

**Australia Indonesia Partnership for Decentralisation (AIPD)**  
**Peer Review Minutes**  
**9 October 2009**

**Chair** – James Gilling

**Attendees [Canberra]** – James Gilling, Richard Manning, Jonathon Hampshire, Vincent Ashcroft, Jeremy Stringer, Rachael Moore, Petrarca Karetji, Robin Taylor, Ted Weohau (Peer Reviewer), Sofia Mackay, Louisa Cass, Priya Sivakumaran

**Attendees [Jakarta]** – Jeff Herbert (Independent Appraiser), Chris Hoban (Peer Reviewer), Rochelle White, Gillian Brown, Linette Collins, Joanne Dowling, Patrisia Mulita, Niken Wardhani, Christine Van Hooft, Peter Lockey, Vanya Abuthan, Zoe Woodlee, Lulu Wardhani, Patrick Hermanus, Laila Yudiati, Patricia Bachtiar, Christiana Dewi, Katheryn Bennett. **GOI:** Prof Heru Subiyantoro, Secretary to Director General, Directorate General of Fiscal Balance, MoF; Drs Nuryanto, MPA Head of Administration and Overseas Cooperation (AKLN), MoHA; Drs Basilio, MA, Bilateral Cooperation Unit (AKLN), MoHA; Jahludin, Head of Sub-Directorate Regional Economic Cooperation (Bangda), MoHA; Denny Kurniawan, Planning & Organisation Section, MoHA; David Rudolf, Planning & Organisation Section, MoHA

**Attendees [Port Moresby]** – Kathy Whimp (Peer Reviewer)

**Attendees [Manila]** – Andrew Cumpston

**Apologies** - Carli Shilito, Solstice Middleby

**1. Review outcome:** The design was passed, with a request from the Chair (James Gilling, ADG, Indonesia and East Timor) to undertake the actions detailed below prior to his clearance.

**2. Essential actions required before proceeding to next steps:**

These issues will be clarified in the design document prior to approval being given by James Gilling to proceed to tender.

**i. Clarification of impacts and outcomes**

Jonathon Hampshire and the design team will work with AusAID (Richard Manning and Jeremy Stringer) to clarify the impacts and outcomes of the AIPD, and more clearly explain the links between the activities and outcomes. In this, they should consult Sofia Ericson for examples of good logical models leading to outcomes.

In particular, the design should specify that the program should be open about finding out what in public financial management is constraining service delivery, rather than presuming that improved planning and budgeting will improve service delivery outcomes.

**ii. Lessons**

Jonathon Hampshire and the design team will work with AusAID (Richard Manning and Jeremy Stringer) to reflect the lessons arising from the Australia Nusa Tenggara Assistance for Regional Autonomy (ANTARA), including in regard to sustainability issues, and address how we have learnt from them in the design of the AIPD.

### **3. Issues to be addressed as next steps or in the next phase of the program**

#### **i. Working through partner government systems**

The work being undertaken in Papua New Guinea, in particular on the fiduciary risks of working through partner government systems and the district case studies, should be considered and used by/adapted for the Indonesia program where appropriate. Lessons from the HIV program should also be considered and integrated into the program where appropriate.

#### **ii. Monitoring and evaluation**

Over the first phase of the program, a clearer understanding of:

- the roles of each level of government;
- the intergovernmental relationships; and
- the Government of Indonesia's (GoI) monitoring tools (including minimum service standards for health and education)

should be developed. This would enable AusAID, as per the design, to focus on strengthening the government's systems both for our reporting purposes and so we can support the government to use their own data in planning for subsequent years.

### **4. Summary of peer reviewers' comments**

The peer reviewers supported the basic premise of the AIPD – supporting the sub-national government of Indonesia to deliver their mandated service delivery responsibilities. The ratings of the Independent Appraiser and the official Peer Reviewers varied, but all agreed that it should pass peer review and move to implementation – in the words of a government of Indonesia representative present at the review “as quickly as possible”.

A summary of the Independent Appraiser and official peer reviewer's comments are attached.

Key points raised by participants included:

#### **The focus of the program:**

- Peer reviewers acknowledged the extensive consultation on which the design was based, and the benefit of having learnt lessons from the ANTARA program. It was agreed that clarifying lessons from the ANTARA program in the design document would be useful (Chris Hoban).
- It was widely accepted that public financial management (PFM) should be the focus of the program because of the potential impact on service delivery outcomes, but there was agreement that the design would benefit from a clearer statement of how improved PFM would impact on service delivery, and it was suggested that there be more evidence on this in the situation analysis (Ted Weohau).
- It was also understood that PFM is a large area, and that the focus of the program should be tailored depending on need, with time taken to ensure the program was working with partners on mutually agreed objectives, and not duplicating the work of other AusAID programs, or other donors.

### **Implementation of the program:**

- Peer reviewers agreed that the focus of the program should be improving service delivery outcomes, not just improving planning and budget systems. Indicators should look at quality of budget execution, not just budget share and spend (Chris Hoban).
- The peer reviewers agreed that the Advisory Group should be an important body, and not just a rubber stamp (Ted Weohau).
- The suggestion that districts self nominate rather than being selected (raised by Kathy Whimp) was welcomed for consideration by Jonathon Hamshire.
- There were differing views on the level of flexibility that the program should have – while the premise of a flexible, responsive program was widely supported, there were questions raised about the detail of what the \$45 million in the imprest account would be spent on (Chris Hoban).
- It was acknowledged that actually achieving good gender outcomes was not as simple as increasing the number of women involved in planning and budgeting processes, and took generational change. However this program was seen as a good opportunity to facilitate the consideration of key issues effecting women.

### **How AIPD can work with other Government of Australia programs so that we maximise the effectiveness of the support we are providing:**

- It was acknowledged that AusAID's management team would need to make decisions about how the broader aid program might be restructured to provide a more cohesive package of assistance at the sub-national level. In particular, how existing and new health and education programs would integrate with AIPD.
- It was agreed that the work being undertaken in Papua New Guinea on the fiduciary risk of putting aid money through partner government systems should be considered – even if the AIPD did not put its own money through government systems, it might work with sectoral programs on this.
- It was noted that risk can also be seen as an opportunity and where there are strong benefits, we should be willing to take greater risks (Robin Taylor).

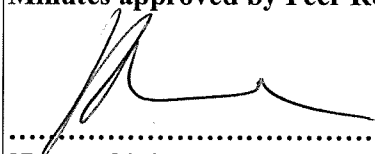
### **Monitoring and Evaluation:**

- The focus on supporting GoI monitoring systems was widely approved, with the suggestion that a first step should be a clearer articulation of the different roles and responsibilities of government, including their monitoring systems, so that we provide targeted support (Ted Weohau). It was also felt that the design would benefit from a clearer articulation of the intergovernmental relationships between the central and local governments (Chris Hoban).
- It was suggested that we support district administrations to bring the information on the past year's spending and what was achieved to feed into the next years budget and planning process (Kathy Whimp).

## 5. Ratings

Category	Rating	Comments
Clear objectives	4	Impacts and outcomes should be clarified – there is an over emphasis on planning and budgeting and a lack of clear sight on outcomes
Monitoring and Evaluation	4	Comfortable with the focus on improving GoI systems, information systems should be strengthened to facilitate evidence based policy development, which should then improve the quality of the budget and the focus of budget implementation.
Sustainability	5	The basic premise of the program – supporting the GoI to deliver their mandated services – is very sustainable, but the outcome of the AIPD will depend on engagement from the GoI.
Implementation and risk management	4	It will be good to take onboard the corporate work being done in other country programs that are working through government systems (eg. Papua New Guinea).
Analysis and lessons	4	ANTARA lessons should be recorded in the design document, and the lessons learnt through the HIV program should be considered.

**Minutes approved by Peer Review Chair**



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**[James Gilling, ADG Indonesia and East Timor]**

**Date:** 22 October 2009