/constrained data use at the national level that would effectively support better targeting of transfers to districts.
- Lack of data-informed decision making at the district level, compounded by an increase in data collection demands from central ministries and the proliferation of e-platforms. The rapid shift towards digital platforms in Indonesia has not been supported by standards and protocols allowing for interoperability between systems and ease of data sharing, as highlighted during the COVID pandemic. Furthermore, poor data sharing agreements between ministries, and access for province and district governments (even to datasets they have provided input on) continues to hamper evidence-informed policy making.

**The multitude of data systems emerging due to competing interests and agendas of ministries at the central level at the very least create confusion, and disincentivize the use of these systems for planning at the local level.** A plethora of digitalized systems put in place by the central government (such as SEPAKAT, SIPD, LAKIP, SISKEUDES) have created a substantial workload for local governments, especially those at the frontline and lower government levels including villages and subdistricts. High workloads to service these systems and constraints in access discourage their use for more strategic planning. Efforts are underway to streamline and integrate systems nationally to address this issue,

including through the Satu Data Indonesia initiative. However, these ongoing transitions to digital systems also highlight the increasing need for technical capacity. Once again, this is often more difficult to access in lagging districts.

Workshops with local governments (provincial and district) to develop MSS action plans have also highlighted that there still exists much confusion on what must be applied and for whom. Changes in personnel participating in capacity building activities conducted as a series of events or over a period of time also cause frustrations both ways, as instructors often must repeat themselves. Even simple support mechanisms, such as frequently asked questions and clear templates, are also lacking.

The upcoming elections in November 2024 present a unique set of challenges. To ensure the local elections are (for the first time) held simultaneously, interim leadership of provinces and districts are now in place, some since 2022. Entering into a caretaker period, each local government is required to develop interim workplans (*Rencana Pemerintah Daerah*) together with a Strategy Plan (*Rencana Strategis*) for the period 2024 to 2026, and this responsibility falls under the remit of the Ministry of Home Affairs (MoHA) which will provide the required technical workshops to regional governments on these documents. Newly established provinces and districts lacking required capacity are particularly constrained and will require additional support.

The simultaneous local elections (for local governments) will be undertaken in November 2024. This will follow the presidential and legislative election held in February 2024, which provides a sufficient gap to ensure that national long-term development plan (RPJPN) and medium-term development plan (RPJPM) priorities can be incorporated into the agenda of the incoming president. The sequential timing of the national and local elections then allows for local government long and medium-term development plans (RPJPD and RPJPD) to reference and be aligned with national plans. This presents opportunities for SKALA and its stakeholders to support the development of templates and required indicators – including gender equality, disability and social inclusion (GEDSI) inputs and targets – and consequently in the development of the actual plans. This provides an overarching development policy framework and development targets that annual plans can refer to.

The period leading up to these elections, as well as the post-election period, will create other challenges for SKALA, potentially including a large-scale rotation of key staff members. Considering also that strong and supportive leadership is required at the district level, which will be only confirmed in 2025, it is proposed that SKALA focuses its support until after the elections at the province level, with the aim of building capacity at the province level to ensure they can serve effectively as “service centres” or help desks for district governments. This builds on the stated intent of governors and their apparatus as an extension of the authority of central government towards district government (Government Regulation No. 12/2017).

Given the fact that all the interim/caretaker governors are direct appointees of the Minister of Home Affairs, there may be greater openness from MoHA to enhancing province level capacity as an extension of MoHA’s authority, particularly with the intent of supporting district governments in the development, implementation and tracking of their minimum service standards action plans.

Progressing strong GEDSI oriented perspectives and policies will also be very different across SKALA's targeted locations, considering that not all local cultures and societies have the same attitude and perception towards GEDSI. National frameworks have not consistently been progressed and regulated by local governments, particularly where there exist strong incentives at the local level to use identity politics. Actual conditions in the regions are concerning, with a general trend towards increasing (reported) violence against women. Furthermore, in Papua there is the additional risk of actual armed conflict impacting on civilians, including women and children. Essentially, many stakeholders will be at different points in their GEDSI journey, and the SKALA team will need to collectively seek out champions and identify, sometimes opportunistic, entry points. Strong networks<sup>2</sup> will be important to improve influence and identify these potential entry points.

Law No. 1 year 2022 governing PFM arrangements between central and regional governments, referred to as *Hubungan Keuangan Pusat Daerah* (HKPD) and its implementation, is also a major policy agenda impacting on local governments, possibly throughout the entire program lifetime. Any new legislation from central government will cause uncertainty and require local level adjustments. In this case, the HKPD law mandates that local governments have only 2 years to change and adjust various policies related to PFM and 5 years to transition to full implementation.

This directive places a significant burden on local governments in terms of aligning various local government laws and regulations and adjusting operating systems to comply with the new law. There are also important changes that may have wide repercussions to local government PFM approaches. For example, managing the transition of honorary personnel to contracted government employee status (referred to as *pegawai pemerintah dengan perjanjian kerja – PPPK*) will affect employee spending allocations, specifically where local governments may only allocate a maximum of 30 per cent of their overall budget for personnel. This is one of a number of rules limiting how local governments can use their own budgets and allocate expenditure according to local needs.

As SKALA's targeted provinces include Aceh and the Papuan provinces, further consideration will need to be applied towards the specific changes required by the new special autonomy (*otonomi khusus - OTSUS*) legislation. The halving of Aceh's special autonomy budget allocation has a huge impact on the province's fiscal capacity, whilst the increased regulation of Papuan OTSUS to ensure stronger impact has drastically reduced province level control of the funds whilst establishing clearer allocations for districts, however with stringent controls attached.

Further to the new legislation, the establishment of the 4 new autonomy regions (*daerah otonom baru – DOB*) from the original 2 provinces in Papua also poses substantial challenges for both the original provinces and the new provinces (DOB). For the original provinces (Papua and Papua Barat), the need for regional economic recovery after the COVID pandemic, the ratification of OTSUS Law No. 2/2021 and the establishment of the new provinces caused a marked decrease in revenue. Commencing in 2022, the law has decreased Papua Barat and Papua special autonomy allocations and the additional infrastructure fund (*Dana Tambahan Infrastruktur – DTI*). The bulk of these funds are now transferred

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<sup>2</sup> Networks through potential Communities of Practice and Influence will be covered in further detail in the Pillar 3 Engagement Strategy

directly to the new provincial and district governments. It is also estimated that the 2 original provinces (Papua and Papua Barat) will lose more than 50 per cent of their locally generated revenue due to the loss of tax subjects (i.e., cigarette tax, vehicle tax regional levies) now flowing to the new Provinces. To illustrate, Papua Province's decrease in regional tax revenues was from over Rp. 1 trillion in 2022 to only Rp. 347 billion in 2023. At the same time, the number of employees who have transferred to the DOBs is a relatively small proportion of the total number of employees in the original provinces. As a result, the ratio of personnel (and subsequent overall cost) compared to the area of governance is significantly higher. Combined with the decrease in fiscal capacity, this puts pressure on the government's capacity to deliver operations and development priorities in Papua and West Papua provinces.

For the newly established regions or DOBs, there will likely be a heavy reliance for the first few years on support and guidance from the original provinces as well as from the central government, especially in establishing crucial government functions. The internal consolidation of the new provinces, organisational structuring, provision of apparatus, budget and grants allocations will mainly come as directives from the central government to be run by the DOB. Given the focus of the new provinces will be on setting up their own government structures, this will almost inevitably come at the cost of actual service delivery and development. The formation of these DOBs may also be seen by local elites as an opportunity to set up new patronage networks determining local government officials' selection and subsequent government activities.

Many communities in lagging regions have no exposure to quality services. As such, any services provided are already seen as an improvement given these low expectations. This highlights the need for improved public communications and advocacy to strengthen awareness of, and demand for, improved services.

## **1.2 Problem Analysis and Picture of Success**

SKALA's EOPO – 2 is broken down into 3 IOs, which are considered in turn below:

IO 4 - Selected provincial and district governments better use PFM for the provision of basic services that meet the MSS.

IO 5 - Selected provincial and district governments increasingly utilise evidence on women and vulnerable communities' service delivery needs in their planning and budget decisions.

IO 6 - Senior leaders in selected provincial and district governments better recognise, measure and plan for the specific service delivery needs of all citizens.

**IO 4: Selected provincial and district governments better use PFM for the provision of basic services that meet the Minimum Service Standards.**

### **Key Problems**

- Lack of clarity and harmonisation of spending between national and regional government units

in meeting minimum service standards linked to GEDSI targets.

- Poor quality of regional planning and budgeting:
  - Implementation and fulfilment of minimum service standards are yet to become the main objectives in the process of developing planning documents.
  - Overall poor capability of regional government in conducting evidence-based budget analysis.
- Poor management and allocation of development funding sources, which includes shortcomings in:
  - Management of transfers to regions (*transfer ke daerah* – TKD).
  - Generation and management of locally generated revenue (*pendapatan asli daerah* – PAD)
  - Ensuring allocations and resourcing to fulfil minimum service standards and GEDSI requirements.
- Poor alignment or consistency between relevant national frameworks with district level regulations:
  - National frameworks are highly complex, which creates confusion particularly in low-capacity regions on what is required and what should be considered or referred to in drafting new regulations on minimum service standards or GEDSI.
  - Weak facilitation and technical assistance in developing minimum service standards planning and budgeting documents, including supporting regulations, and poor implementation or enforcement of requirements.
  - Low political demand for required policies and regulations.
  - Complicated regulations around each of the transfers, making it difficult to comply with all requirements.
  - No clear tools to undertake GEDSI analysis (and no clear pathway into implementation).
- Issues in applying minimum service standards requirements in the planning and budgeting process:
  - Lack of easily accessible data on service delivery, including defining targets due to poor community level data.
  - Low analytical capacity to use data to identify needs.
  - Lack of clarity and understanding on the dimensions of minimum service standards to be addressed in terms of quality and/or inputs. This also highlights a lack of clarity in national level guidance/references.
- Insufficient generation and management of locally generated revenue/PAD:
  - Low data availability and analytical capacity.

- Given other existing factors, a number of locations have extremely limited opportunities or mechanisms to generate revenue.
- OTSUS-specific challenges of OTSUS fund management, requiring an additional set of guidelines:
  - Specific issues around the design of programming aimed at targeting or reaching indigenous communities.
  - New Papuan provinces are further hampered by limited human resources availability and capacity.

### **Picture of Success**

- Increased regional budget allocations to support the provision of inclusive and improved quality basic services:
  - Effective facilitation and technical assistance are provided and available to support the development and implementation of strategies to improve locally generated revenue/PAD at province and district levels. This also requires engagement and strengthening of legislative bodies to pass required regulations, including for potential regional endowment funds.
- Increased quality of regional spending to support the provision of inclusive and high-quality basic services:
  - Planning and budgeting documents are based on minimum service standards requirements and supported by required regulations.
  - Technical assistance is provided on the development of integrated development funding plans, mapping out all the funding sources and clarifying their allocation/utilisation. This includes mainstreaming GEDSI into the planning and budgeting process.
  - Capacity of planners is increased to be able to effectively draft planning documents based on minimum service standards requirements, synchronized with regional macro-economic policy and Fiscal Policy Requirements (KEM PPKF Regional).
  - Strengthened capacity of local governments in the 4 stages of minimum service standards implementation (data collection, calculation of fulfilment needs, drafting of fulfilment plan and implementation of fulfilment plan).
  - Use of monitoring and evaluation tools and approaches to improve service delivery quality by clearly linking into the next cycle of planning and budgeting.

### **IO 5: Selected provincial and district governments increasingly utilise evidence on women and vulnerable communities' service delivery needs in their planning and budget decisions.**

#### **Key Problems**

- Lack of availability of up-to-date, comprehensive disaggregated datasets on gender, disability,

and marginalised groups including vulnerable indigenous groups (OAP):

- Much of the data used to assess district and province performance is collected based on samples that render the data invalid for analysis below the district level. This means that it is not useful in district planning and budgeting processes.
  - Data does exist that can be of use to district governments, but it is often program data, spread across sectors and units. Compiling it into a useful format takes time, effort, and a clear sense of purpose. Even then, some data is either lacking (such as that on disability) or insufficiently disaggregated (e.g., on gender or marginalised groups).
  - Data available to district level decisionmakers is often of variable quality, placing district stakeholders in the difficult position of needing to simultaneously rely on data in the planning process and improve its quality. In addition, the proliferation of available data means that questions often arise about which information is “correct”. These factors contribute to discomfort around data use.
- **Poor Data utilization:**
    - Lack of recognition of the validity of ground-level generated data as inputs into planning and budget allocation at higher levels of government.
    - Lack of usage, sharing and analysis of GEDSI disaggregated data in planning and budget processes.
    - Even if high quality data is available, local governments do not necessarily have the skills to undertake basic analysis of the data that would support the planning process. This is further complicated by data quality issues, which require local governments to approach their own analysis critically.
    - Particular analytical challenges include specifying the key policy questions to be considered, and then identifying the relevant information to respond to the questions at hand and working through the programmatic implications of low or high performance around a specific aspect of service delivery.
    - In addition, while mid-term planning documents are evidence-based, it is not always clear how that analysis flows through to annual plans, and there are large variations by sector around the use of data in programmatic planning. For example, Bappeda’s ability to review and coordinate sectoral plans depends on its own ability to undertake and understand analysis around district level needs.

### **Picture of Success**

- Strengthened governance of data updating, sharing and utilisation at the regional level to support planning, coordination, and the determination of decentralisation priorities.
- Availability of accurate, up to date, integrated, reliable and easily accessible data at the regional level to strengthen planning and budgeting in support of inclusive and high-quality basic services.
- Improved capacity to undertake or understand basic analytics in support of minimum service standards.

## **IO 6: Senior leaders in selected provincial and district governments better recognise, measure and plan for the specific service delivery needs of all citizens.**

### **Key Problems**

- Regional leaders/decisionmakers lack analytical tools and mechanisms to identify, measure and design specific services based on needs.
- There is a need for effective knowledge sharing mechanisms to provide inputs to regional leaders/decisionmakers on effective approaches to meeting minimum service standards and improve participation and social inclusion.
- There is a need to ensure that leaders/decisionmakers have access to, and can use, strategic information and analysis required to design and implement services that effectively meet the needs of their citizens.
- An ongoing lack of incentives and recognition of good performance for local leaders particularly in progressing GEDSI related agendas and priorities.

### **Picture of Success**

#### **IO 6**

- Strengthened commitments of key regional leaders in planning, budgeting, and the provision of inclusive and high-quality basic services
- Improved recognition and incentives where possible based on clear performance indicators achieved by local leaders to progress minimum service standards and address GEDSI related issues.

### **1.3 Programmatic Boundaries**

To ensure the program's portfolio does not expand beyond what can be achieved through SKALA, several programmatic boundaries have been identified as guidance for the team.

#### **IO 4**

- Working on governance-type issues, which means avoiding delving too deeply into sectoral programming.

#### **IO 5**

- Not creating our own data/information systems but focusing on strengthening and harmonizing available data systems which relate, or are relevant, to improved delivery of MSS.
- Not establishing new approaches but building on and applying or scaling existing smart practices.
- Working within and in support of ongoing government initiatives while providing evidence and feedback to nationally/centrally driven agendas and initiatives to address conflicting or misaligned directives.



## IO 6

- Ensuring that the team avoids being driven towards political agendas that are not relevant to GEDSI and MSS.
- Focusing on collaborative advocacy rather than any engagements which can be seen as confrontational. This includes selective engagement of stakeholders in communities of practice and influence to ensure discourse is constructive and supported by compelling evidence.

## Solutions

## IO 4

### All Provinces

- Support the facilitation and provision of competent technical assistance in the development of planning and budgeting documents to progress inclusive minimum service standards. This includes support in the development (where required) of bylaws and other necessary policy documents, and initial support in the implementation of emerging policies and plans.
- Support the facilitation and provision of qualified technical expertise to guide the drafting of locally generated revenue (PAD) strategies at both province and district levels. Provide guidance and technical inputs on any required revisions of local legislation and other policies related to legal revenue generation, including the establishment of local endowment funds.
- Provide support to ensure effective monitoring and evaluation is conducted, and results communicated effectively to the public. Also ensure that monitoring and evaluation results are analysed and used in further programming and budgeting efforts.
- Facilitate technical expertise, including from local experts' development of integrated development funding plans to map out all the funding sources and clarify their allocation/utilisation (PAD, DAK, DAU, DIF & OTSUS). This includes mainstreaming GEDSI into the planning and budgeting process.
- Facilitate the strengthening of capacity of planners in the drafting of planning documents based on minimum service standards and provide assistance in synchronising these with regional macro-economic policy and Fiscal Policy Requirements (KEM PPKF Regional).
- Engage technical expertise, including from local universities and/or civils society organisations to build capacity of local governments in the 4 stages of MSS implementation (data collection, calculation of fulfilment needs, drafting of fulfilment plans and implementation of fulfilment plans).
- Provide technical guidance on the use of monitoring and evaluation tools and approaches to improve service delivery quality by clearly linking these into the next cycle of planning and budgeting.

### Specific to Special Autonomy Provinces:

Provide effective facilitation and technical assistance on the governance and implementation of the new special autonomy requirements.

## IO 5

- Clarify district needs and priorities which can be addressed by and are relevant to SKALA's support.
- Provide technical assistance to improve the province level capacity to strengthen local regulations and understanding of national policies.
- Strengthen institutional capacity in data management and updating, including data sharing protocols and support for integration where possible.
- Provide technical support to strengthen the regional data forum, with a specific focus on standardising minimum service standard-related data.
- Provide technical support and expertise to ensure interoperability of systems required to provide data on vulnerable communities/groups, including women, which is comprehensive, valid, and up to date (SID-Data Sektoral-SEPAKAT-Regsosek-E Walidata-SIPD RI) to support improved outcomes in planning, MSS, social protection and poverty reduction.
- Provide technical expertise and support to strengthen the capacity of data system operators and users to undertake required analysis and combine macro and micro data sources to support minimum service standards and social protection objectives.
- Initiate testing of gender-responsive public expenditure and financial accountability (GR-PEFA) analysis based on local data sources.

## IO 6

### All Provinces

- Provide facilitation and technical support to the development and use of instruments and approaches, including applying analysis for further improvements.
- Provide facilitation and support to the establishment of communities of practice and influence to discuss and support the fulfilment of MSS and advocating for GEDSI outcomes.
- Facilitate technical expertise in the analysis and use of disaggregated data and evidence, particularly to address the needs of women, people with disabilities, vulnerable Papuan indigenous communities, and the elderly. This includes ensuring that the analysis is used in the planning and budgeting process.
- Strengthen the capacity of key local government officials through learning forums which include vulnerable community representatives and civil society organisations.
- Provide technical support to ensure proposals and perspectives of legislative members are channeled through MOHA's regional government information systems (SIPD), particularly those in support of the fulfillment of minimum service standards and in addressing GEDSI-related issues.

### Specific to Special Autonomy Provinces

- Strengthen the capacity of key government officials through engagement with relevant central government agencies and ministries to ensure effective implementation of special autonomy in accordance with the new legislation.

## Blockers

### IO 4

- Lack of leadership support due to a focus on preparations for elections and lack of focus from caretaker officials to progress minimum service standards and GEDSI agendas.
- Lack of focus from legislative members in local parliaments also due to upcoming elections and end of term.
- Push for establishment of endowment funds not aligned with actual capacity in the province where it is to be implemented, and allocations of funding for endowment funds which should have been used to improve minimum service standards delivery and/or local revenue generation.
- Lack of motivation/interest to undertake monitoring and evaluation and use results.
- Rotation/inconsistent participation in capacity building processes.

### IO 5

- Lack of incentives to integrate/share data.
- Lack of direction and integration of systems at a national level, impacting on momentum to integrate locally.
- Lack of demand for evidence-driven planning.
- Conflict in Papua and other regions in the lead-up to the elections, limiting data collection processes.
- Lack of support for GR-PEFA testing.

### IO 6

- Political agendas not supported by evidence.
- Lack of motivation and/or focus of legislative members.
- Lack of willingness of government leaders to engage in open discourse with other experts/institutions.

# 2. Theory of Action

## 2.1 IO 4

Three key areas have been identified for SKALA to engage in and support key government counterpart agencies to deliver effectively.

The first is support for the development of planning and budgeting documents and their related regulations. This includes facilitating improved coordination, capacity and advocacy, leading to and acting on improved guidance and inputs on:

- Long term development plans
- Medium term development plans
- Integrated development funding plans
- MSS fulfilment action plans.

In supporting key government counterpart agencies, SKALA will provide inputs and suggest improvements on the approaches and techniques as well as on the appropriateness, completeness, and ease of use of templates and tools.

The second is support for the development and implementation of strategies to increase locally generated revenue. This is imperative, particularly to support the funding of MSS, as well as to help address other issues affecting lagging regions with weak local economies, including where deregulation may be needed to boost local economies and decrease overall dependence on public financing of services. This may also open up potential collaboration with other programs such as PROSPERA, KIAT and PRISMA.

The third focus is effective communication strategies on key agendas of special autonomy. The implementation of MSS in fulfilment of basic human rights is not necessarily well understood at the community level, particularly if access to information is limited.

Support for the development of communication strategies regarding new special autonomy laws, the implications of these new laws, as well as the actual contributions and results of special autonomy resourcing, are all important to balance any negative narratives through clear and objective SKALA communications.

## IO 5

The first approach needed to achieve this IO is to support the actual use and analysis of disaggregated data on gender, disabilities, and vulnerable groups in planning and budgeting processes to improve basic services. This requires technical inputs alongside knowledge sharing events to clarify key policy questions which need to be answered to progress plans and allocate budgets. Development of clear policy questions helps identify what data is needed to answer these policy questions, and whether the datasets exist and are of sufficient quality to be used with confidence. Access to required datasets must

then be facilitated, so that analysis can be conducted. How to then present and make best use of the analytical product, such as incorporating findings into emerging plans and budgets, will also need to be progressed by SKALA through its support to or engagement with key government and non-government stakeholders.

The second approach is to strengthen data governance through data forums intended to generate broader support for and engagement in planning and budgeting to improve basic services. This process must be designed to support new plans and strategies (IO 4) which will require specific combinations of datasets and analysis. This requires a joint understanding of necessary data protocols and standards. Through the data forum, issues and challenges around national data collection, access and analysis will be identified and progressed through SKALA's national level government counterparts. Findings in one province will be triangulated with other provinces to confirm whether issues are locally driven or reflect commonalities which could be best addressed by central government. The data forum will also be facilitated to play a role in ensuring the availability and quality of disaggregated data in terms of women, people with disabilities, and elderly and other vulnerable groups where relevant.

## **2.2 IO 6**

Bearing in mind that locally elected leaders will only commence their roles in 2025, SKALA's approach is to encourage the establishment of communities of practice, potentially in collaboration with universities and civil society, with the aim of these communities of practice being well-placed to undertake advocacy through impactful presentation and communication of evidence related to MSS and GEDSI. This includes providing a forum for key central government officials to share perspectives and criteria on the role and expectations citizens should have towards newly elected leaders. Depending on the support of central ministries, discussions could take shape around compulsory agendas and priorities candidates should commit to undertake in terms of MSS and inclusion.

Other efforts to be undertaken through IO 6 include the use of local monitoring and evaluation approaches and instruments to inform and influence decision making.

# 3. Activity Decision Making Criteria

The following criteria were proposed through the design process:

Criteria	Details
GEDSI	Potential to progress SKALA’s GEDSI ambitions and proposed approach (mainstreaming and/or targeted). Has the activity considered the SKALA GEDSI Strategy in the design?
Program Coherence	Alignment with specific IOs in the SKALA program logic and complementarity/synergies with other planned SKALA activities and/or DFAT/other development partner activities.
Results and risks	Anticipated results and potential pathways for increasing impact at scale, weighed against the risks (e.g., risk of not achieving results, reputational risks, execution risks, ability of partners to implement etc).
Sustainability	Activities aim to contribute to change in service delivery and GoI priorities; have the potential to scale up or out; adaptability in design process with clear outcomes; is the activity appropriately resourced and budget available in GoI systems.
Design effectiveness	Sound design principles, with a clear purpose and likely impact of catalytic change, with demonstrated transparency and accountability reforms.
VFM	Appropriately budgeted and not duplicative.

Aside from the criteria agreed with Bappenas through the governance framework, a number of factors should be considered by the team to support initiatives proposed by regional/local governments. These include:

- Whether the activity is supported by one of the 3 counterpart ministries who will have overall responsibility for acknowledging receipt of services and acquitting or *BASTing* the activity; and whether the activity can be effectively implemented with available resources and if existing stakeholders' commitment is likely to ensure sustainability post-SKALA.
- Activities that are backed by robust evidence and data.
- Activities that will provide measurable impact, minimising niche and narrow activities that do not align with SKALA’s thematic interests.

- Activities that promote application of advanced analytics and research to facilitate responsive and transparent planning and budgeting.
- Activities that support linkages across IOs and/or are oriented towards improved inter and intra-ministerial or regional collaboration.

# 4. Coherence and Cooperation

Broadly speaking, SKALA functions in 3 ways, or through “3-Ps”:

- providing critical practice space to scale effective practices/*praktik*
- ensuring effective monitoring, evaluation, and research to ensure learning is achieved to continue adapting and strengthening its approach/*pembelajaran*
- by effectively advocating findings and influencing areas requiring reform within Indonesia’s complex decentralization environment/*pengaruh*.

The “Praktik” function of SKALA in EOPO 2 consists of planning and regulatory strengthening activities, which includes capacity building within local government institutions and where possible local non-government partners such as universities to ensure that in turn they are able to effectively deliver minimum service standards and address GEDSI-related issues with the support of strong public finance systems and capacity. This relates also to capacity in adapting to and applying the HKPD and new special autonomy laws (IO-3).

The strengthening of local government capacity also includes local data systems and interlinkages with national systems, where national issues regarding accessibility of data across different ministries is also faced by local governments. As described in previous sections, SKALA will work in support of integrating locally generated information systems such as SAIK+, SIO and SIGAP, as these systems provide micro level insights which are required for inclusive targeting and programming. However, they need to be properly distributed and updated in all relevant villages or communities. Local capacity must also be enhanced in combining datasets and undertaking local level analysis to provide sufficient evidence for local policy and programming decisions. As such, a strong element of SKALA’s work with local government and stakeholders will need to be around improving access to data systems and in undertaking required analysis.

The process of better understanding how “Selected provincial and district governments increasingly utilise evidence on women, people with disabilities and vulnerable communities’ service delivery needs in their planning and budget decisions” (IO 5) requires further research and analysis, to be conducted through the “*Pembelajaran*” or learning function of SKALA. This needs to look beyond the symptomatic issues emerging from poor planning, coordination and prioritisation, and present evidence to influence improved performances of local government decisionmakers.

Presentation and discussions hopefully leading to systemic and behavioural change will rely on a broad range of stakeholders pushing and advocating in the same direction. This is where SKALA’s “*Pengaruh*” function comes into play, by combining the influence of central ministries to direct local governments to perform better, with local actors and practitioners engaged through rational and evidence-informed discussions to provide input and recommendations oriented at improving the delivery of MSS and ensuring inclusive development approaches in the region. Cooperation with other programs identified to be working in the same provinces will also support SKALA’s “*Pengaruh*” function by enabling joint



advocacy on required improvements at a local level. Mapping of potential partnerships and regular coordination meetings will be undertaken as provincial teams are established.



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