

**Australia Indonesia Partnership for Economic Development (Prospera)**  
**Management Response to the Prospera Independent Strategic Evaluation (September 2024 – April 2025)**

**Summary of Management Response**

An Independent Strategic Evaluation of the Australia Indonesia Partnership for Economic Development (Prospera) was undertaken from September 2024 to April 2025 to assess the relevance, effectiveness, and sustainability of the program, and to inform decision-making for the next phase of Prospera. The evaluation covers the period from the commencement of Prospera in 2018 up until late 2024.

The evaluation concluded Prospera has substantially contributed to Indonesia’s economic transformation, aligning with its design and strengthening the Australia-Indonesia bilateral relationship. Prospera’s activities are highly relevant to Indonesia’s development, addressing critical economic challenges, economic and governance priorities, and supporting progress towards sustainable development goals. However, attributing specific outcomes to Prospera was challenging due to the complex policy environment and its indirect influence on policymaking.

DFAT has agreed, in part or in full, to most of the recommendations as detailed in the table below.

**Individual Management Response to the Recommendations**

Recommendation	Response	Explanation	Action Plan	Timeframe
<b>Recommendation 1</b> <b>Strengthen use of the Key Performance and Learning framework (KPL).</b> Reflect on the current KPL Framework, assess its strengths, weaknesses, and gaps in application, and use these insights to design a refined Monitoring, Evaluation and Learning (MEL) framework for the next phase. Incorporate tools like contribution analysis, outcomes mapping, and outcomes harvesting, building on the existing KPL Framework	<b>Agree</b>	DFAT agrees with the recommendation.	The next phase of Prospera will use an enhanced monitoring, evaluation and learning approach which includes adaptive management to support learning, inform decision-making, and provide credible evidence of performance in a complex policy environment. This has been integrated into the draft Investment Design Document and will be embedded both in the contract for the Program and in key program staff roles.	In the next 12 months

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to systematically track progress and assess impact.				
<b>Recommendation 2</b> <b>Manage Scope and Specialised Engagements.</b> Carefully manage Prospera's scope to align with its mandate, avoiding ventures into areas where it lacks in-house expertise. Develop clear exit strategies for short-term engagements outside its core mandate and adhere to established criteria, such as investment and institutional strengthening checklists. Strengthen oversight of specialised engagements by expanding the expertise of long-term advisers or ensuring closer collaboration with external specialists to maintain the quality and relevance of technical support.	<b>Agree in part</b>	DFAT recognises the importance of managing scope and ensuring alignment with Prospera's core mandate. It is also important that Prospera, in current and future phases, remain responsive to Indonesia's evolving reform priorities.	<p>The next phase of Prospera will adopt a refined program logic, including clear end-of-program outcomes to delineate and narrow Prospera's scope. Enhanced program and activity governance will support this, including a revised Activity Planning and Decision-Making Framework that vets and prioritises activities based on strategic alignment, reform potential, feasibility, impact and other considerations.</p> <p>DFAT anticipates establishing an independent Technical Advisory Group for Prospera and other relevant programs to strengthen technical oversight, monitor strategic alignment and support portfolio coherence.</p>	In the next 12 months
<b>Recommendation 3</b> <b>Regularly revise the Theory of Change (ToC)</b> to reflect evolving contexts, lessons learnt, and external factors, ensuring program relevance and responsiveness. Strengthen monitoring processes by learning from past challenges and designing a more robust	<b>Agree in part</b>	DFAT acknowledges the importance of maintaining a dynamic ToC that reflects Indonesia's evolving policy landscape, shifting priorities and emerging development challenges. Proactively monitoring ToC assumptions	The next phase of Prospera will design the MEL Framework to strengthen both external and internal accountability, incorporate lessons learnt and ensure credible evidence of performance. The MEL system should be used as a strategic tool and central to tracking	In the next 12 months

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MEL framework. Enhance accountability and clearly demonstrate effectiveness in the next phase.		and intermediate outcomes will help ensure the program remains relevant and responsive.	performance and informing decision-making. This will be supported by adequate budget and staff resourcing of MEL in the contractor, and revisions of the ToC.	
<p><b>Recommendation 4</b></p> <p><b>Mandate standardised reporting</b> that includes detailed activity descriptions, clear delineation of outputs and outcomes, and transparent acknowledgment of subcontractors' roles. Ensure subcontractors' observations, challenges, and suggestions are documented and shared with DFAT to provide a complete picture of progress and setbacks.</p> <p><b>Ensure DFAT has direct access to subcontractor reports</b> and establish a fact-checking mechanism—such as involving locally engaged staff—to verify information accuracy.</p>	<b>Disagree</b>	<p>DFAT sees value in improving consistency and depth in how activities are reported, including capturing feedback from delivery partners. However, due to the necessary variety in partners and subcontracted activities, complete standardisation is not possible.</p> <p>DFAT currently has direct access to subcontractor reports.</p>	In the next phase of Prospera, DFAT will carefully consider reporting requirements, including for subcontractors, with a focus on how they support accountability, the MEL Framework, and overall program performance and reporting.	In the next 12 months
<p><b>Recommendation 5</b></p> <p><b>Adopt a Program-Wide Approach to Institutional Strengthening:</b> Develop a structured framework, such as investment criteria, and support this</p>	<b>Agree in part</b>	Indonesia institutional strengthening is part of Prospera's long term sustainability, the next phase of Prospera will continue to	The next phase of Prospera will build the capacity of Indonesian institutions—including think tanks, universities, and the private sector—to independently produce and	In the next 12 months

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framework with detailed reporting mechanisms that provide sufficient information for analytical purposes.		support Government of Indonesia (GOI) policy priorities for sustainable economic development. This will require strategic investments in local institutional strengthening and demand-side reforms within GOI.	commission high-quality economic analysis.	Ongoing
<b>Recommendation 6</b> <b>Provide Clear Guidance on Subcontracting:</b> Develop and implement clear subcontractor management guidelines, defining roles, responsibilities, and accountability mechanisms. Ensure the guidelines mandate transparent reporting of subcontractor involvement, disclosure of potential conflicts of interest, and strict adherence to due diligence processes.	<b>Disagree</b>	<p>This guidance is already provided to Prospera and the Managing Contractor.</p> <p>Prospera has established appropriate mechanisms to monitor subcontractor performance and ensure accountability.</p> <p>Clear and consistent guidance on subcontracting will continue to be required in future phases.</p>	In the next phase, DFAT will work with the managing contractor to define subcontractor management guidelines and protocols. This will include clarifying roles, responsibilities, and reporting requirements, as well as reinforcing processes for due diligence.	In the next 12 months
<b>Recommendation 7</b> <b>Strengthen Financial Reporting:</b> Provide financial reporting with detailed breakdowns of activity, breakthrough area, and facility levels. Calculate activity-level costs using direct costs plus overheads—this data is essential for facility evaluation. Report and track	<b>Agree in part</b>	DFAT actively monitors Prospera's financial activities and has put in place mechanisms to support regular financial oversight and assurance. However, given the complexity of the program DFAT acknowledges the need to consider	DFAT will incorporate financial reporting expectations into the design and contracting of Prospera's next phase.	In the next 12 months

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all subcontractors' use separately. While subcontractors are permitted for Facilities, ensure full transparency and accountability in their engagement.		adopting different approaches to financial reporting to strengthen accountability and links to MEL in the next phase.		