

Management Response – IndII Impact Assessment Team, Mission 1

1	<p>IndII should provide DFAT with high, medium and low forecast scenarios—outlining key contingencies that may influence expenditure. Regular updates to account for evolving circumstances will help the infrastructure unit to manage internal expectations and risks.</p> <p>Accepted.</p> <p>DFAT notes that IndII has recently introduced an enhanced system of budget forecasts and expenditure reporting based on the different stages of approval or contracting. This has been incorporated into the dashboard and discussed in monthly management meetings.</p>
2	<p>DFAT should consider nominating a band for acceptable financial forecast accuracy.</p> <p>Accepted.</p> <p>DFAT will discuss nominating a band of 10% at the beginning of each financial year. As the year progresses, this band will be reduced, reflecting the need for increased accuracy towards the end of the financial year.</p>
3	<p>DFAT should ensure that any future contract of this kind appropriately includes performance measures and incentives for grant program delivery as well as TA delivery.</p> <p>Accepted.</p> <p>This will be a feature of the contract in the next program which will be based on lessons learned through Phase 2. DFAT will be considering:</p> <ul style="list-style-type: none">• including mutually agreed indicators regarding grant program delivery in annual Contractor Performance Assessments; and• securing formal GoI agreement to the implementation plan and milestones.
4	<p>DFAT should ensure that performance feedback is provided in a timely manner to enable meaningful engagement. Both DFAT and IndII should build the good will necessary for a joint approach to improving performance.</p> <p>Accepted.</p> <p>DFAT will follow the guidelines outlined for Contractor Performance Assessments, including providing the contractor 28 days to respond to DFAT’s written assessment. DFAT will finalise future assessments within three months of the end of the period being assessed.</p>

5	<p>IndII board members should discuss and agree on the board's terms of reference during the implementation phase of the facility.</p> <p>Accepted.</p> <p>For the current phase of IndII, DFAT will discuss in the next 2014 Board meeting (notionally scheduled for August 2014) the changing role of the Board. DFAT will consider providing outline ToRs for the Board's consideration in this meeting.</p> <p>This recommendation will be applied to the governance structures of the next phase of infrastructure support and will therefore be included in the project design document of that investment.</p>
6	<p>IndII should adopt a 'communications' approach to board briefing. This may include a series of short briefing sessions by IndII staff leading up to board meetings to ensure that board discussions are focussed on resolution of strategic issues. The FRPD could be reduced to a series of succinct, accessible and tightly focussed briefing materials for the board that describe the context and highlight the implications of various courses of action.</p> <p>Accepted in principle.</p> <p>In the past, key Board members have had limited availability for pre-board briefings. DFAT does however acknowledge the need to increase the on-going engagement of Board members in the strategic direction of IndII activities – ensuring active involvement from all GoI agencies represented on the Board will be a priority. IndII and DFAT are considering ways of improving the readability of the FRPD, including providing the Board with succinct briefing notes. This will be trialled in the next 2014 Board meeting.</p>
7	<p>DFAT and IndII should actively engage with CMEA to understand factors in the ministry's disengagement, and seek to remedy any issues with the aim of seeking CMEA's proactive involvement in supporting IndII's implementation.</p> <p>Accepted.</p> <p>DFAT notes that since the IAT, IndII has held discussions with CMEA to discuss how CMEA can be more engaged in IndII's implementation. DFAT will coordinate with IndII on this matter.</p>
8	<p>DFAT and the IndII board should explore potential avenues for fostering MoHA's engagement in implementation.</p> <p>Accepted in principle.</p> <p>DFAT proposes to increase engagement with MoHA on projects involving provision of direct support to sub-national governments through the IndII advisor currently working in MoHA on the sAIG program. For more strategic engagement with MoHA, DFAT will look towards working through the governance arrangements already established with MoHA through the Australia-Indonesia Partnership for Decentralisation (AIPD) program. Engagement with MoHA will be separately considered in the design of the next phase of Infrastructure support.</p>

9	<p>DFAT should consider raising the financial threshold at which IndII can direct appoint consultants from facility pool to AUD200,000.</p> <p>Accepted.</p> <p>DFAT will discuss with IndII about raising the financial threshold for direct appointment, noting that all appointments will still be required to demonstrate value for money.</p>
10	<p>DFAT should consider permitting IndII to release EoIs on a 'no commitment' basis after TT approval while the ADD is being appraised.</p> <p>Accepted on a case by case basis.</p> <p>DFAT will permit IndII to release EoIs on a 'no commitment' basis while the ADD is being appraised in cases where DFAT has been consulted early in activity development and feels comfortable with the activity's approach.</p>
11	<p>DFAT and IndII should review and evolve the process for streamlining project development and approval proposed in Appendix G.</p> <p>Accepted in principle.</p> <p>DFAT and IndII will consider approaches to increased coordination around project development including the possibility of increased approval thresholds with greater downstream scrutiny during the extension period in which new activities are likely to be developed.</p> <p>A streamlined governance and approvals process will be considered for the design of the post-2015 infrastructure program. DFAT will decide on a model that is in line with its future budget and staff resources.</p>
12	<p>DFAT and IndII should convene a professionally facilitated workshop along the lines of the indicative agenda proposed in Appendix H to address key sources of conflict, and align expectations.</p> <p>Accepted.</p> <p>DFAT will coordinate with IndII on logistics for this workshop. DFAT will seek to schedule a workshop in the third quarter of 2014, following the 2014 IndII Board meeting. The focus of this workshop will be on agreeing working arrangements for the remainder of the IndII contract (including the proposed seven month extension period).</p>
13	<p>DFAT should extend the facility to permit the 'demonstration effect' from output-based engagements. If DFAT agrees to extend the facility, this decision should be finalised before May 2014 to avoid having the implementation value of the extension truncated by the effect of local government planning and budgeting processes.</p> <p>Accepted.</p> <p>As of May, DFAT has secured approval to extend the IndII/SMEC contract for another 7 months following June 2015. The extension will enable the design of the new program to incorporate the new Indonesian President's priorities and provide continuity of programming during procurement for the new program.</p>

14	<p>DFAT, through the board, should make representations to Gol stakeholders (a) to identify ways in which larger and more consolidated grant nominations are provided; and (b) to ensure internal impediments to implementation are removed.</p> <p>Accepted in principle.</p> <p>Performance issues relating to IndII programs will be discussed in Board meetings and Gol representatives will be requested to assist resolve these issues. DFAT will also pursue ways to address impediments in between Board meetings by reinitiating monthly meetings with the implementing agencies.</p>
15	<p>DFAT should ensure that a future infrastructure support design explicates the roles and responsibilities of all Gol and DFAT stakeholders to promote clarity and ensure implementation efficiency.</p> <p>Accepted.</p> <p>This will form a key feature of the Post-2015 Infrastructure Program Design document.</p>
16	<p>DFAT should nominate opportunities (stakeholders, issues, events) for which IndII may be able to facilitate contact; IndII staff should be mindful of and proactive with systematic and opportunistic ways of facilitating contact between DFAT and Gol.</p> <p>Accepted.</p> <p>DFAT has requested that IndII identifies upcoming key meetings in the monthly dashboard as well as what key meetings were held the previous month. DFAT will also now require brief minutes of any meetings that DFAT has elected not to attend.</p> <hr/>