

## DFAT management response

### Mid-term review of the ASEAN-Australia Smart Cities Trust Fund

The ASEAN Australia Smart Cities Trust Fund (AASCTF) is a five-year, AUD20 million initiative, funded by the Australian Government and implemented by the Asian Development Bank (ADB).

The overarching goal of the AASCTF is to improve systems and governance through the use of digital solutions in ASEAN Member States. The ADB has engaged Ramboll, a global engineering consultancy, as the main implementing partner. Other individuals and firms are engaged directly to implement smaller components of the program.

The aim of the AASCTF is to build liveable cities that are green, competitive, inclusive, and resilient, while promoting high quality of life, competitive economies and sustainable environments. The key output areas are 1) improved planning systems, 2) improved service delivery, and 3) improved financial management. The program achieves this through three different levels of interventions with participating ASEAN cities. Bronze cities can participate in regional knowledge sharing and capacity building events, Silver cities are able to receive technical assistance and implement pilot projects, and Gold cities are eligible for investment grants (standalone or as part of an ADB partnership or lending program) to support demonstration projects.

The ASEAN countries included in the program are Cambodia, Indonesia, Laos, Malaysia, Myanmar (on hold), Philippines, Thailand, and Vietnam. Twenty-four cities have been selected as Bronze cities, there are eleven Silver cities, and it is envisaged that three cities will become Gold cities.

DFAT commissioned a mid-term review (MTR) of AASCTF in 2022. The purpose of the review was to identify improvements to the program, including by reviewing the effectiveness and efficiency of program management arrangements, and to inform a decision on future funding.

The review found that AASCTF is implementing innovative smart city solutions that meet the needs of governments in the selected ASEAN cities. The review identified several areas for improvement. The review's recommendations and DFAT's responses are listed below. DFAT has agreed to all the recommendations.

In response to the MTR, Ramboll is developing an AASCTF Beyond 2022 Strategy which will be finalised in consultation with, and endorsed by, ADB and DFAT in Q1 2023. In addition to framing the next stages of the program, the AASCTF Beyond 2022 Strategy will include the following targeted sub-strategies:

- AASCTF Graduation Strategy
- AASCTF Engagement Strategy
- AASCTF Strategy for Raising the Bar on Gender Equality and Social Inclusion (GESI).

## Recommendations to Improve Effectiveness

Recommendation	DFAT response
<p>1. Bearing in mind that this is part of the original Design and Monitoring Framework (DMF) targets, review program strategy and results framework relating to delivery of integrated financial management information systems, either putting in place measures to increase the program focus on financial management in order to meet the DMF targets, or a re-framing of the DMF targets in collaboration with DFAT to reflect a greater focus on the first two pillars.</p>	<p>Agreed. The AASCTF Beyond 2022 Strategy will include an increased focus on financial management and consider options for a more targeted and strategic focus for AASCTF activities. Strategy workshops in Q1 2023 will refine the current overall DMF targets so they better align with the AASCTF Beyond 2022 Strategy and revised outcome-level key performance indicators.</p>
<p>2. ADB and Ramboll should clarify the linkages and 'graduation process' from Bronze to Silver to Gold tiers in the program and communicate this to city government counterparts.</p>	<p>Agreed. An AASCTF Graduation Strategy is currently under development. It will be finalised in Q1 2023 and will be shared with city government counterparts.</p>
<p>3. ADB should clarify the possible options and time frames for Gold level investments of the AASCTF with DFAT. A framework for planning and assessing the alignment with program objectives and the impact of Gold investments should also be developed. This is an important program component and there is limited time remaining in the current program to finance and implement tangible assets that can result from Gold-level investments.</p>	<p>Agreed. ADB has established a new Technical Assistance Window to implement the Gold City Projects. A framework for delivering the Gold City Projects investments will be incorporated into the AASCTF Beyond 2022 Strategy in Q1 2023.</p>
<p>4. Ramboll Task Order (TO) teams should increase focus on capacity development to reduce knowledge gaps between Ramboll experts and city government staff during the process of working together, enabling government staff to provide more effective steering and feedback, as well as to maximise chances of success as tools and services developed by TOs are handed over to city governments.</p>	<p>Agreed. Current pilot projects have an enhanced focus on capacity building, which will be closely monitored. Decisions on future pilot projects, including capacity building efforts, will be informed by the AASCTF Beyond 2022 Strategy. AASCTF will put in place sustainability plans for all pilot projects.</p>

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<p>5. Further extend the reach and resonance of influencing activities, such that networks of participants and access to learning material will be available beyond the end of AASCTF, building on ongoing efforts such as the development of materials to be hosted on eLEARN and ADB’s initiative under TO-08 to support existing smart city networks and key institutions at a national level in Indonesia.</p>	<p>Agreed. This will be incorporated into the AASCTF Beyond 2022 Strategy in Q1 2023. The program will consider establishing an AASCTF online information repository and a mechanism for sustaining networks of program participants.</p>
<p>6. DFAT, ADB and Ramboll could improve the visibility of Bronze and Silver level activities to a wider audience. One suggestion is to make greater use of DFAT social media for example, on the Australian Ambassador’s Twitter feed in the program countries, which has an influential following, connecting with different Ambassadors and Ministers.</p>	<p>Agreed. The AASCTF Beyond 2022 Strategy, especially the Engagement Strategy, will develop actions, tools and approaches to build and strengthen partnerships, leverage existing communication channels, and amplify social media messaging across all partner networks, including DFAT social media accounts.</p>
<p>7. DFAT and the program implementation partners should consider how to increase engagement and synergies with ASEAN institutions such as the Connectivity Division in the Secretariat and the ASEAN Smart Cities Network. Synergies could cover regional knowledge sharing.</p>	<p>Agreed. This will be incorporated into the AASCTF Beyond 2022 Strategy in Q1 2023. The Australian Mission to ASEAN will work with ADB and the ASEAN Secretariat to increase engagement.</p>
<p>8. DFAT should explore opportunities for greater synergies and amplification opportunities between AASCTF and other significant DFAT investments focused on sustainable cities and infrastructure in ASEAN, such as Partnerships for Infrastructure (P4I). This is particularly relevant for Gold level investments, as P4I is focused on enabling greater infrastructure financing, transport, and energy, and spans a range of AASCTF-relevant crosscutting themes, including disaster reduction/climate resilience, and GESI, with a particular emphasis on indigenous participation.</p>	<p>Agreed. This will be incorporated into the AASCTF Beyond 2022 Strategy in Q1 2023.</p>

## Recommendations to Improve Efficiency

Recommendation	DFAT response
<p>9. Ramboll should ensure that the rationale for reporting and M&amp;E processes are clearly understood and appreciated by all team members, including at the TO level. In addition, M&amp;E processes could be improved to more accurately assess the outcomes of AASCTF's adaptive programming (sandbox) approach. The AASCTF should discuss possible ideas with The Asia Foundation (TO-09 partner), who are experienced in MEL for adaptive programming, to develop innovative and practical MEL processes.</p>	<p>Agreed. The Activity Level Performance Assessment, which is used by the pilot project teams as a quarterly progress reporting document, is currently being updated to better align with the AASCTF Beyond 2022 Strategy and revised outcome-level key performance indicators. The new Activity Level Performance Assessment format will be implemented from January 2023 and AASCTF team members will be provided with training on their use. Further actions, if needed, will be identified as part of the AASCTF Beyond 2022 Strategy. AASCTF will discuss ideas for monitoring and evaluation of adaptive programming with The Asia Foundation.</p>
<p>10. ADB and Ramboll could consider implementing a more systematic internal learning database or knowledge hub for program learning points that can, for example, help team members navigate common challenges or access useful resources. This could also be expanded externally to a wide range of stakeholders who are involved across the components of the program.</p>	<p>Agreed. ADB and Ramboll are piloting an online program management tool which will support implementation of the AASCTF Beyond 2022 Strategy. This tool (together with other mechanisms and approaches employed by Ramboll and ADB) will better frame, capture and share lessons/ knowledge in a structured and transferrable manner. ADB and Ramboll intend to refine this tool, which will become an internal learning database or knowledge hub.</p>
<p>11. DFAT and the implementation partners should drive more proactive interaction with DFAT posts, particularly the ASEAN mission in Indonesia, where there is potential to tie in with related smart city work and learning from each other's experience. Quarterly or 6-monthly regional updates with ADB are recommended, to share progress updates and knowledge exchange.</p>	<p>Agreed. Quarterly regional updates, with representatives from Canberra, the Australian Mission to ASEAN and other DFAT posts as appropriate, will commence in Q1 2023.</p>
<p>12. DFAT should ask program implementing partners to ensure that DFAT branding is made clear to external audiences and stakeholders on all relevant communications and materials.</p>	<p>Agreed. This recommendation has been implemented.</p>

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<p>13. Ramboll and ADB should carefully consider how best to interact with city staff to avoid over-burdening them, while maintaining close collaboration. This includes reducing the impact of a city specific and a regional TO coinciding in a particular city, such as in George Town and Baguio.</p>	<p>Agreed. The Graduation Strategy, to be finalised in Q1 2023, will aid in setting the expectations and resource commitments of city government partners. The program will develop city level report cards to track progress against the established graduation criteria. These will be linked to the Activity Level Performance Assessments to enable a more continuous assessment of bottlenecks and as a means to resolve issues. When developing regional-level task orders, program staff will discuss timing of webinars and knowledge sharing exchanges with city partners, to minimise pressure on cities.</p>
<p>14. Ramboll should clarify the role of their Country Focal Points and maximise their visibility to stakeholders associated with Bronze and Silver level activities in each country.</p>	<p>Agreed. This will be completed within Q2 2023, at the same time as the Graduation Strategy is shared with city government counterparts.</p>
<p>15. The program implementation partners should ensure that communications are clear with city government and other relevant stakeholders, following any decisions to end or continue an intervention. Managing expectations and communication of program decisions is important to avoid disappointment among city staff and university stakeholders, as in the case of Kaysone (TO-03).</p>	<p>Agreed. This recommendation was implemented in Q4 2022. The implementation of the Graduation Strategy, and the continuous monitoring and reporting against the city report cards as part of the Activity Level Performance Assessments, will improve internal and external communication.</p>
<p>16. Ramboll should continue to accommodate the city government and stakeholders' general preference for face-to-face engagement for Silver TO workshops where possible, following the easing of travel restrictions, although digital solutions such as Zoom and MS teams continue to offer opportunities for more frequent engagement and wider groups of participants.</p>	<p>Agreed. This recommendation was implemented from Q2 and Q3 2022 across all pilot projects following the easing of COVID-related international travel restrictions.</p>

## Recommendations to Improve Gender Equality and Social Inclusion

Recommendation	DFAT response
<p>17. DFAT should clarify its GESI reporting requirements for ADB and Ramboll, to ensure the M&amp;E system is collecting the required data, analysing and using this data to inform implementation, and reporting data appropriately to DFAT. Progress reports should include cumulative totals where relevant (total figures from program commencement up to the reporting date), in addition to data for the reporting period, as cumulative totals show progress over time. DFAT could share gender, disability and other guidance materials with ADB and Ramboll.</p>	<p>Agreed. The program will develop a AASCTF Strategy for Raising the Bar on GESI in Q1 2023, which will include clear guidance on reporting requirements. This will be informed by DFAT gender, disability and social inclusion materials to ensure it is consistent with DFAT requirements.</p>
<p>18. DFAT should ensure its AASCTF program managers receive adequate training, are aware of DFAT guidance on gender equality, gender diversity, disability and broader social inclusion and are able to seek expert advice when needed.</p>	<p>Agreed. This will be implemented as part of the development of the AASCTF Strategy for Raising the Bar on GESI which will be finalised in Q1 2023.</p>
<p>19. Joint in-house training for Ramboll and ADB AASCTF teams on Gender Equality and Social Inclusion, including the concept and intention of ‘mainstreaming’ and how it can be achieved in practice, and clarification of outputs, outcomes and evidence, would strengthen the program overall. This could be facilitated by ADB’s GESI experts. It would be highly beneficial to incorporate content and/or presenters from The Asia Foundation/ TO-09 Inclusive Cities capacity building intervention for city officials, and Practical Action’s consultative approach in TO-05 Gender Transformative FEWS intervention. This should be done as soon as practicable.</p>	<p>Agreed. This will be completed in Q1 or Q2 2023, after the AASCTF Strategy for Raising the Bar on GESI is finalised.</p>
<p>20. Following training, a joint ADB/Ramboll review of implementation of the GESI Strategy is recommended. A workshop format, facilitated by ADB or external GESI and M&amp;E experts, would provide teams with an applied learning opportunity). The review should assess whether</p>	<p>Agreed. The joint ADB/Ramboll review of the implementation of the GESI Strategy will be completed in preparation for the Q1 2023 strategy workshops with DFAT. This will be followed by implementation of in-house training.</p>

Recommendation	DFAT response
<p>GESI target groups will tangibly benefit from current, planned and completed interventions, identify what those benefits might be, how best to measure results and identify evidence of progress to outcomes. If benefits are not apparent, what changes or additional measures could be put into place, including increased engagement with GESI target groups or NGOs; additional targeted GESI interventions; and increased engagement with local officials on GESI to encourage and influence GESI outcomes. Assess whether the program will meet its GESI targets and what actions might be needed to ensure it does. It would be essential to complete this review prior to any extension of the program being considered</p>	
<p>21. Where needed, ADB specialists should support AASCTF teams with additional oversight and/or support in implementing the GESI strategy, improving M&amp;E data collection, use and reporting; and understanding what can be considered as evidence.</p>	<p>Agreed. This recommendation was implemented in Q4 2022. ADB specialists will be engaged in the Q1 2023 strategy workshops, in addition to separate Ramboll-ADB discussions on the strategy.</p>