

**Independent Evaluation of Papua Public Expenditure Analysis
and Capacity Enhancement (Papua PEACH) Program
MANAGEMENT RESPONSE**

Aid Activity Summary

Aid Activity Name	Papua Public Sector Management (Public Expenditure Analysis and Capacity Enhancement – PEACH)		
AidWorks initiative number	ING382		
Commencement date	1 February 2006	Completion date	30 June 2009
Total Australian \$	AUD1,300,000		
Total other \$	Nil		
Delivery organisation(s)	The Decentralisation Support Facility (DSF) of the World Bank		
Implementing Partner(s)	<ul style="list-style-type: none"> - Support Office for Eastern Indonesia (SOEI) – the World Bank - Papua Provincial Government - University of Cendrawasih (UNCEN) Papua 		
Country/Region	Indonesia/Papua province		
Primary Sector	Governance (Public Financial Management)		

Aid Activity Objectives:

Increased public services for people of Papua Province through improved effectiveness, efficiency, accountability and transparency of public funds management (PEACH Monitoring & Evaluation Framework, June 2008)

Independent Evaluation Summary

Evaluation Objective:

- (a) To identify and address challenges the Papua PEACH program encountered in the delivery of capacity enhancement activities, including the public expenditure analysis (PEA) exercises.
- (b) To recommend refinement in the Papua PEACH implementation in order to achieve its objectives in the additional implementation time (if AusAID approves its extension beyond December 2008).
- (c) To identify the relevance of the Papua PEACH activities, designed based on the public expenditure analysis results, to address the Papua public fund management capacity gap.
- (d) To recommend reform and changes in the overall PEACH initiative should AusAID decide to replicate the initiative in other districts/provinces, including a recommendation on the most appropriate PEACH delivery approach and mechanism.

Evaluation Completion Date: 14 January 2009

Evaluation Team:

1. Peter Heijkoop, Team Leader/Monitoring and Evaluation Specialist
2. Wilarsa Budiharga, Sub-National Government Specialist

Participating as observers were Niken Wardhani, AusAID Program Manager (for Jakarta and Papua portions), as well as Ulla Keech-Marx, Kupang-based AusAID Officer (for Kupang trip portion)

Management Response

Overall the review was conducted very well by a team equipped with appropriate knowledge of the topic area to understand the program design and approaches used. The report was comprehensive and was able to address key issues as stipulated in the Terms of Reference.

The findings provided good insights on the complexity of the landscape where the program was implemented. Lessons learned identified through this review were highly relevant to subsequent AusAID programs that work in the area of Public Financial Management (PFM) such as Australia-Nusa Tenggara Assistance for Regional Autonomy (ANTARA), PEACH Multi-donors Trust Fund (MDTF), and Australia-Indonesia partnership for Decentralisation (AIPD).

Recommendations made were sensible in ensuring that this investment would generate more tangible and sustainable benefits. AusAID agreed to 5 out of 6 recommendations made by the ICR and agreed to implement them through the AusAID-managed ANTARA program as well as the PEACH MDTF implemented by the World Bank.

AusAID did not agree with the **Recommendation Three:**

“Papua PEACH and the Provincial Government of Papua use the proposed extension to September 2009 to lobby MOF/ MOHA to have the Regional PFM Information System (SIPKD) introduced in Papua as another pilot province for the mid-2009 roll-out of this software. This would provide an early opportunity to test methods for integrating the use of MKPP and SIPKD in Papua. Such collaboration could be promoted through the strategic use of incentives in the future, as is possible under DIALOG.”

At that time the SIPKD development was still at pilot stage. There was not any evidence yet whether this system will be effective in addressing the PFM issues faced by sub-national governments. In addition, it was an ADB loan project and there was not yet any legal framework to support the implementation of the system to the SNGs. Therefore at that time the likelihood of this system to be implemented and its sustainability beyond the project were still questionable, making it a high risk investment for AusAID.