



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



Kementerian PPN/
Bappenas



Australian Government

SKALA Six Monthly Progress Report



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Abbreviations

APBD	<i>Anggaran Pendapatan dan Belanja Daerah</i> (Local Government Budget)
BAPPEDA	<i>Badan Perencanaan Pembangunan Daerah</i> (Regional Development Planning Agency)
BAPPENAS	<i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency/Ministry of National Development Planning)
BPKA	<i>Badan Pengelolaan Keuangan Aceh</i> (Aceh Financial Management Agency)
BPS	<i>Badan Pusat Statistik</i> (Statistics Indonesia)
DAD/SWF	<i>Dana Abadi Daerah</i> (Sovereign Wealth Funds)
DAK	<i>Dana Alokasi Khusus</i> (Special Allocation Fund)
DD	<i>Dana Desa</i> (Village Fund)
DFAT	Department of Foreign Affairs and Trade
DJPK	<i>Direktorat Jenderal Perimbangan Keuangan</i> (Directorate General of Fiscal Balance)
EOP	End of Program Outcomes
GEDSI	Gender Equality, Disability, and Social Inclusion
GoI	Government of Indonesia
HDI	Human Development Index
HKPD	<i>Hubungan Keuangan Pemerintah Pusat dan Daerah</i> (Financial Relations between the Central Government and the Regional Government)
IO	Intermediate Outcomes
KOMPAK	<i>Kolaborasi Masyarakat dan Pelayanan untuk Kesejahteraan</i> (Community Collaboration and Services for Welfare)
LOGIS	Locally generated information systems
MoF	Ministry of Finance
MoHA	Ministry of Home Affairs
MSS	Minimum Standards for Service Delivery
NTB	<i>Nusa Tenggara Barat</i>
NTT	<i>Nusa Tenggara Timur</i>
Otsus	<i>Otonomi khusus</i> (Special Autonomy)
PAITUA	<i>Program Perlindungan Hari Tua</i> (Elderly Social Protection Program)
PFM	Public Financial Management
PKPM	<i>Penanggulangan Kemiskinan dan Pemberdayaan Masyarakat</i> (Poverty Alleviation and Community Empowerment)
PMK	<i>Peraturan Menteri Keuangan</i> (Ministry of Finance Regulation)
PUSDATIN	<i>Pusat Data dan Informasi</i> (Data and Information Center)
RAPERGUB	<i>Rancangan Peraturan Gubernur</i> (Governor Regulation Draft)
RAPPP	<i>Rencana Aksi Percepatan Pembangunan Papua</i> (Action Plan for Accelerating Development in Papua)
REGSOSEK	<i>Registrasi Sosial Ekonomi</i> (Socio-Economic Registration)
RENSTRA	<i>Rencana strategis</i> (Strategic Plan)
RIPPP	<i>Rencana Induk Percepatan Pembangunan Papua</i> (Master Plan for Accelerating Development in Papua)
RKPD	<i>Rencana Kerja Pemerintah Daerah</i> (Local Government Development Plan)
RKA	<i>Rencana Kerja dan Anggaran</i> (Work Plan and Budget)
RPD	<i>Rencana Pembangunan Daerah</i> (Regional Development Plan)
RPJPN	<i>Rencana Pembangunan Jangka Panjang Nasional</i> (Long-Term Nasional Development Plan)
RPJPD	<i>Rencana Pembangunan Jangka Panjang Daerah</i> (Long-Term Regional Development Plan)
RPJMN	<i>Rencana Pembangunan Jangka Menengah Nasional</i> (Medium-Term Nasional Development Plan)
RPJMD	<i>Rencana Pembangunan Jangka Menengah Daerah</i> (Medium-Term Regional Development Plan)

SA	Subsidiary Arrangement
SAIK+	<i>Sistem Administrasi dan Informasi Kampung Plus</i> (Village Administration and Information System Plus)
SEPAKAT	<i>Sistem Perencanaan, Penganggaran, Analisis & Evaluasi Kemiskinan Terpadu</i> (Integrated Planning, Budgeting, Analysis and Evaluation System for Poverty Alleviation)
SID	<i>Sistem Informasi Desa</i> (Village Information System)
SIGAP	<i>Sistem Informasi Gampong</i> (Village Information System) – for Aceh
SIO	<i>Sistem Informasi Orang Asli Papua</i> (Papuan Indigenous People Information System)
SIPD	<i>Sistem Informasi Pembangunan Daerah</i> (Government Planning Information System)
SIKD	<i>Sistem Informasi Keuangan Daerah</i> (Regional Financial Management Information System)
SISKEUDES	<i>Sistem Informasi Keuangan Desa</i> (Village Financial Management System)
SKALA	<i>Sinergi dan Kolaborasi untuk Layanan Dasar</i> (Synergies and collaboration for service delivery acceleration)

Executive Summary

Sinergi dan Kolaborasi untuk Akselerasi Layanan Sasar (Synergy and Collaboration for Service Delivery Acceleration, SKALA) is an Australia-Indonesia Partnership Program designed to help Indonesia address regional disparities in development. SKALA aims to strengthen selected elements of Indonesia's large and complex decentralized government system responsible for the delivery of basic services, focusing on accelerating the improved delivery of services in less developed regions, particularly for vulnerable groups, including women and people with disabilities. SKALA supports policy harmonisation at national and subnational level, with a view to improve public financial management and the quality of spending through evidence-based planning and budgeting. SKALA is a continuation of significant investments of the Australian Government in support of Indonesia's decentralization policies, including KOMPAK, AIPD, and ANTARA.

The transition from KOMPAK to SKALA occurs at the commencement of an important period of change in Indonesia. In 2024, national and local elections will be synchronized for the first time, and preparation for this change is well underway. While this change creates political uncertainty due to its scale, it is also an opportunity for the alignment of national and local plans in a period when the national government is preparing both mid- and long-term development plans. Aside from political shifts, this alignment also progresses within a changed fiscal context: Law 1/2022 on the Harmonization of Fiscal Policy adjusts and refines the fiscal relationships between central and local governments.

In this context, it was particularly important that relationships and engagement around Indonesia's decentralisation be maintained between projects. As such, key goals of SKALA's interim workplan included:

- Maintaining of program momentum from KOMPAK into SKALA
- Maintaining and building of trust and relationships with government stakeholders
- Refining of strategies through in depth understanding of current government goals and priorities
- Supporting collaboration between SKALA government partners where possible.

The program is organised around 3 end of program outcomes across 3 general themes: better public financial management in support of improved service provision; availability, management and use of data in to enhance evidence-based planning processes; and strengthened participation and social inclusion.

At the national level, SKALA worked to support policies and regulations that allow subnational governments to increase local revenue from a variety of sources, manage it well, and then more effectively use it to support the delivery of public services. Law No 1/2022 on HKPD provides a critical entry point for the program, as implementing policies and regulations continue to be developed and refined under the law and regulatory consistency and clarity need to be ensured across ministries. SKALA used the interim period to continue this work and map further needs, while simultaneously supporting improved planning process that included a clearer evidence base and GEDSI focus.

While the program leveraged the unique window of opportunity afforded by the preparation of simultaneous elections in 2024 to improve current planning processes, it is also investing in longer term improvements to data and analytical systems. This will make it easier and more effective for local governments to undertake the analysis that they need to target services effectively and ensure that those services are reaching the most vulnerable.

Across levels of government, SKALA built on previous work to support the integration of data systems with the dual objectives of improving quality, availability and use of data on the most marginalized and streamlining data systems to improve functionality for planning and oversight functions. At the national level, this involved support for improved analytical capabilities of the SEPAKAT system, based in BAPPENAS, complemented by continued integration of the local data systems which provide rich data on all Indonesians, more effectively capturing the situations of the most marginalized. At the subnational level, this focused on ensuring that local governments continue to work on producing and managing quality data that will allow them to effectively understand and refine the delivery of their basic services and to develop options for interoperability between data systems.

During the inception period, subnational support progressed a number of key agendas. The first was support for the development of minimum service standard Action Plans and supporting regulations to provide governments with clear guidelines on how to understand and implement improvements. The second was in providing support towards mid- and long-term planning preparations, including the incorporation of GEDSI indicators. The third was specific to the needs of *Otonomi khusus* (OTSUS - Special Autonomy) provinces, working in Aceh to strengthen fiscal capacity in the face of declining OTSUS revenue, in Papua Barat to improve public financial management in support of accelerated improvements in the Human Development Index and in Papua Barat Daya on the development of PAITUA, an Elderly Social Protection Program funded by OTSUS. SKALA has also provided support for all provinces and districts in Papua to comply with the new OTSUS Papua law through cross-ministerial collaboration led by MoF. This has progressed a number of improvements in terms of public finance management.

The implementation of the interim activities provided a strong basis for the development of SKALA's first annual workplan and a foundation for further work toward the fulfillment of the program's EOPO. They also led to the emergence of at least 3 cross-cutting themes worth highlighting, which inform SKALA's approach going forward. These are:

- (i) Provincial governments in targeted provinces have sufficient capacity to exercise their authority in providing guidance to district governments in formulating, implementing and evaluating action plans to deliver basic services to vulnerable communities;
- (ii) Central government ministries jointly have clarity on the fiscal and regulatory requirements to improve service delivery for all citizens in each targeted region and has increased confidence that local governments are effectively generating and spending resources;
- (iii) Representatives of vulnerable communities have increased confidence in local governments – specifically their intent and capacity to respond to the needs of vulnerable communities.

These themes incorporate support coordination and collaboration between ministries and within ministries, and between national and local governments, as well as broader support for the mainstreaming of gender equality, disability and social inclusion (GEDSI) perspectives.

Lessons from the inception period include the importance of allowing government to lead work, and focusing on government capacities and constraints so that the program can move from thinking about a problem-solution framework to a nexus of challenges, institutional realities and possible responses.

Undertaking the interim workplan has also provided the opportunity to scope personnel requirements moving forward and internal structures required, which includes the need to strengthen the knowledge management and policy advocacy capacity to strengthen communication of ideas and results across government and the general public.

1. Introduction and Context

1.1. Background

SKALA’s evolutionary journey began in July 2022 with the completion of the KOMPAK program and the beginning of the transition phase from KOMPAK to SKALA.¹ The initial transition, from July until December 2022, was managed by BaKTI Foundation. This overlapped with the inception phase, which commenced following the award of managing contractor of the SKALA contract to DT Global on 26th October 2022.

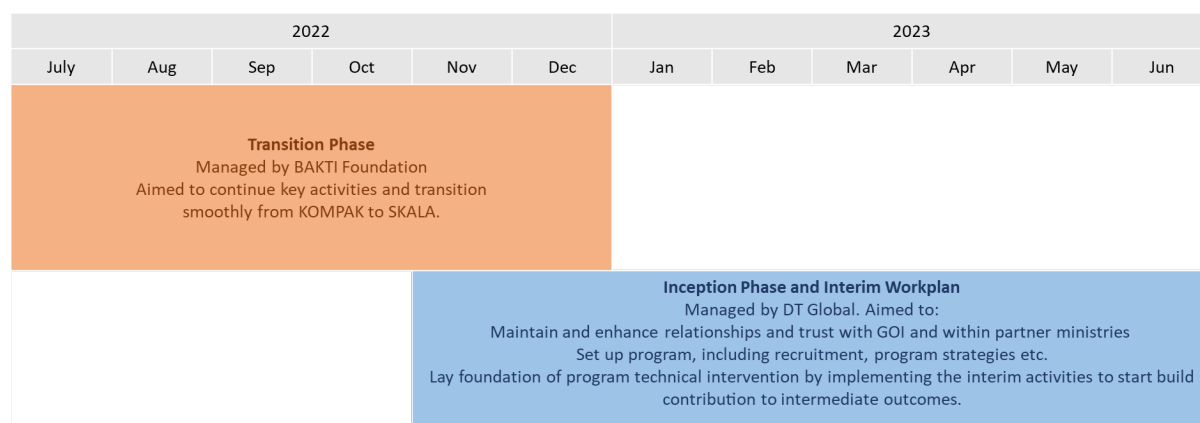


Figure 1: SKALA’s start up process

A key assumption underpinning the inception phase was that the Subsidiary Arrangement (SA) with GoI would be signed prior to commencement. The SA formally acknowledges the program and allows it to work within GoI systems to ensure transfer of inputs into GoI processes and procedures, as well as allowing for more open dialogue and coordination. The SA also formally determines the targeted provinces in which SKALA will work, and so is critical in commencing formal engagement with the selected provinces. However, the SA was only signed on 30 March 2023. While this allowed time for additional discussions, it also meant that GoI had to request assistance on an activity-by-activity basis during much of the inception phase. While the team was able to manage this process carefully, given strong relationships with government partners, it did slow progress and created additional obstacles to implementation. Some interim activities were delayed until after the SA was signed, and then incorporated into the development of the multi-year and annual work planning process.

A number of changes to the intended schedule were required, given the delay in SA signing. BaKTI’s contract was extended from September to December to allow the continuation of certain activities. In November and December 2022, the newly appointed SKALA team worked adaptively with BaKTI to conclude their work, draw out key lessons from the transition phase and plan interim activities until the end of February. However, as the SA was still not signed at that point, the interim workplan was extended until March. After signing, certain interim activities continued through to June 2023 due to their strategic nature supporting key government goals. DFAT continued to provide significant engagement through the transition and inception phase to support the implementation of activities in order to maintain relationship and trust with the Government of Indonesia (GoI).

¹ Program details are summarized in Annex A.

One of the causes for the delay in signing the SA which required further engagement with government were issues around the Papua region, with heightened levels of scrutiny and sensitivities due to the upcoming elections. Despite clear data showing that the region is the most underdeveloped in Indonesia, there was strong resistance from certain elements in the Ministry of Home Affairs insistent on SKALA not including any Papuan provinces as a target location. This was despite significant policy changes supported by DFAT through KOMPAK on the OTSUS Papua Law which now require support to implement. DFAT was successful in negotiating a change in the original intent to have the SA signed by MoHA to BAPPENAS, which then necessarily required time and new engagements to be undertaken. This and other risks are presented in Annex B.

Finally, all interim activities ran parallel to important inception activities aimed at establishing SKALA, including the development of the district targeting strategy, pillar engagement strategies, political economy analysis and governance and operations manuals. These are detailed in SKALA's Inception Plan.

1.2. Objectives and Strategy

At the broadest level, the focus of the interim workplan was to:

- Maintain program momentum from KOMPAK to SKALA
- Maintain and further build trust and relationships with government stakeholders
- Work strategically and build further understanding of current government goals and priorities
- Support collaboration between SKALA government partners where possible

The interim workplan was developed in consultation with 12 directorates across the Ministry of National Development Planning (BAPPENAS), the Ministry of Home Affairs (MoHA), the Ministry of Finance (MoF) and the Ministry of State Secretariat. These ministries proposed 167 activities to be conducted during the SKALA inception phase. SKALA deployed a set of criteria to prioritise those requests and grouped them into 26 activity clusters aligned with the program's End of Program Outcomes (EPO) and Intermediate Outcomes (IO).

The interim workplan built on themes from the transition period, including support for autonomous regions, expansion of LOGIS and support for GEDSI issues, but also expanded its focus to issues around planning and budgeting of basic services in line with Minimum Service Standards (MSS). SKALA drew from national strategic priorities, (e.g., *Hubungan Keuangan Pemerintah Pusat dan Daerah-HKPD*² Law, MSS Action Plan, REGSOSEK/Socio-Economic Registration, National Action Plan for People with Disability, National Strategy on Elderly, etc) and used the moment of approaching elections and the planning processes that they drive to influence and leverage adoption at subnational levels and increase awareness towards the importance of contextual adaptation rather than a "one size fits all" approach. This cycle includes the development of both the long term and medium-term development plans.

While the content of the workplan was important, SKALA's approach to its implementation was to introduce a more nuanced engagement to build trust and support collaboration between government partners and various development projects. This approach revolved around:

² HKPD (Financial Relations between the Central Government and the Regional Government) Law is the law on fiscal relations between the central government and regions which aims to simplify and expedite spending at the regional administration level.

- Working with government: utilising its own agendas and strategies as starting points for support and collaboration; leveraging trust and relationships in support of change
- Understanding institutional capacity and constraints: moving beyond the problem-solution nexus to also incorporate understanding of the institutional space in which SKALA will work. This triple space approach seeks to understand internal institutional capacity to actually adopt and adapt innovations and adjust inputs which build on existing capacity
- Supporting dialogue and coordination between central ministries: creating space to improve policy coherence and provide clarity to local governments around policy direction
- Recognizing and appreciating local government diversity as well as their challenges in the implementation of national policy
- Promoting and facilitating evidence-based assessments in policy implementation.

Critical in this process was the novation of a number of key team members from KOMPAK which ensured sustained engagement with key stakeholders. This stepped process has laid a solid foundation for SKALA program implementation in the long run as well as nurturing close coordination and collaboration with and between government partners.

2. Interim Phase Key Achievements

While the interim workplan was limited in its scope, it was still oriented around the program logic (goal, 3 EOPOs, and 9 IOs), as set out in Figure 2 below.

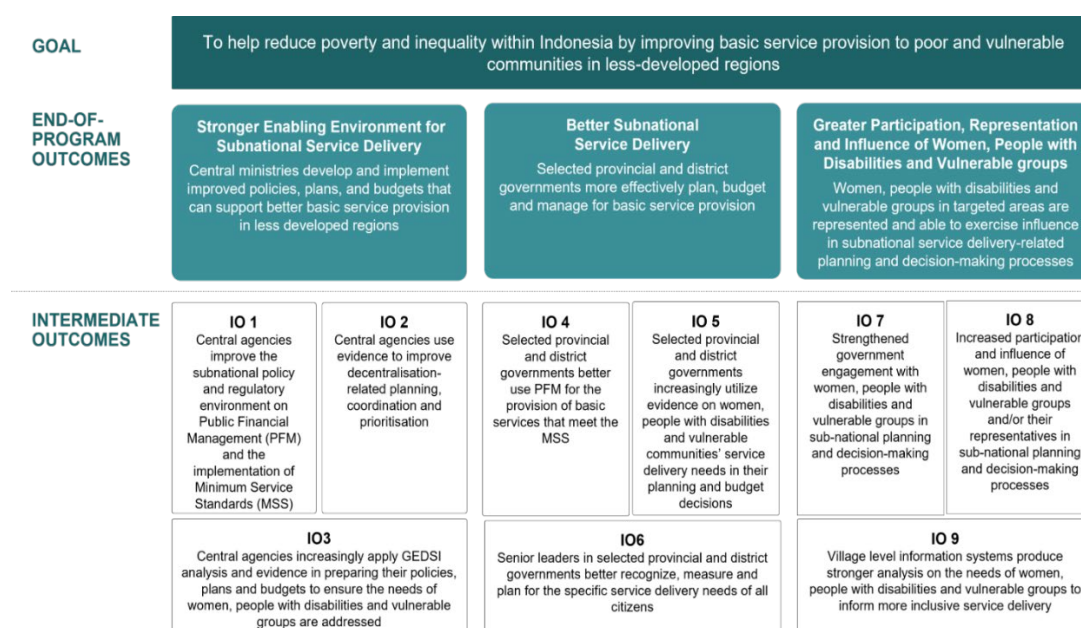


Figure 2 - SKALA Program Logic

For the purposes of this report, key achievements are grouped into cross-cutting, national (EOPO 1) and sub-national (EOPO 2 and 3) accomplishments. They are considered across the interim workplan's three thematic areas: better public financial management in support of improved service provision; availability, management and use of data in to enhance evidence-based planning processes; and community participation and social inclusion. A summary of the key activities by theme is presented in Table 1, and more detailed discussions of key cross-cutting, national and sub-national achievements

are presented in sections 2.1., 2.2. and 2.3., respectively. A detailed list of activities is included in Annex C.

Key activities in the interim period

Public financial management in support of improved service provision (IO 1,4)	Availability, management and use of data in to enhance evidence-based planning processes (IO 2, 5, 9)	Community participation and social inclusion (IO 3, 7, 8)
<p>National</p> <ol style="list-style-type: none"> 1. Supported draft policies and regulations to establish subnational sovereign wealth funds (DAD) 2. Supported development of draft OTSUS Planning (Musrenbangsus) guidelines 3. Supported progressive integration of village finance information system (SISKEUDES - SIKD Teman Desa) and its adoption by all Districts/Cities. 4. Identified strategic development issues in 5 regions to inform the Regional Medium-Term Development Plans (RKPD). 5. Provided draft study report to inform mandatory spending on infrastructure. 6. Provided inputs to draft of multi-year Special Allocation Fund (DAK) concept to be aligned with the 2025-2029 RPJMN. 7. Provided inputs to MoHA policy (<i>Permendagri</i>) draft to reinforce the use of SIPD in planning processes (RKPD) 8. Provided inputs to the 2025-2045 RPJPD guideline to guide RPJMD, RPD, and RKPD. 9. Identified MSS indicators for SEPAKAT analysis tools. <p>Subnational</p> <ol style="list-style-type: none"> 1. Improved OTSUS disbursement by supporting better reporting in Papua, Papua Barat, and Aceh 2. Produced three study reports to inform Aceh Local Revenue strategy, regulatory, and policy development. 3. Provided inputs to MSS Action Plans in 5 regions (Aceh, NTB, NTT, Maluku, and Gorontalo). 	<p>National</p> <ol style="list-style-type: none"> 1. Improved SEPAKAT analytical scope to accommodate GEDSI and MSS indicators and link with additional data. 2. Provided input on aligning SEPAKAT' data structures with updated REGSOSEK database. 3. Enhanced stakeholders' understanding of the needs for SEPAKAT-SIPD-SIKD integration. 4. Developed business process maps and list of variables to inform SEPAKAT-SIPD integration. 5. Provided input on SEPAKAT governance and organizational structure. 6. Provided input on SEPAKAT training materials for master trainers. 7. Provided input for policy formulation on the governance and legal standing of REGSOSEK. <p>Subnational</p> <ol style="list-style-type: none"> 1. Provided input for Elderly Social Protection Program design (PAITUA) in Papua Barat Daya. 2. Provided input for regulatory framework to institutionalize and replicate SIO Papua in 	<p>National</p> <ol style="list-style-type: none"> 1. Provided technical support to facilitate the finalisation of Gender Inequality Index as part of RPJPN and RPJMN indicators. 2. Identified key GEDSI issues in basic services, priorities, and entry points of government partners, civil society organisations / organisation of disabled persons 3. Supported increased awareness on mainstreaming GEDSI into the MoF business processes. 4. Provided technical support for the consolidating GEDSI study findings from various development partners to inform the 2025-2045 RPJPN documents. 5. Developed a draft concept and a policy brief on Gender Responsive PFM studies. 6. Ensured GEDSI mainstreaming in other SKALA thematic works. 7. Facilitated civic engagement initiative through the internship program.

Public financial management in support of improved service provision (IO 1,4)	Availability, management and use of data in to enhance evidence-based planning processes (IO 2, 5, 9)	Community participation and social inclusion (IO 3, 7, 8)
	<p>Papua, SAIK+ in Papua Barat, and SIGAP in Aceh.</p> <p>3. Designed a roadmap and framework to further develop NTB Open-SID and its integration with SEPAKAT.</p>	

2.1. Cross-cutting accomplishments

While key achievements are detailed by IO below, there are 3 areas of work worth highlighting that cut across the interim achievements. These are important to note at the outset, as they are both accomplishments and core ways of working that will inform SKALA’s approach going forward. They include:

- a. Support for inter-ministerial / inter-directorate coordination and collaboration.** Across various IOs, SKALA was able to leverage relationships and trust to bring key stakeholders together for the first time around common issues. These included:

 - Discussions around the position of sovereign wealth funds (DAD) under the new HKPD Law. While MoF plays an important role in the establishment of these funds, MoF and MoHA will need to monitor them going forward.
 - Coordination and agreement between key directorates within MoF to clarify regulations under the HKPD law. While the specific focus was on the issue of mandatory spending on infrastructure, BAPPENAS, MoHA and MoF had to work together to clarify issues around monitoring, oversight and reporting/budget tagging. The discussion and agreement serve as a more general milestone for the development of much-needed technical guidance for local governments across a variety of topics which are still underway.
 - Discussion, synergy and strategic collaboration between BAPPENAS (PKPM/Poverty Alleviation and Community Empowerment) and MoHA (PUSDATIN/Data and Information Center and Directorate of Bina Bangda) to finalize a draft roadmap for the integration of their respective planning tools and systems of SEPAKAT and Government Planning Information System (*Sistem Informasi Pembangunan Daerah - SIPD*). This collaboration will facilitate improved analysis by local governments, in turn allowing them to develop plans and budgets that are evidence-based and more effectively targeted to meet the needs of the most vulnerable.
- b. Facilitation of coordination and collaboration between national and local governments.** SKALA facilitated MoHA to hold regional consultation forums (RAKORTEKBANG) with Regional Development Planning Agencies (*Badan Perencanaan Pembangunan Daerah BAPPEDA*) to ensure more accurate identification of problems in the development of the regional long and mid-term development plans (RPJPD and RPJMD, respectively). In addition to improved technical substance to the workshop provided by the SKALA technical

assistance team, this forum also provided an opportunity for open discussion and consultation between local governments and central ministries. A key outcome of this discussion was the synchronisation of subnational and national targets and indicators. This allows for better alignment of regional and national plans, as evidenced by regional inputs to national major projects from 6.1 per cent in 2022 to 26.4 per cent in 2023.

- c. **GEDSI integration across IO.** While GEDSI has its “own” intermediate outcomes both at the national and subnational levels, there is both increasing demand by government and clear support within the program to ensure that GEDSI perspectives and tools are at the core of the program. This includes a GEDSI focus for the planning and implementation of any activities funded by a regional sovereign wealth fund, GEDSI analysis in the preparation of regional planning documents and MSS planning, including a more participatory planning process and the integration of a GEDSI analysis tool in SEPAKAT, drawing from data that provides more granular information about the needs of the marginalized.

2.2. National- level progress and accomplishments (EOPO 1)

At the national level, SKALA has worked to support policies and regulations that allow subnational governments to increase local revenue from a variety of sources, manage it well, and then more effectively use it to support the delivery of public services. Law No 1/2022 on HKPD provides a critical entry point on this and other issues, as implementing policies and regulations continue to be developed and refined under the law and regulatory consistency and clarity need to be ensured across ministries. SKALA used the inception phase to continue this work and map further needs, while simultaneously supporting improved planning process that included a clearer evidence base and GEDSI focus.

While the program is leveraging the unique window of opportunity afforded by the preparation of simultaneous elections in 2024 to improve current planning processes, it is also investing in longer term improvements to data and analytical systems. This will make it easier and more effective for subnational governments to undertake the analysis that they need to target services effectively and ensure that those services are reaching the most vulnerable.

SKALA continues to integrate a GEDSI focus into key elements of its support and in government policies, as well as looking for the most strategic entry points with government going forward. The interim activities included both stand-alone work as well as ongoing coordination within the program and with other DFAT programs including PROSPERA, INKLUSI and KIAT to ensure effective collaboration for maximum impact.

Key progress and accomplishments are considered by IO below.

2.2.1. Improved policy and regulatory environment on PFM and MSS (IO 1)

Support for strengthening fiscal resiliency and effectiveness of subnational governments, in line with the core policy agenda of the latest HKPD Law, was a prominent emerging demand from SKALA’s government counterparts during the inception phase. This includes questions around how subnational governments can increase local revenue, either from conventional mechanisms such as local retribution or more contemporary mechanisms such as local sovereign wealth funds (Dana Abadi Daerah/DAD), as well as how local governments can most effectively manage transfers from the central

government. Requests for support come both from national and sub-national government and are particularly important for the special autonomy provinces (Aceh and Tanah Papua). In Aceh, government leadership is increasingly aware of the challenges ahead given the reduction in the Acehese special autonomy funds. Likewise, with the formation of new provinces in Tanah Papua, local governments face a changing budgetary environment requiring improved quality of spending to achieve more concrete outcomes.

In responding to these opportunities, SKALA collaborated closely with MoF to facilitate and assist key ministries in drafting central implementing regulations and policies under the HKPD law. This work is crucial to provide a strong enabling environment in support of improved fiscal resilience and effectiveness moving forward. Some of the key activities are elaborated below.

Provide facilitation and technical support to MoF to draft regulations on Dana Abadi Daerah

Law 1/2022 on HKPD continues to allow for subnational governments to establish DAD sourced from local government budgets (*Anggaran Pendapatan dan Belanja Daerah* APBD) and managed through diverse investments to sustainably benefit the regional economy and welfare of local citizens. However, further implementing regulations³ need to be developed ensure consistency with the HKPD Law and to allow local governments to continue to operate this type of fund.

To support the drafting of key implementing regulations, SKALA facilitated a series of discussions and workshops, strengthened through the provision of technical inputs. SKALA worked to ensure effective engagement of provinces and districts as well as meaningful involvement from MoHA, Ministry of Law and Human Rights, and the Financial Services Authority (*Otoritas Jasa Keuangan* OJK) throughout the process. SKALA helped to inform the discussion by sharing the results of an academic review which identified needs, opportunities, potential risks and challenges in DAD establishment in Aceh (initially commissioned under KOMPAK). Though focused on Aceh, it was used as a basis for discussion of regional issues across the country and is an example of SKALA's potential to effectively use evidence and regional perspectives nationally. Throughout, SKALA emphasised the importance of GEDSI perspectives in the conceptualisation, planning and implementation of DAD, and supports prioritising DAD use to fulfill the basic rights of women, children, the disabled and elderly, and other marginalised groups.

SKALA's support expedited the process of drafting key policies and regulations⁴, which have now progressed towards ratification. It also ensured that they were informed by local experiences and needs. Going forward, SKALA will continue supporting the Directorate General of Fiscal Balance (*Direktorat Jenderal Perimbangan Keuangan* DJPK) to develop procedures and guidelines for DAD governance and subnational regulations.

Strengthen planning, budgeting, evaluation, and reporting processes for the Special Autonomy Funds (OTSUS) in Papua and Aceh.

The Ministry of Finance, BAPPENAS and MoHA recently undertook an evaluation of OTSUS program reports for 2022 and plans for 2023. This was the first comprehensive evaluation of OTSUS funds to date and revealed poor alignment between OTSUS program plans and government policies, challenges in using OTSUS management systems, and ineffective use and delayed disbursement OTSUS funds themselves, as well as the absence of required program budget plans for 2023.

³ Specifically, Draft of Government Regulation on HKFN (Harmonisasi Kebijakan Fiskal Nasional/Harmonization of National Fiscal Policy) and MoF regulation on DAD at the national level, followed by subnational regulation in the form of Perda or Pergub

⁴ Government Regulation on Harmonization of National Fiscal Policy (PP HKFN) and MoF Regulation on Sovereign Wealth Fund (PMK DAD)

Drawing on previous experiences around the use of OTSUS funds in Aceh and Tanah Papua, SKALA supported MoF to develop guidelines to strengthen subnational government capabilities in managing OTSUS funds in accordance with the latest policy.⁵ SKALA then facilitated and supported MoF to socialise these guidelines and deliver technical assistance on the process of planning, budgeting, monitoring, and reporting OTSUS funds in Papua, Papua Barat and Aceh. This crucial support enabled all provinces and districts/municipality governments in Papua that received socialisation and technical assistance to submit the OTSUS accountability report by the required deadline. As a result, the first OTSUS fund installment was transferred on time. Going forward, SKALA will support MoF to enhance and sustain the implementation of OTSUS Fund policy and regulation, including Additional Fund for Infrastructure in Aceh and Papua provinces.

Support the development of a multi-year concept to optimize the use of Special Allocation Funds (Dana Alokasi Khusus DAK)

The national government is aware of local government dependence on DAK funding, which constitutes over 20 per cent of APBD. However, it is also aware that DAK has not been well used due to poor planning and ineffective business processes at both national and local levels, unclear categories for priority proposals and uncertainty and short timelines in proposal submission. These longstanding challenges led BAPPENAS to initiate the development of multiyear planning for DAK as an input to the 2025-2029 RPJMN.

SKALA provided technical assistance to BAPPENAS⁶ to finalise the immediate outcome indicators for this plan by gathering inputs from sectoral directorates, particularly those related to major strategic projects identified in the draft RPJMN 2025-2029. SKALA recommended that these indicators be included in the BAPPENAS' national KRISNA planning system (Kolaborasi Perencanaan and Informasi Kinerja Anggaran), the Ministry of PUPR DAK Electronic Monitoring tool, and Online Monitoring System Perbendaharaan Negara (OMSPAN) which is operated by MoF. This will enable the government to monitor and evaluate DAK to improve allocations and targeting in the future. SKALA drew on work conducted under KOMPAK to produce a policy brief highlighting the need to ensure consistency of indicators as well as regulatory and policy synergy in support of DAK effectiveness.

SKALA will continue its support to finalise the DAK multiyear plan and its indicators by facilitating further discussion and coordination among BAPPENAS, MoHA, MoF, and other related ministries. SKALA will also support the development of President Regulation on DAK 2024. Lastly, SKALA will continue advocating that DAK formulation be more sensitive to GEDSI by mapping where GEDSI tagging can be further incorporated within DAK mechanisms and activities.

Provide analysis on mandatory spending policy on infrastructure

Under previous regulations,⁷ subnational government was required to allocate at least 25 per cent of its general fiscal transfer (e.g., DAU, DAK, and DBH) to build basic infrastructure facilities. However, in light of the fact that public infrastructure remains an issue in many parts of the country, the new HKPD Law has increased the mandatory infrastructure allocation from 25 per cent to 40 per cent. This new rule requires better guidance and technical assistance to ensure its effective implementation by local governments.

⁵ PMK 76/2022 on the Management of Receipts under Regional Autonomy (*tentang Pengelolaan Penerimaan dalam Rangka Otonomi Khusus*)

⁶ *Kedeputian Pengembangan Regional – Direktorat Pembangunan Daerah*

⁷ PMK no 50 /2017 on the management of transfers to regions and village funds (*tentang Pengelolaan Transfer Ke Daerah Dan Dana Desa*)

Responding to this need, SKALA provided technical facilitation and analytical support to MoF as input to the preparation of its regulatory architecture and implementation guidance to local government. SKALA generated evidence by commissioning a study on strategies to optimise mandatory spending on infrastructure at the subnational level. The study's preliminary report provides a set of recommendations to improve evaluation of infrastructure fund effectiveness including a proposed list of indicators; a framework for an infrastructure needs analysis; and a more rational formula to estimate infrastructure budget allocation. It also opens opportunities for further collaboration with KIAT.

Through SKALA's facilitation during interim activities, important strategic agreements between MoF and MoHA were achieved, particularly on infrastructure budget tagging. Going forward, SKALA will continue to support the finalisation of technical guidance for local governments on this issue.

Support improved interoperability between the Regional Financial Information System and the electronic Village Financial Management System

Beginning in 2020, GoI implemented a performance allocation fund within the village fund to incentivise high performing villages, including those that can demonstrate use of funds on priority programs and reduced poverty. To effectively award these funds, improved performance appraisals that provide more information related to village fund planning, budgeting, and reporting are required. Initially, performance appraisals were undertaken by the central government (MoF), but this role is now shifting to district governments. This shift requires improved access to the necessary information to undertake these appraisals effectively and transparently.

To facilitate these performance assessments, MoF is integrating information from the electronic Village Financial Information System (*Sistem Informasi Keuangan Desa* SISKEUDES) with the Regional Financial Information System (*Sistem Informasi Keuangan Daerah* SIKD) which is the financial management system used at the district level. This integration has required additional modules within SIKD referred to as SIKD-Teman Desa (*Sistem Informasi Keuangan Desa*). These modules draw on SISKEUDES data (e.g., village fund budget, disbursement reports, and tax report) to avoid double data entry as well as accommodate information that is not available within the SISKEUDES. They also allow for connection and interoperability between SIKD and other systems. SKALA supported this integration by facilitating and engaging different ministries including MoF, MoHA, Kemendes PDTT, and BPKP. SKALA provided technical inputs on the data flow, business process, and reporting formats for district and village government. This process enabled the SKID Teman Desa to provide more detailed village level data to district governments including budget, spending and daily transactions.

In addition to supporting and improving national system functionality, SKALA assisted in the development of the training modules and preparation of SISKEUDES Master Training materials for subnational government to increase village government capacity to use the SISKEUDES and SIKD Teman Desa for management and reporting of village funds. Going forward, SKALA will continue assisting MoF to complete training module development and further improve SIKD Teman Desa. This will continue to contribute to improvements in planning, budgeting, and quality spending.

Strengthen planning document preparation processes

With the shift to simultaneous elections in 2024, local governments across the country must prepare long-and mid-term plans. This is significant as for the first time since Indonesia's big-bang decentralization (1998), Indonesia will be able to synchronise national and local level development

plans. SKALA has strategically focused on working closely with MoF and MoHA, providing technical facilitation and assistance to improve planning processes. Key activities included:

- Facilitating MoHA to carry out regional consultation forums with all BAPPEDA in order to ensure more accurate problem identification as a required input to long- and mid-term development plans (RPJPD and RPJMD). While SKALA technical assistance provided improved technical information during the consultation forums, the program's greatest value was in providing space for frank discussion and open consultations between local governments and central ministries. This allowed for clearer themes around national major projects to emerge stemming from local government experiences and allowing for stronger local government advocacy. It also supported the development of priorities and macro indicators.
- Providing technical assistance to all BAPPEDA and Offices of Communication and Information to develop the 2024 subnational planning document which is based on SIPD. This support has encouraged 560 districts/cities and 38 provinces to comply with a standardised planning business process through the SIPD. This process resulted in more timely planning outputs and reinforced consistency within planning documents at all levels. SKALA will continue to leverage its support to enhance the planning business process within the SIPD and at the same time ensure subnational planning documents accommodate and mainstream indicators and targets related to most vulnerable groups.
- Providing technical support to MoHA in developing a comprehensive guide for local government planners to assist them in preparing required planning documents. As part of SKALA's GEDSI mainstreaming strategy, the guide now incorporates GEDSI analytical tools in the local government business process for the preparation of planning documents.

In addition to supporting nation-wide planning processes, SKALA provided targeted support for OTSUS regions by assisting BAPPENAS to finalise the Papua Development Acceleration Master Plan and the Papua Development Acceleration Action Plan (RIPPP and RAPPP), which are the key planning documents for Tanah Papua development for the next 20 and 5 year periods, respectively.

SKALA also supported BAPPENAS to develop OTSUS Planning Guidelines (Musrenbangsus) to help strengthen the capacity of special autonomous regions in planning, budgeting, monitoring, and reporting of OTSUS funds. These guidelines now incorporate substantial GEDSI mechanisms in their operating procedures. They are currently roughly 80 per cent complete and SKALA will continue to assist in their finalisation as well as in preparing supporting implementing policies.

2.2.2. Improved use of evidence, including availability, management and use of data (IO 2)

Government demand and awareness for better data is increasing. Improved data and analysis can contribute to well-directed and measurable decision-making, policy development, and program implementation. Through accurate beneficiary selection, better data can also improve the effectiveness and efficiency of poverty alleviation and inclusive development programs. However, local governments face a number of challenges in using accessing and using data. While data is increasingly being generated, it is spread across multiple government systems and not always accessible or in a useful format. Data that is accessible is not necessarily standardized, updated, or integrated. Local governments also face analytical capacity constraints, and as a result still often struggle to understand and prioritize local needs, design effective policies and programs, and evaluate existing service delivery.

In response to these challenges, SKALA built on work started by KOMPAK to provide technical facilitation to improve and scale LOGIS, support the integration of various government systems and improve analytical platforms. These included:

Support for the further development of REGSOSEK governance

REGSOSEK is a comprehensive social and economic welfare database of the entire Indonesian population, designed to be regularly updated and managed at the village and neighborhood levels. REGSOSEK includes diverse social and economic profiles and conditions, covering a broad range of indicators to support the achievement of development targets, including accelerating the reduction of extreme poverty.

SKALA developed a proposed business process for the REGSOSEK database, with a particular focus on data sharing, utilisation and processes for updating the registry. This business process was accommodated in the draft of BAPPENAS' regulation on REGSOSEK governance. This work included a consideration of needs for REGSOSEK data and the SEPAKAT system to be linked with MSS planning.

Support the development of national capacity building on REGSOSEK data utilisation

SKALA supported the design of a sustainable capacity building approach and training modules/curricula for utilising REGSOSEK data (in collaboration with BAPPENAS, MoHA, the Ministry of Villages, Disadvantaged Regions, and Transmigration, and non-governmental partners). Subsequently, SKALA facilitated and provided technical input for training of trainers starting with 19 Master Trainers (12 males and 7 females). Two further batches of training have been conducted for 90 participants, of which 18 were female. These modules are now ready for nation-wide use. With enhanced capacity to use data, local governments will have better tools to improve evidence-based planning by more effectively identifying local needs and understanding development progress.

Assistance with improvements to the SEPAKAT system allowing for expanded GEDSI and socio-economic analysis

SKALA provided technical facilitation to improve SEPAKAT, an analytical interface integrating data such as macro data from BPS (Statistics Indonesia) and micro data from REGSOSEK. The system was updated to accommodate new variables in the REGSOSEK database. This allowed for the strengthening of GEDSI and socio-economic analysis. This will better inform social protection programming, basic services and development planning.

Throughout this work, SKALA continues to promote and operationalise the principles set out in Satu Data Indonesia guidelines to ensure data consistency in syntax, structure, articulation, and data storage in an open format that can be read by electronic systems from different entities at the national and sub-national levels. Additionally, SKALA identified ways to support interoperability in business processes between REGSOSEK, SEPAKAT, and existing locally developed information systems, such as SIO Papua, SAIK+, SIGAP (Aceh), SID Open Data (NTB), etc. In this way, SKALA helps optimise village level data entry while supporting REGSOSEK as a platform which national data to be shared with villages.

Integration of SEPAKAT and SIPD

During the inception phase, SKALA continued assistance for the integration of SEPAKAT (BAPPENAS) into SIPD (MoHA) in support of improved evidence-based planning and budgeting. This further extends

the work on improving interoperability between national systems with locally generated information systems and brings it to scale.

Initial support has included facilitating discussion, synergy and institutional strategic collaboration between BAPPENAS (PKPM) and the MoHA (PUSDATIN and Directorate General of Bina Bangda) as well as providing technical inputs on integration. SKALA support contributed to agreements between those 2 key ministries that enabled the finalization of a draft roadmap for the integration of SEPAKAT into SIPD as an integrated analysis and planning system. Draft modules for analysis and budget planning in SEPAKAT have now also been developed and utilized in preparing planning and budgeting documents through SIPD.

2.2.3. Participation, representation, and influence of vulnerable groups (IO 3)

SKALA's experience during the inception phase indicates that there is increased awareness and substantial demand for GEDSI mainstreaming among SKALA's government counterparts. In responding to this demand, SKALA pursued a twin track strategy composed of GEDSI specific activities and approaches on one hand and working to mainstream GEDSI perspectives into other program support and government business processes on the other.

SKALA's support for gender-specific activities included assistance in the finalisation and socialisation of the Gender Disparity Index (*Index Ketimpangan Gender IKG*). This index is an improvement over previous tools, particularly in its measurement of gender disparity. In collaboration with BAPPENAS, SKALA facilitated collaboration of national and local governments in IKG socialisation. At the national level, this coordination resulted in an agreement between BAPPENAS, the Ministry of Health, the Ministry of Women Empowerment and Child Protection and the National Statistics Body on the use of IKG. At the subnational level, the engagement of provincial BPS and BAPPEDA in IKG socialisation is also important in ensuring the implementation of IKG in regional planning, and SKALA supported consultative forums with regional BPS and BAPPEDA to that end. SKALA will continue this work by working closely with BAPPENAS and BPS to conduct public education and raising awareness to accommodating IKG within the upcoming RPJPN and RPJPD.

SKALA is a strategic partner in DJPK's effort to strengthen GEDSI mainstreaming within their internal business processes. SKALA provided technical input and consultation (including coaching clinics) to strengthen the implementation of gender analysis pathways as the basis for gender budget statements. This activity is notable as it was initiated and primarily led by DJPK's internal leadership, reflecting the growing demand and increased awareness around GEDSI issues. SKALA will continue to leverage increased interest to reinforce GEDSI mainstreaming and use of intersectionality approaches in all fiscal transfer policies.

In addition to GEDSI specific activities, SKALA's implementation team has been mainstreaming GEDSI issues by systematically advocating and applying the GEDSI lens in all their technical facilitation and assistance to the government counterparts. Key results and activities include:

- Integration of a GEDSI analysis mechanism in government strategic planning documents and (minimum service standard) MSS planning. In collaboration with MoHA, SKALA provided technical assistance to ensure that the participatory process used in the national consultation processes for the development of RPJMD includes specific representation by

vulnerable groups. This requires further support but shows high potential for impact leading to improved service delivery for vulnerable communities.

- Technical assistance to improve GEDSI analysis in SEPAKAT. This includes improvement of the module on GEDSI specific analysis allowing for better analysis of intersectionality and the needs of Orang Asli Papua and support for a more user-friendly interface for regional planners.
- Mapping issues and advocating for disaggregated data based on gender, disability, indigenous identity, etc and its analysis to guide regional development plans, government regulations on human development index acceleration, and OTSUS planning guidelines in Tanah Papua.

Internally, SKALA has worked to ensure that it is equitable and inclusive in its recruitment process. At the time that this report is being prepared, 2 individuals with disabilities are in the process of joining SKALA's team.

2.3. Subnational- level progress and accomplishments (EOPO 2 & 3)

Subnational support in the interim period followed 2 main agendas. The first was focused on ensuring that local governments continue to work toward producing and managing quality data that will allow them to effectively understand and refine the delivery of their basic services. At the same time, it supported the development of MSS Action Plans and supporting regulations to provide governments with clear guidelines on how to understand and implement improvements. The second agenda was specific to the needs of OTSUS provinces, working in Aceh to strengthen fiscal capacity in the face of declining OTSUS revenue, in Papua Barat to improve PFM in support of accelerated improvements in the Human Development Index (HDI) and in Papua Barat Daya on the development of PAITUA, an Elderly Social Protection Program funded by OTSUS.

2.3.1. Better use of PFM for provision of better services that meet the MSS (IO 4)

General support

Assist with the preparation of MSS Action Plan and supporting regulations

Local governments across the country face challenges in implementing and fulfilling MSS. These include:

- Lack of plans and policies which serve as guidelines for planning, implementation, reporting, monitoring and evaluation of MSS and as reference to develop short- and medium-term planning documents.
- Constraints due to limited and/or poor-quality data, driven in part by poor linkages between levels of government, low interoperability of data systems, and poor data collection methodologies and oversight.
- Limited fiscal capacity to implement MSS. In Aceh this is largely due to decreasing Special Autonomy Funds, while in NTB, the integration of MSS into planning and budgeting documents remains weak, leading to it being a low priority.

Working with MoHA, SKALA facilitated and provided technical assistance for NTB and Aceh to refine their MSS action plans and support integration with regional planning and budgeting documents. SKALA also assisted these provinces to improve their reporting quality and compliance on MSS Indicators as well as to expedite the local regulation process to support the implementation of MSS

Action Plan. Introductions to this work were provided to Maluku and NTT, and further work on their MSS action plans will continue under the AWP. The process highlighted issues faced by local governments in accessing the required data sets to finalise their action plans.

Given existing relationships in Aceh and NTB, SKALA was able to support sub-national government to complete the development of:

- Draft MSS Action Plans, based on the identification of data management issues and MSS achievements in the districts/cities and provinces. This step is crucial as the MSS Action Plan documents will be used as coordination tools for all stakeholders involved in the implementation and achievement of MSS. Additionally, it provides guidance to prepare and accommodate MSS into the regional planning and budgeting, including its implementation, monitoring, and reporting.
- Draft Gubernatorial regulations on the implementation of the MSS Action Plan in NTB for 2023 – 2027, and in Aceh for the period 2023 – 2028. These regulations establish the MSS Action Plans as a reference for local government institutions, outlining their objectives and implementation strategies.

These regulations are targeted to be ratified and enacted soon. Going forward, SKALA will continue to facilitate and ensure that the MSS Action Plans are properly accommodated in subnational planning documents, namely the RPJPD, RPJMD, RENSTRA, RKPD and implemented accordingly. This has huge potential for impact on the improvement of the delivery of basic services.

OTSUS-specific support: Aceh

The Government of Aceh is highly dependent on OTSUS funding to finance development in the province. Indeed, one study indicates that it makes up at least 63.9 per cent of its APBD.⁸ However, OTSUS in Aceh will decline from 2 per cent to 1 per cent of the National General Allocation Fund (DAU) during the period 2023-2027, and OTSUS funding in Aceh will end in 2028. SKALA is working with the Achenese government to plan for these future funding decreases by supporting the exploration of alternative funding sources and the regulations that would be required to support them.

Increasing Aceh's fiscal independence for sustained service delivery

SKALA support during the inception phase included:

- An academic paper produced to inform the establishment of DAD in Aceh, especially DAD for Education and inputs to the Qanun (local regulation) related to this matter.
- Analysis identifying opportunities and challenges in increasing local revenue in Aceh. This study provided input in the drafting of the Regional Tax and Regional Retribution Qanuns. SKALA assisted the consultation process of these Qanuns with the public and it is expected that these local regulations will be enacted this year.
- Another study on the government's Organisational Structure and Work Arrangements produced by SKALA recommended the separation of the Financial Management Agency from the Local Revenue Service so that it can more tightly focus on the development of strategies to increase Aceh's revenue. The amendments to the 2016 Organisational Structure and Work Arrangement Qanun are currently under legislation process by the Regional Legislative Council.

⁸ KOMPAK, July 2022, Peranan Dana Otonomi Khusus terhadap Pembangunan Aceh

SKALA will continue to work closely with local government partners to follow up on these various initiatives, including continued support on the 3 Qanun mentioned above and support for additional exploration of how other provinces have succeeded in increasing and managing local revenue. This is critical to ensure sufficient allocations are provided for minimum service delivery.

OTSUS-specific support: Tanah Papua

Improvement of the HDI, especially among indigenous Papuans (*Orang Asli Papua*) has been a continued focus of Papuan provincial governments. SKALA continues to support their efforts to accelerate improvements in HDI indicators by strengthening capacity to plan and implement programs; improve synergy and collaboration between provincial and district/city governments to improve decision making; and design innovative and appropriate programs that target individuals whose health and education levels remain low, as well as affirmative programs targeting *Orang Asli Papua*. Key areas of support during the interim period included:

Analytical and technical support for government efforts to accelerate improvements in HDI indicators in Papua Barat

SKALA provided facilitation and strategic technical input on the preparation of a draft Gubernatorial regulation (RAPERGUB) to accelerate HDI increase in Papua Barat. This included:

- Initial analysis to identify factors slowing HDI achievement, so that the RAPERGUB design was prepared based on data, and the targets and programs prepared are designed and targeted based on evidence.
- Assistance to harmonise the RAPERGUB with the rules and master plans for Papua Barat's development, including the Law on the Implementation of Special Autonomy.
- Support for RAPERGUB development, including general assistance around the process and governance of regulatory preparation and facilitation of discussions with technical regional government agencies, such as the Departments of Health, Women's Empowerment and Child Protection and Education in support of increased cross-sector collaboration, internalisation and ownership of the RAPERGUB.

Initial results included the final draft of the Papua Barat Governor's Regulation on the Acceleration of HDI indicators focusing on indigenous Papuans. In addition, the provincial government committed to increase synergy and cooperation between levels of Government to accelerate HDI improvement through the use of the Joint Strategic Program Priority scheme.

Development of the PAITUA program in Papua Barat Daya to address the needs of the elderly

Elderly poverty stands at 11.32 per cent in Indonesia (BAPPENAS, 2021), and at 19.27 per cent in Papua Barat Daya, the highest in the nation.⁹ PAITUA, a locally initiated program, aims to address the challenge of elderly poverty by providing cash transfers to individuals aged 65 and above. It has the short-term goal of strengthening the purchasing power of the elderly to meet basic healthcare and household needs and the medium-term goals of improving the health of individuals, contributing to increased life expectancy and reducing household poverty.

The government of Papua Barat Daya, supported by SKALA, conducted an assessment for the preparation of PAITUA. This covered the program concept and data needs, regulatory framework,

⁹Maliki. 2023. Upaya perwujudan perlindungan social ramah lanjut usia di Papua Barat Daya. Disampaikan pada 16 Maret 2023 dalam kegiatan *Kick-Off* desain perlindungan social hari tua (PAITUA) Papua Barat Daya

financial management and distribution considerations. The program builds on information in SAIK+, which allows for better identification of elderly individuals.

SKALA provided facilitation and technical assistance in drafting Governor's Regulation on PAITUA. It applied lessons learned from BANGGA Papua, a social protection program supported by the KOMPAK and MAHKOTA. Lessons for PAITUA included the importance of participation by district/city governments in the program, the use of SAIK+ to help update or validate the DUKCAPIL data to ensure accurate beneficiary selection and proper target setting and distribution mechanisms. The program also adopted BANGGA Papua's Management Information System.

Papua Barat Daya officially launched the PAITUA Program on July 17, 2023, in the presence of the Australian Charge de Affairs. The PAITUA Program was praised by the Vice President of the Republic of Indonesia for being one of the priority initiatives of the Papua Barat Daya Provincial Government which was jointly developed by the province and all districts/cities in Papua Barat Daya and funded by OTSUS.

2.3.2. Strengthened data and evidence on women and vulnerable groups used in local government planning and budgeting decisions (IO 5 & 9)

Village information systems have been supported by a number of programs, including KOMPAK and ACCESS. These systems continue to be supported by SKALA as they have the potential to provide more granular information on vulnerable individuals that can be used to effectively plan, target and access the delivery of basic services. In Aceh, the local system is called SIGAP, in NTB Open-SID, in Papua Barat SAIK+ and in Papua SIO.

While each of these systems exist in their own local environments and have developed in the face of local political dynamics and demands, they also face a number of similar challenges. These include system integration, information management and interoperability issues, resulting in limited opportunities for collaboration around evidence-based development planning between village to and higher levels of government. Furthermore, there are capacity limitations in data management and analysis to inform planning, as well as gaps and issues related to data quality and the availability of data on women and vulnerable groups.

SKALA focuses on data integration as an entry point to discuss many of these challenges. This has resulted in different outcomes in different locations:

- In NTB, SKALA supported the development of a roadmap to integrate existing systems, platforms, roles and functions with a view toward integration. Programs and platforms included NTB Satu Data, E-walidata NTB Province, District Satu Data, E-walidata District, SID-Open Data, Village Information System Forum.
- In Aceh, SKALA succeeded in facilitating the first meeting of the *Satu Data Aceh forum*. Though the body was formally established in 2021, it had not yet convened.

In both Aceh and NTB, SKALA supports the integration of local data into the REGSOSEK database and the use of the SEPAKAT analytical interface. In Aceh, SKALA has facilitated and provided technical input regarding dynamics, challenges, and opportunities to integrate SEPAKAT into the executive dashboard of *Satu Data Aceh* to inform program planning. In NTB, agreements have been reached around data storage and use. Data will be entered through SID and SIPD, stored in NTB Satu Data and analysed for planning and budgeting purposes using SEPAKAT, which will also support monitoring and evaluation.

In Aceh, SKALA worked to expand data entry and use at the village/*gampong* level, drawing on lessons from areas where SIGAP is working well. This approach informed the expansion of SIGAP into Central

Aceh, Pidie Jaya, Aceh Tamiang and Gayo Lues Districts. In addition, both universities and university students have been mobilised to support implementation. Around 350 university students were trained in operating SIGAP and are assisting village operators and village government staff in data input. This has increased data entry completion to over 47 per cent in Aceh Selatan and Pidi Jaya District compared to less than 10 per cent in other locations.

In Papua and Papua Barat, SKALA continued to support the expansion of SIO Papua and SAIK+ through the provision of technical input on how to budget for the systems, and support for appropriate budget allocations. In addition, in both locations, SKALA supported system expansion through replication and support for training of local facilitators and operators.

Going forward, SKALA will continue to promote data integration and the utilisation of data to improve its standard and quality. In NTB, once the information systems are integrated and the data is available and up-to-date and ready to be utilised, SKALA will proceed with strengthening the implementation of MSS action plans based on data. In Aceh, SKALA will assist in preparing Aceh Governor's Circular to finance SIGAP training and operationalisation using 2023 Village Funds, and continue to facilitate the expansion of SIGAP to other districts.

3. Management and Operations

While SKALA was able to leverage relationships held by key individuals who joined from the KOMPAK team, and programming that built on previous work, the program was simultaneously working to start up. This included recruitment, the development of program governance and operational procedures, systems and ways of working.

SKALA was mobilised on 1 November 2022 and the focus through to 31 December 2022, was to establish immediate systems and processes to enable essential operational functions, recruitment of staff and planning of early program deliverables. Temporary offices were established at level 33, International Finance Centre, Jl Jenderal Sudirman, Kuningan, which provided the team with a base and meeting space. To determine an office for SKALA, a comparison and assessment was made of 7 different locations and permanent office was agreed with DFAT in December 2022, at level 17, International Finance Centre. The location had previously been utilised by another DFAT program therefore SKALA was able to demonstrate additional value for money in utilising the location as it minimized renovation costs. The team moved into the partially renovated office late April and all renovations will be completed by the end of August 2023.

During this period, initial program oversight processes were also established. The Senior Leadership Team (Team Leader and Directors of Implementation, Planning and Quality, Performance and Learning and Operations) meetings with DT Global weekly and fortnightly management meetings were held with DFAT's Decentralised Governance Unit during inception. Both arrangements proved to be effective to progress discussions. As implementation proceeds and systems have been established, the meetings with DFAT will shift to regular monthly updates.

As stated in the previous section, the initial mobilisation phase also saw handover of activities from BaKTI, which bridged activities between KOMPAK and SKALA. The implementation of a significant set of interim activities in parallel with program establishment has added significant pressure to the SKALA team, as staff are often requested to provide support and implementation of activities (including travel missions) which has at times competed with the need to run key SKALA establishment activities. The Senior Leadership Team are cognisant of this burden and mindful of endorsing and imbedding a healthy way of working in the implementation phase.

During mobilisation, SKALA established a Recruitment Strategy providing a phased recruitment process. Initially the focus was on administrative and support positions to cover office and process establishment, and expanded to operations, implementation, planning quality and sub-national office establishment.

During the reported period, the following contract deliverables have been developed and submitted:

- Mobilisation Plan
- Response to the BaKTI Handover
- Inception Phase Plan
- Operations Manual
- GEDSI Strategy
- Communications and Stakeholder Engagement Plan
- Pillar 1 Engagement Strategy¹⁰
- Pillar 2 Engagement Strategy
- Pillar 3 Engagement Strategy
- District Clustering Report¹¹
- Recruitment report
- Ways of Working Report

These documents and strategies are key to guiding implementation of SKALA, however achievement of these outputs whilst also implementing a significant interim work plan and establishing both national and subnational teams and offices, as well as a range of governance processes in order to complete an annual workplan for submission whilst also still recruiting key personnel has been incredibly intensive. Flexibility has been key, both with DFAT and the requirements for the program deliverables and has enabled SKALA to meet all contractual requirements during Inception.

Table 2: SKALA Staffing

Location	Staff number	Currently vacant or on recruitment
Central Program Management Team (PMT)	65	21
Provincial PMT (Aceh)	8	3
Provincial PMT (NTB)	8	3
Provincial PMT (NTT)	6	5
Provincial PMT (Tanah Papua) ¹²	10	5
TOTAL	97	37

Table 2 reflects the current staffing and number of positions still to be filled. This hopefully will alleviate some of the current pressure on the team.

¹⁰ Initially a total of 17 Engagement strategies were due in the Inception Phase -one for P1, 8 for P2 and 8 for P3 however, in discussion with DFAT it was agreed that one ES for P2 and P3 would suffice therefore a total of 3 were required.

¹¹ The SKALA contract required a 2 step District Clustering strategy – the initial phase was a desk-based assessment of all districts and a shortlisting of districts for further analysis. The second part as to be a more detailed assessment which would include primary data analysis and site visits. Due to the impending election in 2024 and delays in both signing the SA as well as agreement between DFAT and GoI on the final province selection, it was decided to only undertake step one during the Inception Phase and to review the initial selection after the elections are completed in 2024.

¹² Note that the remaining 5 positions for the Papua offices are currently on hold until further discussions and agreement with MoHA.

4. Budget and Resourcing

The initial estimate for reimbursable expenses for the interim workplan was AUD6.980 mil. Delays in the signing of SA impacted on activity implementation and expenditure, and the this forecast was revised multiple times to a final estimate of AUD 5.778 mil. SKALA achieved 100 per cent of the revised estimate for reimbursable expenditure as detailed below.

Reimbursable Expense

Category	Grand Total
Personnel Fees	\$2,008,868.82
Long Term Personnel Support Costs	\$289,091.27
Operations Costs	\$1,201,842.24
Program Activity Costs	\$2,302,196.65
	\$5,801,998.98

5. Lessons, Challenges and Opportunities

The delay in signing the SA was a key challenge of the inception phase, but it also contributed to important lessons for the program. These included:

- The value of novated staff who were flexible and dynamic in the face of difficult operating conditions but navigated effectively due to a clear understanding of government procedure and solid relationships with government.
- The importance of working with government and continuing to build on its agendas and strategies as starting points for collaboration with the program and coordination between government offices.
- The critical importance of understanding government capacity and constraints, which allows the program to move beyond a problem-solution frame to a broader space that incorporates institutional understanding and allows for a better tailoring of responses to institutional capacity to adopt innovation and adapt to change.
- The juncture in Indonesia's political processes which means that many interim leadership positions in provinces and districts are currently being held by central government officials, many of whom are for the first time experiencing first hand the challenges faced by provincial and district governments dealing with a barrage of "reforms", often uncoordinated and/or misaligned from central ministries. This provides a window of opportunity for SKALA to support the advocacy of improved synchronization at national level.
- Also affected by the above juncture is the initial plan in the design for SKALA to immediately commence district level engagement. SKALA has pivoted to focus on building the capacity of provincial governments in exercising their authority as an extension of central government and in providing guidance to district governments. To continue to focus on strategic initiatives and leverage the current conditions with stronger subnational networks also utilizing many of the interim local leaders' links to central ministries, the program will need to build a stronger focus on public advocacy, allowing it to build on its successes more effectively and help to shape discussions and agendas within government.

Annex A: SKALA Program Information

Program title	SKALA – Sinergi dan Kolaborasi untuk Akselerasi Layanan Dasar (Synergies and Collaboration for Service Delivery Acceleration)
Program rationales	The SKALA Program is an Australia-Indonesia Partnership Program to accelerate Indonesia in addressing regional disparities in development. SKALA will strengthening selected elements of Indonesia’s large and complex decentralized government system responsible for the delivery of basic services. SKALA focus on accelerating the improved delivery of services in these less developed regions, with a focus on ensuring better access for Indonesia’s vulnerable groups, including women and people with disabilities. SKALA approach is to undertake policy harmonization at National and subnational level, strengthening competency-based requirement across different level of government, and improved quality spending through evidence-based planning and budgeting. SKALA is a continuation of previous DFAT significant investment, including KOMPAK, AIPD, and ANTARA.
Start-end date program	Phase 1 : 26 Oct 2022 – 31 Dec 2026 Phase 2 : 1 Jan 2027 – 30 Sept 2030
Program goal	To help reduce poverty and inequality within Indonesia by improving basic service provision to poor and vulnerable communities in less-developed regions
End of program objective (EOPO) and intermediate Outcome (IO)	<p>EOPO 1: Stronger enabling environment for subnational service delivery.</p> <ul style="list-style-type: none"> IO 1. Central agencies improve the subnational policy and regulatory environment on Public Financial Management (PFM) and the implementation of Minimum Service Standards (MSS) IO 2. Central agencies use evidence to improve decentralisation-related planning, coordination and prioritisation IO 3. Central agencies increasingly apply GEDSI analysis and evidence in preparing their policies, plans and budgets to ensure the needs of women, people with disabilities, and vulnerable groups are addressed <p>EOPO 2: Better subnational service delivery.</p> <ul style="list-style-type: none"> IO 4. Selected provincial and district governments better use PFM for provision basic services that meet the MSS. IO 5. Selected provincial and district governments increasingly utilize evidence on women, people with disabilities, and vulnerable communities’ service delivery needs in their planning and budget decisions IO 6. Senior leaders in selected provincial and district governments better recognize, measure and plan for the specific service delivery needs of all citizens <p>EOPO 3: Greater participation, representation and influence of women, people with disabilities and vulnerable groups.</p> <ul style="list-style-type: none"> IO 7. Strengthened government engagement with women, people with disabilities, and vulnerable groups in sub-national planning and decision-making processes IO 8. Increased participation and influence of women, people with disabilities and vulnerable groups and/or their representatives in sub-national planning and decision-making processes IO 9. Village level information systems produce stronger analysis on the needs of women, people with disabilities and vulnerable groups to inform more inclusive service delivery
Area coverage	<p>Interim Phase: National and 3 provinces (Aceh, NTB, Papua)</p> <p>Implementation Phase: National and 8 provinces (Aceh, Kalimantan Utara, Gorontalo, Maluku, NTB, NTT, Papua, Papua Barat)</p>
Reporting period	November 2022 – June 2023

Annex B: Risk Matrix

Category	Existing Details	Proposed Changes
Risk Type:	Primary - Political / Secondary - Political Sensitivities or Controversy	No change
Risk Event:	Government partners may perceive SKALA's work in the Papuan Provinces as Australia interfering in domestic affairs	Certain government partners perceive SKALA's work in the Papuan Provinces as potential Australian interference in domestic affairs
Risk Source:	Central government's relationship with Papua Provinces is highly sensitive and the travel of foreigners into these provinces is tightly controlled	No change – this detail is confirmed from the communications with MOHA
Risk Impact:	Australia relationship and reputation with the Government of Indonesia is damaged, End of program outcomes are not achieved.	No change
Inherent Likelihood:	Possible	Almost Certain
Inherent Consequence:	Major	Major
Existing Controls:	<p>Post (LE7, EL2 and SES Band 1) will maintain trust and strong partnerships with key central and provincial stakeholders on Papua issues and support continuation of KOMPAK's well-established Papua work, which will help manage risks around perceptions that a foreign development actor is working in potentially sensitive places like Papua.</p> <p>Internal coordination with Post's Political Team will continue on a regular basis to ensure share understanding on any emerging political situation which may affect Australian development assistance in Papua region from the political lens Effectively in place and mitigation action</p>	<p>In addition, the SKALA TL and Director for Implementation are also to continually ensure strong coordination and communications are maintained with FASKER-MOHA on all activities relating to Papua to build trust on an operational level.</p> <p>Engagement with provincial governments in Papua region to be sensitively managed by ensuring any communications and requests originating from Papuan government stakeholders are directly consulted with central government stakeholders and particularly with MoHA, and approvals to proceed obtained before progressing on requests.</p>
Residual Likelihood:	Unlikely	No change
Residual Consequence:	Moderate	Minimum
Risk Velocity:	Slow (9 months or more)	Fast (6 months or less)
Risk Response:	Accept	Treat
Treatments:	No treatments required at this stage	The SKALA TL and Director for Implementation are to continually ensure strong coordination and communications are maintained with FASKER-MOHA on all activities relating to Papua to build trust on an operational level.
Treatment Owner:	n/a	LE7 and Counsellor for Human Development and Governance
Implementation Date:	n/a	Since 18 April 2023, ongoing.
Target Likelihood:	Unlikely	Likely
Target Consequence:	Moderate	No-change
Target Risk Rating:	Medium	No change
Escalate:	No	No

Annex C. Interim Work Plan and Completion Status

Note: Completed: the activities have been completed during the interim period; carry forward to AWP: activities that are shifted to the Annual Work Plan. This includes work that has been started as well as activities that will only commence under the AWP.

IO	Activities-Technical Support and Facilitation	Output	Status
IO1	Strengthening the governance of special autonomy fund (DAK) and policies to accelerate effective development in Tanah Papua	Evaluation and inputs to RAPP (action plan to accelerating development in Papua)	Carry forward to AWP
		RIPPP (master plan to accelerating development in Papua) accommodated inputs from Ministries/Institutions and provinces in Papua.	Completed
		Improved Special Autonomy Module in Government Financial Information System/SIKD	Completed
		A pilot plan of the Special Autonomy Module in the SIKD	Completed
IO2	Optimizing the Special Allocation Funds (DAK) to achieve the basic services targets	Concept on MSS fulfilment performance indicators which funded by DAK Fisik	Completed
		Policy brief on DAK indicators/criteria in accordance with the HKPD law	Completed
		Policy brief on the verification mechanism of DAK Fisik-immediate outcome	Completed
IO3	Implementing MSS Policy in the regional planning and budgeting documents to improve basic service delivery	Agreement on National-Papua regional program priorities, budget allocation, codification, including GEDSI mainstreaming	Completed
		The MSS Action Plan to inform the regional planning documents	Completed
		The 2022 MSS fulfillment report to inform the regional planning documents	Completed
IO4	Integrating village finance information system (SISKEUDES) with national and regional (SIKD) to increase quality spending	Legal draft for SISKEUDES and SIKD Teman Desa interoperability	Carry forward to AWP
IO5	Improving the quality of regional financial data and reporting.	Improved indicator for financial report	Carry forward to AWP
		Improved SIKD data quality to better inform Village Fund Allocation	Completed
		SIKD is integrated with various data platforms	Carry forward to AWP
IO6	Developing policy to finance inclusive development.	Final draft of MOF Policy on Sovereign Wealth Funds (DAD)	Completed
		Final draft of infrastructure expenditure tagging in APBD	Completed
		Technical inputs to prepare a study on mandatory regional infrastructure budget allocation	Completed
		Study instruments are developed and distributed to regional level	Completed
		Regional infrastructure ranking concept	Completed

IO	Activities-Technical Support and Facilitation	Output	Status
		Increased understanding of subnational governments on the infrastructure mandatory spending policy.	Carry forward to AWP
		Policy Brief on the formulation of village funds budgeting process within the 2024 APBD	Carry forward to AWP
IO4	Improving planning process through the SIPD (information system for regional planning)	Improved capacity of subnational governments to develop planning documents based on SIPD	Carry forward to AWP
		Strategic roadmap to address the identified regional development issues	Completed
		MOHA's decree on 2025-2045 RPJPD (regional long term development planning) guidelines.	Completed
IO4	Identifying potential local revenue (PAD) in Aceh	Academic manuscript on the use of Aceh Education Endowment Fund/ DAD	Completed
IO4	Developing planning guidelines for special autonomy region (Musrenbang Otsus)	Draft guideline for Musrenbang Otsus in accordance with PMK 76/2022	Completed
IO 2	Establishing governance and use of poverty data (REGSOSEK) through the SEPAKAT application to improve basic service delivery and social protection.	Draft design of data governance within SEPAKAT system and other government information systems.	On progress
		Draft design of data governance and its interoperability between national and subnational information systems.	Carry forward to AWP
		Draft design of governance of SEPAKAT integration between national and subnational information systems.	Carry forward to AWP
		Regulation on the governance of SEPAKAT integration with the SIPD	Carry forward to AWP
IO2	Developing SEPAKAT system and new modules, and its integration with SIPD to support evidence-based planning process.	Business process to integrate SEPAKAT and SIPD	Completed
		Agreement on SEPAKAT and SIPD integration follow up action plan	Completed
		A scheme of how to use SEPAKAT to support planning process.	Completed
		A regulation on the use of SEPAKAT to support planning process.	Carry forward to AWP
		A list of REGSOSEK data variables and other macro data to enrich SEPAKAT analysis	Completed
IO2	Preparing the design of capacity building for evidence-based planning and budgeting among national and subnational governments.	Technical input for evidence-based planning and budgeting training curriculum and syllabus	Completed
		Identified existing information system (LOGIS) in subnational level to inform SKALA D&A intervention strategies	Completed
		A business process to integrate the existing apps with SEPAKAT and other information system in subnational level.	Completed
IO3	Developing GEDSI policy recommendations within the RPJPN and RPJMN to ensure inclusive development planning.	Technical input to upgrade the SEPAKAT system and modules for subnational level	Completed
		Agreement of relevant ministries/institutions, BPS and the Statistical Society Forum to use the Gender Inequality Index as a national indicator in the RPJPN and RPJMN.	Completed

IO	Activities-Technical Support and Facilitation	Output	Status
		Identified key GEDSI related issues in basic services delivery and its entry points to engage civil society organisations / organisation of disabled persons within the regional planning cycle.	Completed
IO3	Identifying activities to mainstreaming GEDSI within government institution.	Identified government partners' roles related to GEDSI to mainstream GEDSI, especially within the DJPK-MOF	Completed
Aceh			
IO4	Accommodating MSS within subnational planning documents to improve basic service delivery	Draft of subnational MSS Action Plan on MSS	Completed
		Technical input to subnational MSS action plans development	Completed
IO4	Identifying potentials to increase Aceh local revenue	Increased understanding of Aceh Government on the strategies and opportunities to optimize its local revenue.	Completed
		Increased understanding of Aceh Government on the mechanisms, systems, procedures for non-tax retribution.	Completed
		Increased understanding of Aceh Government dynamics, opportunities, challenges, and its readiness to establish a Sovereign Wealth Funds (DAD)	Completed
IO5	Improving the Aceh Government capacity to implement Satu Data Indonesia for a better provision of quality data.	Regulations, systems, procedures, and human resources to manage Aceh Satu Data	Completed
		The SIGAP Platform is based on SPBE	Completed
		Lesson learned on SIGAP implementation/use	Completed
		Aceh Governor Regulation on SIGAP development and replication roadmap	Carry forward to AWP
IO5	Integrating SEPAKAT with other local information systems to support evidence-based and inclusive development planning.	SEPAKAT is integrated into the Aceh Satu Data executive dashboard and SIGAP	Carry forward to AWP
		SEPAKAT analysis-based Aceh Satu Data	Carry forward to AWP
		All districts/cities in Aceh input data into the SIGAP platform	Carry forward to AWP
NTB			
IO4	Accommodating MSS into the subnational planning documents to improving basic service delivery	Inputs and commitment of NTB subnational government to deliver MSS action plan	Completed
		GEDSI is mainstreamed in the planning development process at subnational level (annual, five-year, and long-term planning cycle)	Carry forward to AWP
IO5	Improving the subnational information systems for evidence-based and inclusive planning process.	Refined roadmap for NTB Information System (SID) further development	Carry forward to AWP
IO5	identifying and replicating lesson learned and good fit practices in development.	Information gathered from advisory group meeting on poverty reduction and GEDSI mainstreaming	Carry forward to AWP
Papua			

IO	Activities-Technical Support and Facilitation	Output	Status
IO5	Accommodating MSS into the subnational planning documents to improving basic service delivery	Final draft of Papua Barat Governor Regulation on accelerating Human Development Index for Papuan Indigenous People.	Completed
		An analytic works (paper) on contributing/inhibiting factors and actor for Human Development Index in Papua Barat.	Completed
		Input to revise the regional development plan for Papua, Papua Barat, and Papua Selatan	Completed
IO5	Improving planning and budgeting in subnational governments at Papua Land to implement strategic programs for better basic service delivery	Technical input for subnational planning and budgeting to advocate fund allocation to finance information system in Tanah Papua (e.g., SIO Papua, Satu Data Papua, PROSPPEK, SAIK+, Fakfak Social Protection, etc.)	Completed
		Technical input to the design of elderly social protection (PAITUA) in Papua Barat Daya	Completed
		Socialization and technical guidance on PMK 76 and Priority Program of Papua Selatan	Completed
IO5	Managing local information system infrastructure to support evidence-based and inclusive planning	Information system servers for subnational level to support data provision and use in Papua	On progress
IO5	Expanding the use of existing local information system (LOGIS) , preparing for system integration with SEPAKAT, and updating the REGSOSEK data to support evidence-based planning process.	Increased understanding of subnational government towards SAIK+ and SIO Papua	On progress
		Trained local facilitator for SAIK+ and SIO Papua	Completed
		Data forum/data management secretariat, including SAIK+ and SIO Papua	Completed
		SAIK+ dan SIO Papua use is expanded to new districts in Tanah Papua	On progress
IO5	Using LOGIS Data to support subnational development program priorities	Identified the use of SAIK+ data for Social Protection Program in Papua Barat Daya	Completed
		Technical input for PAITUA implementation, monitoring, and strategic communication for Papua Barat Daya	Completed