Independent Evaluation of the Impact Private Sector Partnerships (IPSP) Program

DFAT Management Response to DFAT-led Independent Evaluation – July 2025

The Impact Private Sector Partnerships (IPSP) Program was established as part of DFAT's broader strategy to enhance private sector engagement in development. Launched in 2020, the program aimed to leverage private sector engagement to address development and climate challenges in the Indo-Pacific. IPSP has enabled DFAT to engage with the private sector through two mechanisms

- The Business Partnerships Platform (BPP) which enables partnerships between DFAT, business and other partners to bring together their investment, ideas and capabilities to test, trial and scale inclusive business models.
- The Business Engagement Support Unit (BESU) which provided short term advisory and training services to DFAT to assist in advancing development and climate outcomes through private sector engagement.

IPSP's overarching goal is that: "Australia serves as a catalyst to unlock private sector-led solutions to development and climate challenges (and contribute towards the Sustainable Development Goals) in the Indo Pacific region". The End of Program Outcomes (EOPOs) are:

- EOPO1 - Climate Impact: Businesses and communities adopt sustainable practices and technologies to address climate challenges
- EOPO2 - Socio-Economic Impact: Businesses improve social and economic outcomes, including for women and underserved groups.
- EOPO3 - Gender Impact: Private sector-led solutions improve gender equality through products practices or policies.

The evaluation's primary objective was to assess IPSP's realisation of its EOPOs and the factors that have contributed to its progress. Secondary to that, the evaluation was intended to identify any lessons learned to better inform decision-making around the scope, governance, objectives, and modalities for any Posts or Regional Programs considering similar investments in the future. This is noted especially in the context that IPSP is now in its final year of implementation, and a specific follow-on phase/program is not currently planned. The evaluation's recommendations to DFAT therefore reflect this context.

The evaluation examined the program's work across three funding rounds: the COVID-19 Recovery and Vietnam Green Recovery round, the Vietnam Carbon Markets round and the Climate Adaptation for the Mekong Delta round. Of the 29 partnership projects delivered through these three rounds, 13 were implemented in Vietnam, while the COVID-19 Recovery partnerships were also implemented in Bangladesh, Fiji, Nepal, the Philippines, Samoa, Sri Lanka and Timor-Leste.

In summary, the evaluation found that IPSP's flexible model has been valuable to DFAT's overseas Posts and that IPSP has achieved both climate and economic impacts, with some benefits for women. Many supported partnerships are able to, or are at least willing to, invest in continuing their business models following IPSP support. The evaluation also found that IPSP's partnerships had delivered a wealth of experience and lessons learned that are useful for DFAT, particularly in novel areas including carbon markets and climate adaptation.

The evaluation included overarching lessons learned and offered considerations for DFAT, should it wish to replicate IPSP in some way. Such considerations covered:

- Scale relative to Post management capability and depth of the local private sector
- Post's appetite for risk
- Being clear on what purpose is being pursued, and whether a challenge fund like IPSP is the best approach for that purpose
- Ensuring that lessons learned are effectively documented and disseminated to benefit other DFAT programming

DFAT's response to the Independent Evaluation: DFAT agrees with each of the four evaluation recommendations noting that the project is in its final year of implementation. The Blended Finance and Investor Engagement Unit (BFU) will share the evaluation with relevant geographical and thematic areas responsible for development programming and policy engagement.

<table>
<tr><th>Recommendation</th><th>Response</th><th>Action Plan</th></tr>
<tr><td>Recommendation 1: Resourcing intensity
When considering modality and resourcing for future similar programs, DFAT should keep the capacity of Posts and sizes of the economy in mind.</td><td>Agree</td><td>This is an important point that DFAT factors into programming decisions. DFAT will consider this recommendation in the design of any future interventions of a similar nature.</td></tr>
<tr><td>Recommendation 2: Gender equality
DFAT should ensure that any future investment using a challenge fund approach would need to:
• be very clear about limitations on achieving gender equality and clearly articulate this in outcomes statements and how success is measured; or
• be part of a broader intervention that links lessons from partnerships into engagements with institutions and processes that are designed to engage with the underlying determinants of gender inequality.</td><td>Agree</td><td>DFAT will consider this recommendation in the design of any future interventions of a similar nature.

BFU will share the evaluation with DFAT's Gender Equality Disability and Social Inclusion Branch (GEB) and the Office of Southeast Asia's Investing in Women program.

Systemic / broader change, in addition to enterprise / business level change is a consideration that extends beyond gender equality to all proposed outcomes in programs. Both aspects (systemic/enterprise change) can be covered under one program, but this requires strong coordination across DFAT to bridge programs, to achieve holistic</td></tr>
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Recommendation	Response	Action Plan
		outcomes and change.
Recommendation 3: Monitoring, Evaluation and Learning (MEL) trade-offs DFAT must be mindful of the trade-offs between a MEL system that offers flexibility at the cost of comprehensiveness versus a comprehensive MEL that adds a greater burden of data collection.	**Agree**	DFAT will consider this recommendation in the design of any future interventions of a similar nature. Such trade-offs should consider the objectives and purpose of individual programs.
Recommendation 4: Risk appetite and management If DFAT were to undertake new investment using the IPSP challenge fund model, it would need to be conscious of risks typically associated with such innovative models (inherent risk of potential failure; possible impact to reputation, which due diligence processes cannot entirely ameliorate) and build targeted mitigation strategies.	**Agree**	DFAT will consider this recommendation in the design of any future interventions of a similar nature. These are relevant lessons generally as development programming increases engagement with the private sector, regardless of whether a challenge fund model is taken.