



Australian Government



INDONESIA COVID-19 DEVELOPMENT RESPONSE PLAN

- The Australia-Indonesia Comprehensive Strategic Partnership has elevated our bilateral relationship and sets an ambitious agenda for deeper and broader cooperation across all facets of our partnership.
- Indonesia is facing a major challenge from COVID-19, made more difficult by the size and density of its population and of the archipelago itself. Health and economic impacts continue to unfold and threaten to erode Indonesia's hard won economic and human development gains.
- Australia is supporting Indonesia to maximise the effectiveness of its efforts to tackle COVID-19 through policy and technical advice on the health response, the expansion of social safety net programs, and on economic stimulus and recovery strategies.

Australia and Indonesia have a long and proud history of supporting each other in times of need. We are close neighbours, strategic partners and friends, with a commitment to deepening our engagement and working together to build a prosperous and stable region. We have a shared interest in combatting COVID-19 together and will use the deep connections between government agencies across our longstanding development, economic and security partnerships to do so.

COVID-19 SITUATION ANALYSIS

The virus is prevalent across Indonesia and widespread community transmission continues despite some efforts to restrict mobility and shutdown economic activity. Low testing rates and coordination challenges across Indonesia's decentralised government pose difficulties in implementing a response that supports health outcomes and safe and sustainable economic activity. Underlying factors, including health system constraints, existing health conditions, and areas of high population density suggest Indonesia could be susceptible to widespread incidence of the virus over an extended period.

The pandemic is severely disrupting Indonesia's economy. Following a decade of steady GDP growth, the economy is experiencing a major contraction, with the International Monetary Fund predicting negative growth in 2020. Government financing has been sharply impacted, creating a fiscal gap and highlighting the urgent need to widen the government's revenue base to fund its ongoing COVID-19 expenditure needs. Most micro, small and medium enterprises - the backbone of Indonesia's economy (contributing 61 per cent of GDP and generating 98 per cent of employment) - do not have the capital to withstand an extended shock and widespread bankruptcies could occur.

The impact on employment, income and livelihoods will be extensive. With 80 million people living in poverty or vulnerable to falling back into poverty pre-pandemic, the impact on livelihoods will be far reaching. The World Bank estimates 24 per cent of breadwinners have stopped working, and of those who continued, 64 per cent have reduced incomes. The Indonesian Government estimates that 5.2 million people could lose their jobs in 2020 due to COVID-19.

With no unemployment benefits, workers and the self-employed who are above the income threshold for social safety nets face an uncertain future of high unemployment, worsening business prospects, and limited availability of finance to carry them through the crisis. Those in the informal sector (56 per cent of the workforce) have even fewer protections. This is especially the case for women, who dominate some of the most affected sectors. Women's already low formal-sector labour force participation (52 per cent) is likely to decrease.

The World Bank estimates 8 million people could fall back into poverty due to the economic shock of the pandemic, turning back decades of poverty reduction. Poverty rates remain variable across the country and tend to be higher in Eastern Indonesia, including Papua where poverty rates are three times the national average. COVID-19 will hit the vulnerable, including women and people with disabilities, the hardest.

The pandemic threatens to erode human development gains. With health resources diverted to COVID-19, existing challenges with communicable disease and maternal and child health could deepen and gains made on high child stunting rates could be reversed. Access to women's sexual and reproductive health services will be



impacted. School closures are likely to worsen low learning outcomes and there is a risk that poor children will drop out of school to contribute to family incomes. These impacts threaten the Indonesian Government's strong human capital agenda. A skilled and more productive workforce is needed for sustained economic recovery and to unlock the next stage of growth.

The implementation of the Indonesian Government's response to the pandemic, focused on social assistance for the poorest and protection for business and jobs, is highlighting coordination challenges at the national and subnational level. Policy responses were relatively swift, but disbursement of funding has been uneven.

While Indonesia has demonstrated strong community resilience to COVID-19's impacts, it will need to actively manage threats to uphold stability, including regionally. The economic hardship and societal disruption brought by COVID-19 could create an environment for illegal activity to grow, exacerbate existing security threats and inflame social tensions. Women are already experiencing an increased incidence of domestic violence, on top of high pre-pandemic rates.

AUSTRALIA'S RESPONSE

Australia has reshaped its development partnership to support Indonesia's efforts. We will continue to do so throughout Indonesia's economic recovery, helping to build long term resilience. We will be responsive to Indonesia's priorities as set by its Committee for the Handling of COVID-19 and National Economic Recovery and in its national medium-term development plan. We will focus on the most vulnerable, including women and people with disabilities.

Building on the foundations of our Comprehensive Strategic Partnership, we will work across the Australian Government, using our diplomatic, trade, economic, defence and security capabilities, to ensure our development efforts have the greatest impact. We have built deep connections between government agencies, which we will leverage in our COVID-19 response and in support of our broader bilateral relationship. We will also leverage the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) to contribute to our mutual economic recovery through trade and investment.

Health Security

As close neighbours, Australia and Indonesia have a shared interest in managing COVID-19 transmission in our region. We have a long collaboration in the health sector and on disaster management, and we accelerated the commencement of new partnerships to respond to

Indonesia's request for support in mitigating the spread of the virus. Our work in Indonesia will complement Australia's regional health engagement through ASEAN.

Through Australia's new partnership on disaster risk management, we are providing expert advisors to Indonesia's COVID-19 Committee and to agencies with a vital role in managing the pandemic. We are also funding the WHO and UNICEF to provide expert technical support to the Indonesian Government's response. Australia has provided essential medical supplies including non-invasive ventilators, personal protective equipment and laboratory supplies. To support our shared commitment to the most vulnerable, Australia is funding community organisations for preparedness and emergency support, and to assist the Indonesian Government to plan for the needs of vulnerable groups in village-level responses. This includes supporting efforts to ensure women's access to sexual and reproductive health services during the pandemic.

Developing a vaccine that is safe, effective and accessible is important if we are to emerge more quickly from this crisis. CSIRO is supporting Indonesian Government efforts to create a local vaccine development platform. Australia will support equitable access to safe and effective COVID-19 vaccines in Indonesia through multilateral and regional initiatives to finance, assess, deliver, and monitor COVID-19 vaccines.

Our new partnership on health security will support the government to build stronger systems to prevent, detect and respond to COVID-19 and other public health threats. This partnership and Australia's Indo-Pacific Centre for Health Security will help strengthen capacity in information, surveillance and laboratory systems, national coordination and community preparedness. A new ASEAN-Australia Health Security Program will strengthen regional health security, benefiting Indonesia. We are also funding research partnerships to strengthen health systems and capacity using a "one health" approach across people, animals and the environment.

Our international health partners will be integral to our support to Indonesia to strengthen health security systems and to ensure quality health services are delivered throughout the pandemic. Australia's global contribution to GAVI will strengthen and support the sustainability of Indonesia's immunisation programs. Our pledge to the Global Fund will support Indonesia's efforts against the key public health threats of tuberculosis and HIV/AIDS.

We will maintain our commitment to building good health foundations that underpin health security, including supporting Indonesian Government programs



to increase community access to water and sanitation, which is vital in the COVID-19 response. We will continue supporting nutrition specific approaches, responding to President Widodo's focus on reducing child stunting.

Stability

Australia's long-standing essential services partnerships with Indonesia will support communities and the most vulnerable to weather the shocks of COVID-19 and safeguard opportunities for recovery.

We are Indonesia's largest bilateral partner in social protection. Building on our long-standing engagement, we have pivoted to assist the government to rapidly expand social safety net programs, a critical part of Indonesia's COVID-19 response and recovery. Australia's technical advice (through our social protection, economic governance and World Bank partnerships) is supporting the Indonesian Government to design and implement expanded programs, and to explore options to address coverage gaps for people with disabilities, the elderly and unemployed. Systems developed through our partnership before the pandemic have been foundational to Indonesia's COVID-19 efforts. We are working at a national level on system-wide reforms and at a subnational level to support effective program delivery, ensuring that safety nets reach targeted recipients and maximise intended outcomes.

Australia's agricultural programs will continue to work with the private sector and small-holder farmers to help maintain agricultural production and food security during the crisis while also safeguarding poor farmers' livelihoods. We are helping to optimise agricultural markets and address systemic challenges to food supply chains. Scientific collaboration with Indonesia on food systems and biosecurity risks is also strengthening food security.

With many schools likely to be closed for an extended period, Australia is supporting Indonesia to maintain quality basic education. We are Indonesia's only bilateral partner in basic education. Our programs are providing technical advice to support the implementation of new policy responses, including learning-from-home guidelines and preparations for safe school reopening. We are helping to monitor remote learning practices to inform Indonesian policy and funding decisions. Our focus is on assisting the Indonesian Government to minimise learning losses and manage risks from school closures, particularly for the most vulnerable.

Rolling out new social protection and education initiatives quickly and effectively will be a challenge. Australia is providing planning and implementation

support at national, provincial and local government levels. We will assist Indonesia to measure COVID-19 impacts at the community level, identify needs, and reallocate budgets for COVID-19 response activities.

Australia is working with Indonesian civil society partners, through our gender equality and social inclusion programs and our partnership for justice, to ensure that vulnerable groups, including women and people with disabilities, are able to access essential services through COVID-19. We are building civil society capacity including women's leadership to support communities to advocate for their needs and assist government to improve accessibility. Our partners are engaging on national policy reforms and supporting local solutions for local issues. Through these programs, we will help women and vulnerable groups to access social assistance, alternative livelihoods, and domestic violence and justice services.

As strategic partners, we share a commitment with Indonesia to increase resilience and stability in our region through our trusted partnerships in justice, security and disaster management. Through our partnership on disaster risk management, we will support Indonesia's capacity to respond to disasters during the pandemic and strengthen our joint engagement on disaster management in the region. We will also continue to integrate climate resilient approaches across our work.

In law and justice we are helping Indonesia's criminal justice system to adapt to the impacts of COVID 19 including through new technology for online trials. We are assisting Indonesia to manage the health and security risks of COVID-19 in prisons. We are providing advice to Indonesia's election bodies on conducting the 2020 regional elections during the pandemic.

Complementing efforts under our development program, Australia's Departments of Foreign Affairs and Trade, Home Affairs, and Defence will continue to engage with Indonesia to address the changed strategic environment in our region and continue to combat common security challenges during the pandemic. We are focusing on countering the shared threats of terrorism and transnational crime, including people-smuggling, cyber threats, maritime security, money laundering and terrorism financing. We will continue our strong bilateral and regional security cooperation, including through dialogues such as the Sub-Regional Meeting on Counter-terrorism and Transnational Security, which we co-chair with Indonesia. We are prioritising our joint commitment to the Women, Peace and Security agenda to maximise



women's leadership in supporting community cohesion.

Economic Recovery

Australia's flexible economic governance and World Bank partnerships enable us to respond quickly to Indonesia's needs. Our trusted advice has been critical to date in helping Indonesia to navigate the economic dimensions of the crisis. We will continue to support Indonesia to mitigate the economic slowdown and restore the foundations for an inclusive and resilient economy.

Australia is supporting Indonesia to develop fiscal policy responses to COVID-19, providing trusted expert policy advice on the design of stimulus measures to promote economic stability and investment, helping to identify new sources of budget finance, increasing government revenue through tax reform, and assisting with budget prioritisation to fund health expenditure.

Australia is providing policy advice to key Indonesian decision-makers on restoring economic foundations. We are advising on measures to address risks to the stability of the financial sector. We are formulating policy options to support the recovery of informal and formal businesses and State Owned Enterprises. We will continue to offer advice to address binding constraints to growth, including improving Indonesia's business enabling environment to attract investment and create jobs. We are providing advice on measures to improve the quality of public spending.

Australia's infrastructure programs support Indonesia's important growth-enabling infrastructure agenda. We are helping the Indonesian Government to prioritise its infrastructure spend to deliver the most productivity enhancing outcomes while boosting employment in areas hard hit by the pandemic. We are working to mobilise additional financial institution and private sector financing for infrastructure, including by supporting the Indonesian Government to develop quality infrastructure proposals.

The economic downturn will interrupt the long term human capital development and productivity improvements needed for Indonesia's growth. Increases in poverty and inequality will also create a drag on economic growth. We will provide policy advice on skills development and poverty reduction strategies to help Indonesia protect its investments in sustainable and inclusive growth. We are partnering with education authorities to promote the systemic change required to improve the foundational skills critical to participate in a

modern economy. In addition, our infrastructure and IA-CEPA economic cooperation programs are building skills that meet industry needs. The Australia Awards program will be adapted to build the capability needed for Indonesia's recovery.

Economic empowerment of women, people with disabilities and marginalised groups will continue to be a priority across our economic recovery efforts. We will facilitate access to training and economic opportunities, support alternative livelihoods, and pursue labour law reform to realise the productivity improvements possible through increased economic participation. We will work to challenge gender norms that constrain women's economic participation and contribution.

Our new Comprehensive Economic Partnership agreement, IA-CEPA, will support our shared economic recovery through increased bilateral trade and investment. Increased Australian investment in Indonesia will help create jobs and generate local economic activity and government revenue for recovery. The IA-CEPA Economic Cooperation Program will provide technical advice and other assistance to enable Indonesia to fully realise the mutual benefits of the partnership. Australia's Blueprint for Trade and Investment in Indonesia will help Australian businesses identify opportunities in the Indonesian market. A new Economic, Trade and Investment Ministers Meeting will provide a forum to collaborate on global responses to COVID-19 and to coordinate joint approaches to regional and global economic issues.

HOW WE WILL WORK

We will support Indonesia to achieve the best use of its resources for the most effective COVID-19 response and recovery. Using our trusted partnerships, we will continue to provide evidence-based policy and technical advice to ministries in real time as they make critical COVID-19 response decisions. We will work together to pilot innovative solutions to COVID-19 challenges and to build government systems for implementation. We will support Indonesia to generate evidence to inform policy and programming decisions, including through joint research and knowledge exchange, and by strengthening the enabling environment for research and development and innovation. Australia will use the in-built flexibility of our programs to continually refocus our efforts. We will work with business, civil society, research partners and other international development agencies to leverage their expertise and finances for Indonesia's COVID-19 response.



Table 1: COVID-19 Response Plan Performance Framework

	Health Security	Stability	Economic Recovery
Expected Outcomes	<ul style="list-style-type: none"> - Strengthened capability to prevent, detect and respond to health security threats, including mitigating the spread and impact of COVID-19 (SDG 3) - A stronger health system to maintain access to essential health and related services (SDGs 2, 3, 6, 10) - Improved hygiene and nutrition (SDGs 2, 6) 	<ul style="list-style-type: none"> - Strengthened social protection, food security and education outcomes (SDGs 1, 4, 5, 9, 10, 16) - Communities and civil society are working to ensure the needs of Indonesia's diverse communities, especially the most vulnerable, are met (SDGs 1, 5, 10, 16) - Indonesia and Australia partner to address shared risks to stability and security (SDGs 14, 16) 	<ul style="list-style-type: none"> - Strengthened fiscal stability (SDG 8) - Strengthened foundations for an inclusive and resilient recovery (SDGs 1, 8, 9, 10, 13, 15) - Increased economic inclusion of women and vulnerable groups (SDGs 1, 5, 8, 10) - Enhanced economic partnership, including creating opportunities for Indonesian and Australian businesses and organisations to support economic recovery (SDGs 1, 8)
Key Results	<ul style="list-style-type: none"> - 693,000 women, men, girls and boys provided with emergency assistance - 100 ventilators and associated medical supplies provided to support treatment of COVID-19 in Indonesia - Indonesia strengthens health systems, including preparedness for health emergencies - Indonesia improves responses to health security threats (especially COVID-19) - 1,970,000 additional women and men have access to improved water and 198,000 sanitation services (625,000 water and 105,000 respectively in 2020-21) - Evidence of Indonesia making progress to prevent stunting 	<ul style="list-style-type: none"> - Indonesia strengthens governance systems to mitigate the impact of COVID-19, including in social protection, education, and law and justice - Examples of significant policy change across COVID-19 response and recovery priorities - Examples of Indonesia improving evidence generation and knowledge-to-policy processes - Evidence of policy advice and support for agricultural productivity and market access for food security - 270,000 smallholder farming households increase their incomes by 30 per cent (120,000 in 2020-21) - 55 per cent of the Indonesian population reached with new or improved social protection programs - Evidence of women and girl survivors of violence receiving services - Evidence of women and other vulnerable groups participating in decision-making - Improved civil society engagement in government policymaking and program delivery - Indonesian and Australian public sector agencies partnering to address shared risks to stability and security 	<ul style="list-style-type: none"> - Evidence of Indonesia promoting economic and financial stability, including economic stimulus measures - Dollars leveraged as additional resources to support economic development - Evidence of Indonesia promoting stable and inclusive economic growth, including reforms that promote a business enabling environment or human capital development* - Evidence of Indonesia introducing reform to promote job creation - Opportunities are created for Indonesian and Australian businesses/organisations in support of economic recovery - 200,000 women and other vulnerable groups access economic opportunities (80,000 in 2020-21) - 80 per cent of investments effectively address gender equality issues (regardless of objective)
Supporting Investments	<ul style="list-style-type: none"> - Australia-Indonesia Health Security Partnership - Indo-Pacific Centre for Health Security - ASEAN-Australia Health Security Program - Australia-Indonesia Partnership in Disaster Risk Management - Essential medical supplies - WHO COVID-19 Response - UNICEF COVID-19 Response - Civil Society and Red Cross COVID-19 Response - Better Investments for Stunting Alleviation - Micronutrient Initiative - Infrastructure Grants Municipal Sanitation - Palembang City Sewerage Project - Water and Sanitation Hibah - Rural Water Supply and Sanitation - GAVI, the Vaccine Alliance - The Global Fund to fight AIDS, TB and Malaria - Contributing whole of government agencies include: Department of Health, ACIAR, CSIRO 	<ul style="list-style-type: none"> - Towards a Strong and Prosperous Indonesian Society (social protection) - Governance for Growth - Knowledge to Policy programs - Innovation for Indonesia's School Children - UNICEF Rural and Remote Education (Papua) - Australia-Indonesia Partnership for Gender Equality and Women's Empowerment (MAMPU) - Support to Marginalised Groups - PEDULI (social inclusion) - Australia-Indonesia Partnership for Promoting Rural Incomes through Support for Markets in Agriculture - Grow Asia: Partnership for Indonesia's Sustainable Agriculture - Australian NGO Cooperation Program - Australia Indonesia Partnership for Justice 2 - Democratic Resilience Initiative - Maritime Capability Building Initiative - Cyber Cooperation Program - Contributing whole of government agencies include: Defence, Australia Federal Police, Department of Home Affairs, Australian Border Force, ACIAR, CSIRO 	<ul style="list-style-type: none"> - Indonesia Australia – Comprehensive Economic Partnership Agreement: Economic Cooperation Program - Australia-Indonesia Partnership for Economic Development (PROSPERA) - Australia-World Bank Indonesia Partnership - Indonesia Australia Infrastructure Partnership (KIAT) - Sustainable Infrastructure Assistance Program - Environmental Governance - Australia Awards - Investing in Women - Indonesia Transport Safety Assistance Program - Contributing whole of government agencies include: Department of Agriculture and Water Resources, Department of Education, Skills and Employment, Austrade