

Indonesia-Australia Partnership for Infrastructure (KIAT)

Management Response to the Strategic Evaluation Report

Summary of Management Response

DFAT welcomes the KIAT Strategic Evaluation Report and acknowledges the valuable insights and lessons generated through the evaluation process. The evaluation provides a timely assessment of the achievements and legacy of the KIAT and offers practical recommendations to inform the design and implementation of the Australia – Indonesia Climate and Sustainable Infrastructure Partnership (KINETIK), Australia's new phase of support for infrastructure, climate resilience and financing partnerships in Indonesia.

DFAT agrees or partially agrees with all fifteen recommendations. The recommendations align strongly with the objectives and design principles underpinning KINETIK, particularly in relation to strengthening Government of Indonesia (GoI) ownership and partnership, enhancing strategic prioritisation and adaptive management, mobilising innovative financing, advancing climate resilience and GEDSI outcomes, improving knowledge management, and strengthening monitoring, evaluation, research and learning (MERL) systems.

DFAT notes that KINETIK has been designed as a genuine partnership with GoI, supported by governance arrangements that promote shared ownership, accountability and effective decision-making. Many of the evaluation's recommendations reinforce approaches already being established through KINETIK's inception process. These include the development of governance arrangements, sector and thematic strategies, innovative financing mechanisms, sustainability and locally led development approaches, adaptive management systems, and portfolio-wide MERL frameworks.

Where DFAT has partially agreed with recommendations, this generally reflects the need to maintain flexibility in implementation and to ensure that approaches remain responsive to GoI priorities, evolving operating contexts and emerging opportunities. DFAT recognises the importance of tailoring implementation modalities to specific sectoral, institutional and partnership contexts, while maintaining a clear focus on the outcomes sought by the evaluation.

The evaluation process has provided valuable learning that has informed KINETIK's establishment and strengthened DFAT's understanding of the factors that contribute to effective infrastructure reform, financing mobilisation and institutional strengthening in Indonesia. It has also highlighted the importance of strong partnerships, locally led development, effective knowledge transfer, inclusive approaches, and the need to understand and influence systemic change over the long term. As outlined in the Terms of Reference for the evaluation, evidence from the evaluation will be used to support KIAT's Final Investment Monitoring Report (FIMR).

DFAT appreciates the contribution of the evaluation team, GoI counterparts, KIAT partners and stakeholders who participated in the evaluation. DFAT is committed to implementing the actions outlined in this Management Response and will continue to apply the lessons from KIAT to maximise the impact, sustainability and effectiveness of KINETIK throughout its implementation.

Individual Management Response to the Recommendations

Recommendation	Response	Explanation	Action Plan	Timeframe
Recommendation 1 Governance. Formalise GoI co-governance from day one. Adopt formal arrangements (letters of activity request jointly addressed to DFAT, MOF/Bappenas and relevant line Ministry) that give GoI partners genuine, visible co-ownership of activity selection. The joint Management Committee and Program Steering Committee structures in the KINETIK IDD offer a credible path.	Agree	KINETIK is being established as a partnership with the GoI, supported by governance and programming mechanisms that provide a substantive role for GoI partners in priority-setting, activity development, implementation and monitoring. KINETIK Partners will also have important roles in supporting activity development and delivery, within a governance framework that promotes shared ownership, accountability and effective decision-making. These arrangements will retain the flexibility needed to respond to different counterpart	DFAT and the KINETIK Primary Contractor to jointly operationalise KINETIK's governance arrangements and embed GoI participation across relevant strategic, activity planning and implementation processes. DFAT and the KINETIK Primary Contractor, with input from MoF and Bappenas, to review and adapt governance arrangements as implementation experience is gained and the partnership develops.	Governance arrangements to be operationalised by the end of the Inception Phase. Review and adaptation to be ongoing throughout KINETIK implementation.

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		relationships, activity contexts and emerging opportunities.		
Recommendation 2 Strategy. Develop sector engagement strategies for sanitation and water, sustainable transport and clean energy in the Inception Phase, mapping policy reforms, institutional champions, and financing pathways, to avoid producing policy outputs without corresponding implementation momentum. Retain KIAT's demand-driven programming model as a core competitive advantage rather than trading it away for administrative tidiness; address the coherence risk it creates through a portfolio-level MEL synthesis function that aggregates individual activity outcomes into a visible account of cumulative impact, not through gatekeeping of demand-driven requests.	Agree	KINETIK thematic and sector strategies are under development and will provide a strong basis for strategic prioritisation, sequencing and portfolio management. KINETIK is an ambitious program and will retain the responsiveness that was a strength of KIAT, including the ability to respond to Gol priorities and emerging opportunities. This responsiveness will operate within a stronger strategic and portfolio framework, with MERL systems and adaptive management enabling KINETIK to respond to changing circumstances and implementation experience while maintaining a clear focus on agreed objectives.	KINETIK Primary Contractor to finalise thematic and sector strategies and apply them through KINETIK's activity planning and decision-making processes to guide prioritisation, sequencing and portfolio development. Through KINETIK's MERL systems, DFAT and the KINETIK Primary Contractor will periodically review and adapt strategies to reflect implementation experience, emerging priorities and changes in the operating context.	Thematic and Sector strategies developed during KINETIK's inception period, with ongoing review and refinement thereafter.
Recommendation 3 Communication & Coordination. Establish a formal DFAT mechanism for cross-program communication and coordination, including with PROSPERA, SKALA, INKLUSI, SIAP SIAGA, and KATALIS, as well as, with other development partners starting from Month 1. This initiative should focus on building and maintaining a "who	Partially agree	DFAT recognises the value of strong coordination and complementarity across Australian Government investments in Indonesia. KINETIK will actively pursue opportunities for coordination across programs including in relation to strategy, work planning, technical approaches, knowledge sharing and complementary or sequenced activities.	DFAT is actively progressing work on coordinating priority areas for collaboration and complementarity with relevant Australian Government investments and incorporating these into strategic and work planning processes where they add value. This is occurring at various levels, including coordination within the Australian Embassy, and joint	Cross-program coordination on relevant strategies and other inception documents will occur by the end of the Inception Phase. Coordination, collaboration and knowledge sharing will be ongoing throughout KINETIK implementation.

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does what" matrix and a shared knowledge platform while strategically leveraging the programs' existing subnational locations and networks to maximise collective impact.		KINETIK's partnership model also provides opportunities to draw together the capabilities and relationships of KINETIK Partners and to coordinate with Gol counterparts, development partners and other stakeholders where this can increase the collective value and impact of Australia's support. The form and intensity of coordination will reflect areas of greatest strategic and operational value.	work programming where relevant. DFAT will also explore opportunities for knowledge sharing with the regional Partnerships for Infrastructure (P4I) program. KINETIK's partnership arrangements will support technical collaboration, knowledge sharing and complementary or sequenced activities with KINETIK Partners and other relevant stakeholders as appropriate.	
Recommendation 4 Climate Finance. Carry the KIAT PPF forward with an expanded climate mandate for investment-ready, climate-aligned projects in energy transition, urban connectivity, water, and sanitation. Establish iterative market sounding with investors as standard practice, not a late-stage, one-off event.	Partially agree	DFAT agrees with the importance of strengthening climate finance and project preparation under KINETIK. KINETIK has a broader and more ambitious financing mandate than KIAT, encompassing a range of financing approaches and instruments. As such KINETIK project preparation and financing will build upon the work of KIAT with modifications to suit the specific circumstances. A key focus will be strengthening the connection between project preparation and viable financing pathways, where practical, so that upstream support is more deliberately oriented towards investment and	KINETIK Primary Contractor will develop KINETIK's approach to project preparation and financing as part of its broader financing architecture, including how project preparation can connect more effectively with relevant public, private, blended and other financing pathways. DFAT and the KINETIK Primary Contactor will engage Gol and relevant KINETIK Partners to identify priority needs, potential financing pathways and areas where KINETIK can add greatest value. The exact delivery mechanism and modality for these approaches may shift to suit the circumstances.	The approach to project preparation and financing, and engagement with Gol and KINETIK partners will occur during KINETIK's initial implementation period, with ongoing refinement through implementation.

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		implementation. This will require an approach that identifies and manages risk appropriately, while recognising that innovation and the pursuit of new financing opportunities may require KINETIK to accept a degree of risk where justified. The nature and focus of support will be informed by Government of Indonesia priorities and consultation with relevant partners.		
Recommendation 5 Climate Analytics. Agree analytical parameters (spatial scale, data formats, methodology) with Bappenas and line ministries before commencing analysis. Formalise quarterly coordination meetings with Gol counterparts. Do not repeat KIAT's pattern of producing analytical outputs without a clear Gol adoption pathway.	Agree	DFAT agrees that climate analytical support should respond to Government of Indonesia priorities and have a clear pathway to practical use. KINETIK's partnership model provides an opportunity to mobilise Australian expertise, capabilities and institutional relationships where Australia has a comparative advantage and these respond to identified Indonesian needs. The nature and scope of analytical support, and the arrangements for its development and uptake, should be determined with Gol partners to maximise its relevance, utility and prospects for sustained use.	DFAT and the KINETIK Primary Contractor will identify priority areas for climate analytical and technical assistance through engagement with Gol partners. This will include drawing on the capabilities of KINETIK Partners and other relevant Australian expertise where these offer comparative advantage, and establish fit-for-purpose arrangements for co-development, coordination and uptake of analytical work. A KINETIK Technical Working Group is being established focussed on Climate Resilient Infrastructure. This will provide a forum to present and coordinate with the Gol on climate analytics and its linkages to policy and reform.	The Technical Working Group will be established in the Inception Phase. Relevant work on climate analytics and technical assistance will be ongoing throughout KINETIK implementation.
Recommendation 6	Partially agree	DFAT agrees with the importance of strengthening engagement with private	KINETIK Primary Contractor will develop and implement KINETIK's Innovative	The IFF Strategy will be developed during KINETIK's inception

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Private Sector. Track Danantara and INA transaction pipelines via KINETIK's Emerging Markets Advisory Partner from Inception. With SOE balance-sheet constraints and reduced capital injections, position for early advisory engagement on infrastructure recycled from SOE balance sheets. Develop non-PPP private sector participation pathways alongside the traditional PPP model.		capital and developing a broader range of financing pathways for sustainable infrastructure. KINETIK's expanded and ambitious financing mandate provides an opportunity to integrate financing considerations more systematically with policy, project preparation and infrastructure development, and to pursue innovative approaches where these can unlock investment. This will require active consideration of opportunity and risk, recognising that innovation may require a willingness to take appropriately assessed and managed risks. The relevant institutional relationships, instruments and transaction opportunities will be shaped by GoI priorities, market conditions and the areas in which KINETIK can add greatest value.	Financing and Funding (IFF) Strategy to guide KINETIK's approach to private capital mobilisation, innovative financing and potential transaction pathways. The Strategy will consider engagement with relevant GoI institutions, KINETIK Partners, financing partners and investors, and opportunities across a range of financing approaches, including beyond traditional PPP models. KINETIK will track relevant transaction pipelines with Danantara and INA through available platforms, including but not limited to partners on KINETIK's Emerging Markets Advisory Panel.	period, with implementation and refinement thereafter.
Recommendation 7 Innovative Financing and Funding (IFF) Integration. Integrate ADI and PIDG visibly within the KINETIK portfolio, not as parallel streams. Portfolio-wide MERL should track how upstream policy and project preparation work creates enabling conditions	Agree	DFAT agrees with the importance of strengthening connections between KINETIK's upstream policy and project preparation work and Australia's broader infrastructure financing initiatives. KINETIK can play an important role in strengthening the	DFAT and the KINETIK Primary Contractor will work closely with both ADI and PIDG to ensure their activities are integrated within the broader KINETIK portfolio and their contributions are given visibility.	The IFF and MERL Strategies will be developed during KINETIK's inception period, with ongoing implementation and refinement thereafter.

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for ADI/PIDG investment and other infrastructure programs.		pathways between policy reform, project development and potential financing, while recognising the distinct mandates, governance arrangements and decision-making processes of individual financing partners and instruments. Stronger coordination can help identify opportunities for complementary and sequenced support and increase the prospects of upstream assistance contributing to investment outcomes. MERL will also be important in understanding and learning from these connections without assuming a direct or linear pathway from upstream support to investment.	KINETIK's IFF Strategy will identify opportunities for stronger coordination and complementary programming with all relevant Australian infrastructure financing initiatives and KINETIK Partners, informed by consultation with those partners. The KINETIK MERL Strategy will cover all KINETIK partners and will establish appropriate approaches to understanding KINETIK's contribution to downstream financing and investment outcomes and capturing learning to inform future programming.	
Recommendation 8 Contracting. Adopt flexible contracting: formalise the umbrella contract model (as demonstrated in BIUTR); introduce single-source provisions for time-sensitive specialist engagements within defined parameters; expand the panel to include Indonesian firms, universities and think tanks from inception.	Partially agree	DFAT agrees with the importance of flexible and responsive contracting arrangements that support KINETIK's ambitious and adaptive approach to implementation. Procurement and contracting should be fit-for-purpose and responsive to the features of each individual procurement. All procurements will be proportionate, balancing responsiveness and flexibility with value for money, transparency, integrity and	KINETIK Primary Contractor will apply fit-for-purpose and proportionate procurement and contracting approaches through KINETIK's Operations Manual, including mechanisms that provide flexibility to respond to emerging needs and opportunities while maintaining value for money and appropriate controls. Appropriate procurement modalities will be determined based on the specific features and	The Operations Manual and Sustainability and Locally Led Development Strategy will be developed during KINETIK's inception period, with principles applied and refined throughout implementation.

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		accountability to select the most appropriate modality. KINETIK's approach should also support diversity, locally led development and sustainability, including by creating appropriate opportunities to draw on Indonesian expertise, organisations and institutions.	requirements of each procurement. KINETIK's Sustainability and Locally Led Development Strategy will further inform approaches to diversity, local participation, capability development and sustainability in procurement and delivery.	
Recommendation 9 Digital & Knowledge. Build a searchable, shared knowledge repository accessible to DFAT programs, Gol counterparts and development partners. Include video-format content (YouTube) for subnational staff, as requested by Ministry of Public Works.	Partially agree	DFAT agrees that effective knowledge management, communication and public diplomacy are important to extending the reach, influence and value of KINETIK's work. Knowledge and communications should be accessible and tailored to the needs of different audiences, and support learning, knowledge exchange and engagement across the KINETIK Partnership and with other relevant stakeholders. The choice of platforms, formats and approaches should reflect audience needs, accessibility and the purpose of the communication, rather than relying on a single channel or model.	KINETIK Primary Contractor will develop and implement KINETIK's Communications and Public Diplomacy Strategy to guide knowledge sharing, accessibility, stakeholder engagement and dissemination across different audiences. The Strategy will consider appropriate channels and formats, opportunities to draw on and amplify the knowledge and networks of KINETIK Partners, and mechanisms for broader knowledge exchange and learning. Knowledge sharing may be spread across more than one platform, acknowledging Australian privacy law requirements.	The Communications and Public Diplomacy Strategy will be developed during KINETIK's inception period, with ongoing implementation and refinement.
Recommendation 10 Localisation. Fund co-located Indonesian national positions embedded in Gol partner	Partially agree	DFAT agrees with the requirement for Knowledge Transfer Plans to be produced for KINETIK activities with the objectives of strengthening	KINETIK Primary Contractor will develop and apply KINETIK's approach to localisation and locally led development through the	The Sustainability and Locally Led Development Strategy will be developed during KINETIK's inception

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ministries, explicitly requested by key GoI stakeholders. Treat embedded, real-time skill transfer as the primary capacity development modality, with FIFO technical assistance as a supplementary option. Require Knowledge Transfer Plans as formal milestones in all international adviser contracts to retain institutional knowledge when advisers demobilise.		Indonesian leadership, institutional capability and the sustainable transfer and retention of knowledge. KINETIK will take a broad approach to localisation and locally led development, focused on strengthening Indonesian capability, leadership, institutions and partnerships rather than prescribing a particular delivery modality. Approaches may include institutional partnerships, peer-to-peer engagement, greater use of Indonesian expertise and organisations, targeted technical assistance and other forms of capability development. KINETIK will consider opportunities for localisation on a case-by-case basis and use embedded advisers where this is assessed as the most effective way to contribute to broader program outcomes. The appropriate approach will be determined by context and, importantly, the needs and preferences of GoI partners.	Sustainability and Locally Led Development Strategy. The Strategy will guide how KINETIK strengthens Indonesian leadership, capability and institutional sustainability, including through activity design, partnerships, procurement and implementation. Specific approaches will be developed on an activity-by-activity basis with GoI partners and adapted through implementation to reflect experience and what works in different contexts.	period, with ongoing application and review.
Recommendation 11 GEDSI Institutional Capacity. Strengthen GoI counterparts' institutional capacity to lead on gender equality and disability	Partially agree	DFAT agrees with the importance of strengthening GEDSI leadership and capability and ensuring that GEDSI is meaningfully	KINETIK Primary Contractor will develop and implement the KINETIK GEDSI Strategy to guide the integration of GEDSI across KINETIK and identify priorities for	The GEDSI Strategy will be developed during KINETIK's inception period, with ongoing implementation and review thereafter.

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inclusion (Bappenas, MPW, MoWE) by end of Year three as an explicit KINETIK target, with KINETIK retaining shared accountability. Adopt the GESIT model for civil society engagement. Embed GEDSI benchmarks in all preparation tools, including the PPF. Redesign the Technical Working Group architecture for KINETIK's broader cross-cutting portfolio: establish a dedicated GEDSI TWG with explicit ownership-transfer targets as the most pressing governance design priority and integrate climate change as a cross-cutting element of all sector TWGs rather than as a standalone structure.		integrated across KINETIK's work. KINETIK's GEDSI Strategy will establish an ambitious but practical approach to advancing GEDSI, including strengthening Gol leadership and capability and considering appropriate approaches to community engagement and place-based programming. This will recognise that meaningful progress may require KINETIK not only to respond to existing demand, but also to work with partners to build understanding, capability and support for change. The role of Technical Working Groups and other governance mechanisms in advancing GEDSI will be developed with Gol partners, with GEDSI reflected in both programming processes and the substance of KINETIK's support.	strengthening leadership, capability and institutional change. The Strategy will inform activity planning and implementation, including appropriate community engagement and place-based approaches. KINETIK will consult Gol partners on how GEDSI can be most effectively incorporated into the Technical Working Groups and other relevant governance arrangements and adapt these approaches as implementation experience is gained. The option of establishing a stand-alone GEDSI Technical Working Group will be considered following the roll out of Strategies and the initial portfolio of activities.	
Recommendation 12 Women's Leadership. Continue PAVE-style programming only where Gol Ministry leadership buy-in is confirmed at design. Avoid the KIAT pattern of producing high-quality programs that lack institutional sponsorship for scale-up. Gol commitment is a design condition, not a hoped-for outcome.	Agree	DFAT agrees with the importance of supporting women's leadership across Indonesia's climate, financing and infrastructure sectors and recognises the value of strong Gol sponsorship and institutional ownership. KINETIK will pursue women's leadership as an important element of its GEDSI agenda, with approaches developed	KINETIK Primary Contractor will address women's leadership through the KINETIK GEDSI Strategy and identify appropriate opportunities and approaches in consultation with Gol partners. Activity development in relation to women's leadership will consider institutional sponsorship and	The GEDSI Strategy will be developed during KINETIK's inception period, with ongoing implementation and review thereafter.

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		through the GEDSI Strategy and consultation with GoI partners. This will recognise that institutional and systemic change requires engagement with existing champions, while also creating opportunities to broaden support, strengthen leadership and build the conditions for change over time.	ownership, while also identifying opportunities to broaden institutional support and establish pathways for sustainable change and scale.	
Recommendation 13 Adaptive Management. Conduct structured political economy reviews every six months, with outputs feeding directly into activity planning and Program Steering Committee deliberations. Do not rely on informal monitoring as a substitute for structured political economy analysis.	Partially agree	DFAT agrees that effective adaptive management requires a strong understanding of the political, institutional and economic context in which KINETIK operates. This is particularly important given KINETIK's ambitious mandate and the complex and evolving environment surrounding infrastructure reform, climate action and financing. KINETIK's policy function will play an important role in connecting political and institutional context, policy reform, GoI engagement and implementation experience across the program. This will support informed decision-making, including identifying emerging opportunities and risks and adapting KINETIK's strategies, portfolio and activities where circumstances or evidence warrant.	Given the breadth of the KINETIK portfolio, the needs in relation to political economy analysis will differ considerably. Through the development and implementation of KINETIK's Adaptive Management Strategy, DFAT and the KINETIK Primary Contractor will include mechanisms for bringing contextual and political economy analysis, implementation experience, evidence and learning into strategy, activity planning, portfolio management and governance processes. The Adaptive Management Strategy will establish approaches for periodically testing assumptions, identifying changes in the operating environment and adapting KINETIK's direction and delivery where appropriate.	The Adaptive Management Strategy will be developed during KINETIK's inception period, with ongoing application throughout implementation.

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Recommendation 14 Sustainability. Design every activity with a formal handover pathway. Track Gol adoption of KINETIK-developed tools, regulations, and frameworks as the primary MERL metric. Require genuine beneficiary co-investment in all grant instruments from commencement. Establish a system adoption tracker at Inception with baseline from KIAT legacy tools (PKRMS, PPP Screening Tool, GERIN).	Partially agree	DFAT agrees that sustainability should be considered from the outset of activity development, while recognising that sustainability will take different forms across KINETIK's diverse portfolio. Activity design should consider appropriate pathways for Gol ownership, institutional adoption, capability development, knowledge transfer, financing or continuation of successful approaches, according to the nature and objectives of the activity. KINETIK's partnership approach also provides opportunities to draw on the capabilities and relationships of KINETIK Partners to support sustainable change. MERL will play an important role in understanding whether intended changes are being adopted, sustained and, where relevant, scaled beyond individual activities.	DFAT and the KINETIK Primary Contractor will embed sustainability considerations in KINETIK's activity planning and design processes, with appropriate pathways to ownership, adoption, continuation or scale identified according to activity context. The Sustainability and Locally Led Development Strategy will establish KINETIK's broader approach to sustainability, while the MERL Strategy will determine appropriate methods for tracking sustainability and learning across the portfolio. Where KINETIK activities interface or support the adoption of KIAT legacy tools, the KINETIK Primary Contractor will develop a system adoption tracker as an extension to KIAT's existing outcome harvesting log to record how they continue to progress over time.	Sustainability considerations will be embedded through activity development and relevant KINETIK strategies during the inception period, with ongoing monitoring, learning and adaptation throughout implementation.
Recommendation 15 MEL for Systemic Change. Design KINETIK's MERL framework from inception to track enabling environment changes and portfolio-level systemic change as primary indicators.	Agree	DFAT agrees with the importance of strengthening KINETIK's capacity to understand and demonstrate change beyond individual activities. As an ambitious, long-term program seeking to contribute	KINETIK Primary Contractor will develop and implement the KINETIK MERL Strategy, including appropriate indicators and qualitative and quantitative methods for understanding activity, portfolio and systemic change.	The MERL Strategy will be developed during KINETIK's inception period, with ongoing implementation, learning and refinement throughout implementation.

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Deploy Outcome Harvesting as a standard semi-annual practice. Make sure activity-level MEL can demonstrate systemic impact.		to systemic change, KINETIK will need to understand results and outcomes at the activity, portfolio and broader system levels, including changes in the enabling environment and KINETIK's contribution to longer-term outcomes. MERL will be integral not only to demonstrating results, but also to generating evidence and learning that informs strategic choices, adaptive management and future programming.	The Strategy will establish mechanisms to synthesise evidence and learning across the portfolio and assess KINETIK's contribution to broader change, including deploying periodic outcome harvesting exercises. Knowledge will feed into adaptive management, strategic decision-making and future programming.	