Management Response – Indonesia Infrastructure Initiative (IndII) Impact Assessment Team (IAT), Mission 2

# Background:

The second IAT mission was conducted between 19 August to 8 September 2014. The same three consultants who conducted the first IAT mission, returned for the second mission.

DFAT’s focus for the second IAT mission was to document the achievements and lessons learned from the current phase of IndII to inform the designs of Australia’s next Infrastructure Support and Performance Monitoring programs. As such, the second mission comprised of two key evaluation questions. The first evaluation question requested the IAT to identify what Australia had been able to leverage and influence in its key policies and grants programs and how internal and external factors influenced these efforts. The second evaluation question focused on outlining what lessons had been learned from the implementation of IndII’s monitoring and evaluation (M&E) framework. The IAT was also requested to assess progress on the recommendations made in their first IAT report.

The final IAT report was accepted by DFAT on 1 April 2015. This final report addresses DFAT’s concerns and comments raised on earlier versions of the report. This management response was finalised in June 2015.

# Response to Findings:

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| 1 | IndII should explore more creative ways to ‘socialise’ (promote and explain) the sAIIG and build demand at local government level. A more comprehensive local government engagement strategy could help to improve uptake and expenditure of the sAIIG; and it would likely yield valuable lessons for a new phase of infrastructure investment by DFAT, if such a future program aims to influence local government implementation of public works.*Accepted. Implemented.* *Since the IAT mission in September 2014, IndII has implemented a public diplomacy and outreach campaign in eight local governments that has involved Mayors and/or their Deputies, senior officials and thousands of school students. IndII has also participated in television talk shows promoting the sAIIG program. The impact of this public diplomacy program will be evaluated by IndII through interviews, surveys and tracking of media coverage.* *Moving forward, DFAT will work with IndII to explore other options for building demand at the local government level, including increasing the role of the Ministry of Public Works to promote the program to local governments as part of its efforts to achieve the 2019 universal access goal.*  |
| 2 | IndII should study the most viable and sustainable institutional arrangements for local governments to administer sanitation services, and develop a package of support to help LGs to implement the preferred arrangements. Such clarity will be of particular relevance in focusing any future DFAT support in the sanitation sector.***Accepted. Implemented.*** *A package of support to help local governments is being implemented. IndII consultants working in the sAIIG program provide advice to local governments on their institutional options, including the pros and cons of each option. This advice is based on the premise that each local government is different, with different sector plans/goals, different levels of demand from the community and many other different variables. Once an arrangement has been selected by a local government, it is supported by sAIIG consultants. An independent evaluation will be undertaken on the sAIIG program in the second half of 2015 and DFAT will consider including an evaluation question on the institutional issues in sAIIG.* |
| 3 | Given the successful ‘demonstration effect’ of IndII, DFAT should consider a progressive process to appropriately transition away from funding hibahs; and increasingly support GoI in rolling out its own performance-based systems rather than resourcing the mechanism directly.***Accepted. In implementation.*** *This is now happening with the Water and Sanitation Hibah program. DFAT/IndII is providing technical assistance to support the Government of Indonesia to pilot the Hibah mechanism with their own APBN funds in 2015 and to mainstream the mechanism into their budget processes starting from 2016. The Government intends to use this mechanism with water first, then sanitation before including other sectors. DFAT will determine, with the Government of Indonesia, whether further grants are necessary to support this mainstreaming and if so, over what duration.* |
| 4 | IndII (or AIPD, as directed by DFAT) should respond to the request by MoF for TA support to help reconcile and streamline the inter-ministerial approval process that is currently delaying the 20 PDAMs project.***Accepted in principle. To be further discussed in June/July 2015.*** *DFAT will investigate the ongoing relevance of this request noting that IndII has provided support to a Government focus group to streamline the PerPres 29 process. Government is also currently in the process of reviewing/revising PerPres 29 which will influence future support. In mid-2015, DFAT will hold discussions with IndII and Government of Indonesia to outline the shape of future IndII support to the 20 PDAM project.*  |
| 5 | In the new phase of infrastructure investment, DFAT should prioritise interventions to reduce the complexity of intra and inter-Ministerial processes that complicate central – local government engagement in infrastructure planning and delivery. Such support to streamlining GoI processes would significantly enable extension of performance-based mechanisms of support to local governments; even beyond targeted sectors.***Accepted in principle. To be discussed during the new design process – 2016.*** *Infrastructure planning and delivery along with other project areas will be considered during the IndII extension and next phase of Infrastructure support depending on Government of Indonesia buy-in, commitment and other priorities.*  |
| 6 | IndII should explore ways to provide follow-up support for poor performing PDAMs identified by the WSSI to improve their ‘health’. The complexity of such support may necessitate engagement in the next phase of infrastructure investment.***Accepted in principle. To be further discussed with GoI in June/July 2015.*** *Support is currently being provided through the 20 PDAMs activity to improve the health of some PDAMs. DFAT will consider follow-up support if this is seen as a priority and led by Government of Indonesia, and if it is considered a high enough priority against other activity options.* |
| 7 | IndII should maintain TA support for DGH [Directorate General of Highways] to ensure that reforms proposed in the RENSTRA [5yr strategic plan] are fully adopted by the incoming new government and borne out in changed practices.***Accepted. To be discussed with Directorate General of Highways in July 2015.*** *DFAT will continue IndII support for DGH to implement its RENSTRA in the IndII extension to January 2017. The nature of this support will be dependent on the priorities of the new Director General and strong buy-in from DGH. DFAT will hold discussions with the new Directorate General to discuss the nature of IndII support to DGH in the third quarter of 2015.*  |
| 8 | In the next phase of infrastructure investment, DFAT should consider a national roads package as a practical demonstration of innovations in policy, planning and delivery introduced by IndII.***Accepted. To be discussed during the new design process – 2016.****A national roads package is being developed as part of the IndII extension to 2017 and will also be included in the scope of the new infrastructure assistance design.*  |
| 9 | IndII should succinctly document all plans for outcome and impact evaluations so that DFAT can appreciate what information will be available to support the design of a new infrastructure investment***Accepted. To be implemented during the January 2017 extension and built into the new design – 2016.*** *DFAT has initiated discussions with IndII about its evaluation plan for the extension to January 2017. Ongoing discussions with IndII will focus on the purpose and expected results of each evaluation and how the results of those evaluations will be communicated with GoI and be used for the design of the new infrastructure investment. DFAT has also sort external advice about how the evaluation arrangements within the IndII program can be improved to meet the information needs of all stakeholders.*   |
| 10 | IndII should ensure that planned impact studies capture evidence of gender equality impacts; and identify the implications and lessons of the gender categorisations***Accepted. To be discussed with IndII in June/July 2015.*** *This has already been partially implemented. In 2012, IndII undertook a gender evaluation of the Water Hibah program. In early 2014, IndII also undertook an internal review of how gender was being integrated into IndII activities. This latter report (which was provided to the IAT), will also be provided to the team designing the new infrastructure assistance package in 2015.* *In its discussions with IndII on IndII’s evaluation plan for the extension, DFAT will also discuss how gender indicators are being collected and reported on.*  |