



## Australia Indonesia Partnership

Kemitraan Australia Indonesia



### **JOINT MINISTERIAL STATEMENT**

**29<sup>th</sup> June 2006, Bali**

In recognition of the importance of partnership to all of their joint development cooperation efforts, Australian and Indonesian Joint Commission Ministers today agreed that the “Australia Indonesia Partnership” will now encompass all Australian bilateral Official Development Assistance (ODA) to Indonesia. This assistance is expected to reach over \$2 billion over five years, reinforcing Indonesia’s position as one of Australia’s most enduring and important bilateral development partners in the Asia-Pacific region.

Of the new \$1 billion committed last year, Ministers are pleased to announce that, following their new funding announcements today, all of these funds have now been allocated to high priority reconstruction and development activities, both within and beyond tsunami affected regions.

Ministers also welcomed the recent signature by senior officials of the Partnership Loan Agreement. This Agreement sets out the overarching legal framework for the operation of the concessional loan financing components of the \$328 million Eastern Indonesia National Road Improvement Program (including \$28 million in grants) and the \$300 million Basic Education Program (including \$100 million in grants). In implementing these projects, Ministers reinforced their strong commitment to align loan financing with the Indonesian Government’s own development priorities in these areas and ensure high levels of accountability and transparency in the management and disbursement of these funds.

#### **Yogyakarta Reconstruction Fund**

The earthquake of 27 May 2006 has had a devastating impact on the communities of Central Java, particularly in and around Yogyakarta. The death toll is now estimated at around 5,800, tens of thousands more have been injured, and hundreds of thousands have been left homeless. Housing, schools, health facilities and many small enterprises essential to people’s livelihoods remain extensively damaged in a number of areas.

Ministers re-affirmed their commitment to assist and agreed that in order to meet ongoing rebuilding needs, up to \$30 million of Partnership funding would be made available to help communities re-establish their lives, access basic services, and plan for the future. Most of the funds will be made available to assist immediate repair and construction

works and longer-term reconstruction in key sectors such as education, health, housing and re-establishing livelihoods. The program will be delivered in close coordination with local government authorities in and around Yogyakarta.

This funding will be in addition to the \$7.5 million that Australia has already provided in emergency and relief assistance.

## **Implementation Update**

### *2006 Annual Report*

As part of their consideration of implementation progress, Ministers noted the achievements detailed in the Annual Report of the Australia Indonesia Partnership. This Report underscores the practical, long-term contributions Australian development assistance is making to Indonesia's efforts to increase and sustain economic growth, build democratic institutions, enhance security and stability, and improve the quality and accessibility of basic health and education services for its people.

Ministers made clear their joint resolve to ensure that issues of development effectiveness and impact remain at the forefront of their Partnership, consistent with Indonesia's national development strategies and the priorities articulated in the new White Paper on Australian Aid.

Ministers agreed they would consider the next Annual Report in June 2007.

### *Advancing Good Governance*

Ministers also noted strong progress under the Government Partnerships Fund (GPF) with 12 Australian agencies working in direct cooperation with their counterparts in Indonesia to design and implement long-term training, internship and secondment programs. Over 200 Australian and Indonesian officials have already been brought together to exchange knowledge, expertise and lessons in support of Indonesia's programs of economic, financial and public sector reform.

## **A 'Governance Research Partnership' to Support Reform**

In order to strengthen the intellectual foundations underpinning this work, Australian and Indonesian Ministers agreed to the allocation under the GPF of up to \$6 million for the establishment of a 'Governance Research Partnership'. This Partnership will bring together Australian and Indonesian researchers working on Indonesia's most critical governance challenges, providing a valuable source of expertise for reform practitioners and, over the longer-term, supporting the growth of a new generation of researchers in both countries working in this critical field.

Ministers agreed that early research priorities should include applied research designed to progress Indonesia's decentralisation agenda as well as help implement its anti-corruption strategies.

### **Post-tsunami Reconstruction in Aceh and North Sumatra**

While progress has been positive and the signs of recovery continue to flourish, the reconstruction challenges in Aceh and North Sumatra remain immense. In recognition of these challenges, Ministers noted senior officials' agreement to additional funding allocations through the 'Aceh Rehabilitation Program', including:

- Up to \$10 million to help facilitate continuing Government of Indonesia, NGO and international efforts to provide high quality temporary and permanent accommodation to those displaced by the tsunami;
- Up to \$10 million to meet high priority mapping and geospatial surveying needs throughout tsunami affected areas of Aceh and North Sumatra to further progress the re-establishment of land boundaries and rebuilding of community infrastructure;
- Up to \$3 million in technical assistance to strengthen the vital donor coordination and strategic planning functions of the Rehabilitation and Reconstruction Authority for Aceh and Nias (BRR).

#### *Additional Support for Reconstruction in Nias*

Australia's solidarity with the people of Nias was underscored by the Sea King helicopter tragedy in which nine Australian Navy personnel lost their lives delivering vital relief and medical supplies in the aftermath of March 2005 earthquake. As in Aceh, many challenges continue to confront families and communities across Nias as they attempt to resume their lives, rebuild their homes and restore basic health and education services.

In response to these challenges, Ministers have agreed to establish a Nias Reconstruction Program that will provide up to \$10 million to assist communities on the island repair damage to livelihoods and vital community infrastructure caused by the tsunami and the ensuing earthquake. This Program will assist communities identify their priorities for rehabilitation and, on this basis, provide the resources and infrastructure necessary to support long-term recovery.

These allocations bring Australia's total commitment to post-tsunami relief, rehabilitation and reconstruction in Aceh and North Sumatra to over \$250 million.

### **Next Meeting**

Joint Commission Ministers agreed that they would next meet in 2007.

The Hon Alexander Downer MP  
Minister for Foreign Affairs  
Australia

HE Dr Hassan Wirajuda  
Minister for Foreign Affairs  
Republic of Indonesia

The Hon Peter Costello MP  
Treasurer  
Australia

HE Dr Sri Mulyani  
Minister for Finance  
Republic of Indonesia

HE Paskah Suzetta  
State Minister of National Development  
Planning and Chair of the National  
Planning Board (BAPPENAS)  
Republic of Indonesia