

## **DFAT Management Response to the Knowledge to Policy (K2P) Independent Strategic Review (ISR)**

For more than a decade, Australia has invested heavily in Indonesia's knowledge sector across a range of programs, including the Knowledge Sector Initiative (KSI), J-PAL Southeast Asia (JPAL SEA) and the Pulse Lab Jakarta. These longstanding investments all aim to improve evidence-informed policymaking in Indonesia, but differ significantly in their scale and approach.

DFAT commissioned this ISR ahead of completion of the above programs to provide a high-level assessment of the programs' performance that would help consolidate learning and inform sustainability plans for the respective investments, while also providing insights to inform future Australian engagement in Indonesia's knowledge sector.

The ISR report is of a high-quality and fulfils its intended objectives. It presents important and useful findings on the achievements of over a decade of Australian support to the knowledge sector, while also identifying opportunities and challenges for any future investment.

The ISR confirms (section 8) that 'knowledge to policy' is not simply about providing 'evidence' to policy makers but is also a political process of building coalitions for change and supporting reform champions. The report highlights the value of supporting the generation of knowledge to inform policymaking, while concurrently supporting broader institutional and bureaucratic reform efforts in the knowledge sector enabling environment, although finds that this approach is also highly resource intensive.

The ISR further highlights the ability of Australia's knowledge sector programs to rise to the challenges posed by the COVID-19 pandemic (sections 2 and 3). These programs are found to have strengthened Indonesia's social and economic policy response to COVID-19 through the generation of evidence, data, and public debate, with a particular contribution to increasing the understanding of and focus on the impacts of the pandemic on vulnerable groups.

The ISR presents several valuable lessons related to development cooperation in areas of complex systems reform (section 8). First, the importance of working collaboratively – on the 'inside track' – and being closely aligned with reform champions' priorities. Second, the need to take a problem-focused approach in determining which reform and research priorities to support, and the need to focus on the practical application of research results. Third, the need for greater recognition that the knowledge sector enabling environment is shaped by both political and technocratic processes, and that the influence of external actors, like DFAT, is therefore limited. Fourth, the need to understand policy reform as a non-linear process, requiring the capacity to be flexible and responsive, but also patient.

The ISR findings also suggest that systems improvements do not necessarily mean a system-wide approach (section 3). It is important to ensure that any future Australian investment in the knowledge sector concentrates its efforts and resources on systemic reforms in areas where there is already momentum for reform, where there are critical leverage points for generating change in the system, and where strong foundations are in place to enable ongoing and meaningful policy dialogue. DFAT agrees with these findings and emphasises the

need to ensure future Australian investments focus on those aspects of reform that align with our shared bilateral priorities with Indonesia.

The three investments have made progress on gender equality, disability and social inclusion (GEDSI), although progress has been greatest in supporting efforts to increase gender equality within the knowledge sector. The evidence outlined in the ISR (section 4) suggests DFAT's strong role in encouraging attention to GEDSI across the three initiatives was important to achieving progress. DFAT is encouraged to see that its structured approach, involving technical guidance, access to training opportunities, and facilitating links to GEDSI resources, has helped deliver results.

The ISR notes the significant legacy of policy and institutional reform that has been supported by these programs over the last decade (section 7). In the closing months of these investments, DFAT will work with its partners to ensure that these gains are sustainably secured in the workplans, activities and business practices of relevant Indonesian government agencies. In some cases, DFAT may also look to support ongoing reform efforts through other DFAT programs and partnerships. The sustainability of this legacy will also be supported by our efforts in ensuring that key lessons and reform stories from these programs are documented and distributed in a way which maximises access and use.

Overall, the ISR provides a strong case to continue Australian engagement in the 'knowledge sector', but cautions that there is a need to be realistic about what can be achieved in the medium term, particularly in relation to institutional reform. Success within this timeframe requires clear identification of shared objectives, a sound approach to testing reform ideas, good monitoring and evaluation, strong staff capacity, and the flexibility to adapt in response to learning (section 8). DFAT does not agree with the ISR's inference that it has been somewhat short-sighted in its vision. However, the ISR's point about the need for clarity and realism in DFAT's objectives is well made.

Australia has a comparative advantage as a partner to Indonesia in the knowledge sector, with its long-term strategic engagement with Indonesia and global reputation for excellence in science and research. However, Australia's current support is spread across several investments and partnerships. The ISR suggests (section 8) and DFAT agrees, that any future investments should sit within a clearer vision of how the totality of DFAT's engagement contributes to shared goals. This may mean placing greater emphasis on linkages between investments across the portfolio or consolidating priority activities and partnerships within the portfolio to strengthen coherence and maximise impact.

One critical aspect for consideration going forward is the question of how the hallmarks of effective programming identified in the ISR can be operationalised, especially when designing a consolidated program covering multiple domains of engagement across policy themes, actors and institutions (section 6). As Indonesia maps its path to economic transformation and recovery from the COVID-19 pandemic, continued collaboration between our two countries on knowledge and innovation offers great potential (section 8).