

DFAT Management Response to the Independent Strategic Review of the Australia Indonesia Partnership for Promoting Rural Incomes through Support for Markets in Agriculture (PRISMA) Phase 2.

An Independent Strategic Review (ISR) of the Australia Indonesia Partnership for Promoting Rural Incomes through Support for Markets in Agriculture (PRISMA) Phase 2 was conducted from June to December 2022 with in-country mission in September to October 2022. The review aims to assess the performance of PRISMA 2 towards its outcomes and provide recommendations to design the new rural development and agriculture program.

The ISR concluded that PRISMA-2 is performing effectively and on track to achieving its sole end-of-program outcome to achieve *a minimum 30 per cent increase in incomes for one million smallholder farming households by December 2023*. PRISMA-2 has shown a more substantial commitment to gender, disability and social inclusion (GEDSI) than PRISMA-1. As its future investment, the ISR recommended DFAT to continue a bilateral and market-based agriculture and rural development program that works with the private sector in Eastern Indonesia. It should also continue to loosely apply an MSD approach, ensuring flexibility to provide strong support for other design elements (i.e., policy, trade promotion, support for agribusiness and economic transformation).

DFAT agrees, in part or in full, with the recommendations to strengthen program performance over the remainder of the investment and the considerations for program extension as detailed in table below. DFAT also notes ISR's recommendations on future programming for agriculture and rural development in Indonesia.

Recommendation	Response	Explanation	Action Plan	Timeframe
Program Extension A 6-12 month extension to provide more time to embed changes, design a new program, manage staff expectation.	Partially agree	<p>While DFAT agrees with the recommendation to extend the PRISMA contract, based on the following considerations a 12-month extension would be the better option:</p> <ul style="list-style-type: none"> - although the target of 1 million would already be achieved by December 2022, it will provide more time to embed changes from the strategy refresh and ensure that the program results are sustainable - it would allow more time to make policy changes that are currently being pursued by the program - in designing the new program, it would be better to know the priorities of both the Government of Australia and Government of Indonesia which will already be determined after the publication of the 	<p>DFAT will work closely with PRISMA to:</p> <ul style="list-style-type: none"> - address contractual changes needed to reflect the recommendations and consult closely with GOI where appropriate 	Contract amendment signed no later than July 2023.

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		Development Policy and Indonesia's presidential election.		
<p>Recommendation 1 : Review and enhance the sustainability of interventions</p> <p>Achieving behaviour change takes time and continual reinforcement.</p> <p>Recommendation 3 : Define and plan sustainability</p> <p>It is essential that DFAT and PRISMA agree on a definition of sustainability so that the program can embed this as soon as possible. The review recommends that sustainability for the remainder of PRISMA to have two dimensions: 1. changes within markets (i.e., behaviour change of market actors) are embedded and resilient. The systemic change framework currently in use by the program could be used to define and measure this outcome; 2. The government is provided with market intelligence and insights that support</p>	Agree	<p>PRISMA has submitted a draft Sustainability Strategy which outlines the approach to achieve systemic change. However, DFAT acknowledges the need for further discussion with Bappenas to explore the role of government in sustainability, including on how policy engagement could contribute to long-term sustainability.</p> <p>DFAT acknowledges that PRISMA has showcased that the MSD approach can result in systemic changes in the market, as documented through systemic change stories.</p>	<p>DFAT will work with PRISMA to:</p> <ul style="list-style-type: none"> - review program intervention areas to determine if there are opportunities to help enhance the long-term sustainability of the program's existing results. - ensure that the program devotes sufficient resources to this area for the remainder of the program. - continue developing systemic change stories to convince GOI to adapt similar approaches for their programming and implementation and to 	<ul style="list-style-type: none"> - Ongoing-review program intervention - Ongoing-ensure sufficient resources - Ongoing and to be considered for future investment options-developing

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<p>improved policy and regulation of selected sectors.</p> <p>Recommendation 4: Systemic Change</p> <p>The program should devote sufficient resources to this area over the coming year. Systemic change stories will be critical pieces of evidence to help convince the Indonesian Government of the continued value of a market-based approach and set the groundwork for an enhanced policy agenda in the next program.</p>			support evidence- based policies	systemic change stories
<p>Recommendation 2: Consider work on complementary market functions that may not deliver additional outreach but would embed greater sustainability and resilience in these sectors.</p> <p>Recommendation 9: Refresh the portfolio review function to determine if the PRISMA approach could be improved/enhanced to support the program’s less tangible notions of</p>	Agree	This has been initiated as part of the Strategy Refresh and will be continued throughout the remainder of the program.	DFAT will work with PRISMA to ensure that portfolio reviews are continued and well communicated to DFAT and GOI.	Ongoing-ensuring portfolio reviews

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systemic change, policy influence and sustainability.				
Recommendation 5: Consider a disability specialist or consultant to strengthen the integration of Disability Inclusion in the project.	Agree	DFAT agrees that PRISMA should allocate dedicated resources to improve the disability inclusion in the remainder of the program.	DFAT will work with PRISMA to continue mainstreaming disability inclusion in its work, and to ensure that the program utilise the opportunity to engage with CBM Australia and other organization of persons with disabilities (OPD)s.	Ongoing- mainstreaming disability inclusion
Recommendation 6: Accelerate Youth Inclusion by looking at the many indications of young people’s interest in agribusiness and young entrepreneurship role models.	Partially agree	<p>PRISMA’s brief on youth farmers shows the importance of youth in building resilient agricultural markets in Indonesia.</p> <p>Considering the limited time remaining in this phase, DFAT encourages PRISMA to continue with its planned activities on youth inclusion and to explore further options for youth inclusion that could inform the future design.</p>	DFAT will consider youth farmers as targeted beneficiaries for the future investment.	2023 – Consider future investment options.

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Recommendation 7: Define relevance and plan to achieve it The review recommends DFAT and PRISMA agree on a relevant strategy/plan that identifies opportunities to be more active in socialising the program amongst whole of government partners and practical opportunities for active collaboration.	Noted	DFAT acknowledges that more actions could be done to promote PRISMA's work and encourage collaboration with other DFAT programs and whole of government agencies.	DFAT will work with PRISMA to identify opportunities for collaboration.	2023 – During program implementation
Recommendation 8: Staff retention The end of a program typically leads to staff leaving for more stable employment. The program should develop and communicate a staff retention strategy to ensure key staff stay until the end of the program and create a cohort that could move across to a successor program.	Partially agree	DFAT notes various factors contributing to the high turnover of PRISMA staff, including COVID-19 and the great resignation phenomena, as well as closing of the program. Over the past year, PRISMA has developed and implemented several strategies for staff retention, from flexible workplace policies to various financial and non-financial incentives.	DFAT will support PRISMA in the implementation of its staff retention strategy to ensure a smooth project closing.	Ongoing-supporting retention strategy
Recommendation 11: Develop a localisation strategy The program needs to improve on building a cadre of Indonesian staff at senior		DFAT recognises there has been effort to promote local staff for Head of Portfolio positions. However, a clear guideline/strategy should be in place to open more	DFAT will work with PRISMA to develop and implement talent	2023 – During program implementation

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management levels, and develop a strategy for developing talent.		opportunities for local staff to pursue senior management positions.	development strategy for its local staff.	
Recommendation 10: Develop an intelligence agenda The program should identify the information needs of the program's various stakeholders and develop a schedule of topics on which information is gathered regularly.	Agree	The program has made some progress over the past twelve months in producing Market Watch documents. DFAT agrees that a systematic approach in developing intelligence agenda would add significant value to overall PRISMA objectives.	DFAT will work with PRISMA to encourage coordination across sector teams within PRISMA and its RML team in developing its intelligence agenda.	Ongoing-encouraging coordination
Recommendation 12: Communications - well-crafted, evidenced-based information that is tailored to specific audiences is required	Agree	DFAT recognises the robust work of PRISMA in collecting and collating lessons learned, generating information and studies from its various intervention and disseminating them to the public. As the program is reaching its final year, the program could focus more on communicating progress towards systemic changes in each sector.	DFAT will work with PRISMA to: <ul style="list-style-type: none"> - continue developing systemic change stories and learning series that capture achievements, challenges and gaps from program implementation - develop stories about social impact to assist the government in its policy change processes. 	<ul style="list-style-type: none"> - Ongoing-developing systemic change story - 2023 – During program implementation

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<p>Future Programming</p> <p>A bilateral, market-based program working with the private sector focusing on Eastern Indonesia</p> <p>The new programme to contain a broader set of objectives (i.e. not just income and outreach) with explicit targets for:</p> <ul style="list-style-type: none"> • Systemic change. • Food security and nutrition • Agricultural economic transformation. • Government policy that is more supportive of the private sector. • Women's economic empowerment and social inclusion – mainstreamed and with specialist program interventions. • Climate-smart agricultural technology, policy and practices, including the mainstreaming of climate adaptations and environment protections. • Mutually beneficial trade and investment. 	Noted	DFAT notes the advice to integrate a broader set of objectives and targets in its future investment, and will consider additional focus areas as recommended in this review.	DFAT will be guided by both Australia's new development policy and Government of Indonesia's priorities, including its mid and long term national development plans for strategic direction in the design of the future investment. The design process will involve close consultations with key stakeholders.	2023 – Consider future investment options.