

**DFAT Management Response to the Independent Mid-Term Review of the
Australia-World Bank Indonesia Partnership (ABIP) Program
December 2022**

DFAT commissioned an independent mid-term review (IMTR) of the Australia-World Bank Indonesia Partnership (ABIP) program, conducted between September-December 2022. The IMTR assessed performance of the first single donor country trust fund between DFAT and the World Bank in Indonesia. The review considered whether ABIP was achieving the expected efficiency, collaboration, and coordination gains from consolidating multiple trust funds into a single arrangement, and generated recommendations to strengthen implementation and management for any second phase. It also reviewed how ABIP is progressing towards intended outcomes, effectiveness in influencing policy, and progress on promoting gender equality. In consultation with the World Bank, DFAT’s response to the recommendations is as follows:

Recommendations	Response	Explanation	Action Plan	Time-frame
<p><u>Opportunity</u> Continuation of the ABIP investment.</p> <p><u>Recommendation 1</u></p> <p>a. <i>Continue ABIP into a second phase following the completion of the current phase in December 2024.</i></p> <p>b. <i>Maintain broad-based ABIP funding at current levels.</i></p> <p>c. <i>Target any increased funding (above base) to priority areas of engagement, as has been done with gender</i></p>	<p><u>Agree</u></p>	<p>DFAT notes the IMTR’s findings that the World Bank remains a relevant and valued partner in Indonesia. DFAT also notes the findings that the ABIP mechanism is valued by the World Bank and has led to efficient and effective delivery of support.</p> <p>The review findings will inform a review of the current design in 2023, and a proposal to the relevant delegate to continue support at current base levels when the first phase ends in December 2024.</p> <p>Any additional funding provided above base during the remainder of the first phase will be targeted to priority areas, in line with existing practice.</p>	<p>DFAT and the World Bank will work together to review the current design and identify any opportunities for improvements in a second phase, including by considering IMTR recommendations.</p> <p>DFAT will then propose an extension of ABIP to the relevant delegate.</p>	<p>End 2024</p>

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<p><u>Opportunity</u> Developing and supporting a stronger Australian position on Australia’s contribution to development financing in Indonesia could enhance with a view to more intentionally aligned ABIP investments.</p> <p>Recommendation 2 <i>DFAT to develop a coherent strategic vision for Australia’s contribution to development financing in Indonesia with a view to more intentionally aligned ABIP investments.</i></p>	<p><u>Agree</u></p>	<p>DFAT acknowledges the IMTR’s finding that there are opportunities for Australia to increase the impact of its development financing in Indonesia by developing a strategy to guide how and where it provides support, in discussion with Indonesian counterparts.</p> <p>DFAT’s future position and policy engagement will be shaped by the outcomes on its 2022 Development Finance Review (DFR).</p>	<p>DFAT will consider the development of a strategic vision on how it contributes to developing financing in Indonesia following the finalisation of the DFR and associated guidance from Canberra.</p>	<p>2023 and ongoing</p>
<p><u>Opportunity</u> More DFAT sector teams could engage in policy dialogue with Bank counterparts to influence the shaping of ABIP activities.</p> <p>Recommendation 3 <i>Build capacity and incentives for DFAT and bilateral program teams to engage with World Bank staff in regular dialogue on priorities in their respective sectors.</i></p>	<p><u>Agree</u></p>	<p>DFAT agrees with the IMTR’s finding that effective policy dialogue and collaboration across DFAT and World Bank teams support ABIP’s outcomes.</p> <p>DFAT will consider opportunities to build capacity and incentives that support increased engagement following finalisation of a 2022 Indonesia Development Program Health Check and Australia’s new Development Policy.</p>	<p>DFAT will undertake Embassy consultations on opportunities for increased engagement. These consultations will be undertaken in discussion with the World Bank and will draw on recommendations and outcomes from the Health Check, and in line with the new Development Policy.</p>	<p>Mid 2023</p>

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<p><u>Opportunity</u> The role of the DFAT ABIP Secretariat could be expanded beyond current (essential) management and coordination functions.</p> <p><u>Recommendation 4</u></p> <p><i>Support the DFAT Secretariat to:</i></p> <ol style="list-style-type: none"> a. <i>Develop direct relationships with Gol officials (where useful), especially for the purpose of reinvigorating activity-level governance.</i> b. <i>Engage directly with World Bank sector teams on selected topics (for example, poverty and inequality, gender for growth).</i> c. <i>Support DFAT staff learning about ABIP and ways of working with the World Bank</i> 	<p><u>Agree</u></p>	<p>DFAT agrees that strong ABIP Secretariat functions have been created and there are opportunities to strengthen the impact of the Secretariat, including through building relationships with relevant government officials, thematic engagement.</p>	<p>DFAT will develop a stakeholder engagement plan for the Secretariat that includes governance and thematic relationships. This will be developed in discussion with the World Bank's equivalent team.</p>	<p>By end April 2023</p>
<p><u>Opportunity</u> DFAT and the Bank reconsider governance arrangements and re-engage Gol representatives on the right mechanism and level for effective engagement.</p> <p><u>Recommendation 5</u></p> <ol style="list-style-type: none"> a. <i>Review ABIP stakeholder (DFAT, Gol, World Bank) strategic decision-making and accountability needs and consider changes to governance arrangements to ensure these needs are met, possibly through partnerships brokering discussions.</i> b. <i>Re-engage with Gol stakeholders at Deputy Minister/Director General level to improve engagement in Activity Committees.</i> 	<p><u>Agree</u></p>	<p>DFAT acknowledges the IMTR's findings regarding the complexity of governance arrangements for investments like ABIP, including on the most appropriate way to ensure senior Indonesian government strategic oversight.</p>	<p>DFAT and the World Bank will review existing governance arrangements to ensure that senior Indonesian government engagement is effectively reflected, in line with IMTR recommendations.</p>	<p>By end 2023</p>

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<p><u>Opportunity</u> Adopting elements of DFAT’s MEL guidance for Facilities may be useful for ABIP in the next phase (2025 forward). This may assist in framing expectations on the link between investments and outcomes. It may offer useful performance assessment indicators for partnership and program governance.</p> <p><u>Recommendation 6</u></p> <p>a. <i>Consider adopting relevant and useful elements of DFAT guidance on Performance Assessment Frameworks for Facilities in the next phase (2025 forward).</i></p>	<p><u>Agree</u></p>	<p>DFAT notes the IMTR’s reflection that ABIP’s multiple activities and streams of work contribute to broad outcomes, but in complex ways that may be difficult to track contribution or attribution.</p>	<p>DFAT and the World Bank will consider adopting relevant and useful elements of DFAT guidance on Performance Assessment Frameworks for Facilities in the next phase (2025 forward).</p>	<p>By end 2024</p>
<p><u>Opportunity</u> A more explicit and deliberate localisation agenda could replace the current (outdated) “capacity building” narrative and enhance sustainability.</p> <p><u>Recommendation 7</u></p> <p>a. <i>Consider a more explicit and deliberate localisation agenda in the next phase (2025 forward).</i></p>	<p><u>Agree</u></p>	<p>DFAT notes the IMTR’s finding that localisation is taking place through ABIP, but could be more explicit and deliberate to ensure sustainability.</p>	<p>DFAT and the World Bank will consider how to be more explicit about ABIP’s localisation approach, including through reframing existing ‘capacity building’ approaches, as part of the review of ABIP’s design and approach ahead of any second phase.</p>	<p>By end 2024</p>
<p><u>Opportunity</u> Increase the ambition on gender equality and broader inclusion and consider the creation of a separate gender equality pillar in the next phase (2025 forward).</p> <p><u>Recommendation 8</u></p> <p>a. <i>Continue and enhance the work on gender equality and strengthen attention to disability and social inclusion including ethnicity and indigenous inclusion by building on the progress made on gender equality to increase systematic</i></p>	<p><u>Agree</u></p>	<p>DFAT agrees with the IMTR’s finding that ABIP is advancing gender equality through its activities, and that there are opportunities to increase ambition on both gender equality and broader inclusion issues in the future. DFAT also agrees that further consideration of these opportunities should address intersectionality.</p>	<p>DFAT and the World Bank will identify opportunities to increase ambition around gender equality and broader inclusion in ABIP workstreams and activities.</p> <p>This will include considering elevating whether gender equality should become a separate pillar as part of the review of ABIP’s design and approach ahead of any second phase.</p>	<p>Identify opportunities for increased ambition – by mid-2023</p> <p>Consider whether gender equality should be a separate pillar – by end 2024</p>

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<p><i>attention to the needs and interests of disadvantaged population groups in their diversity.</i></p> <p>b. <i>Elevate the work on Gender Equality to become an additional pillar in the next phase (2025 forward).</i></p>				
<p><u>Opportunity</u> Enhance the visibility of gender in ABIP governance arrangements.</p> <p><u>Recommendation 9</u></p> <p>a. <i>In the current phase, include gender as a standing agenda in Advisory Committee meetings and extend membership of the Advisory Committee to MoWECP.</i></p> <p>b. <i>In the next phase (2025 forward), establish a separate Advisory Committee for gender equality to oversight the gender pillar</i></p>	<p><u>Agree</u></p>	<p>DFAT acknowledges the IMTR’s view that ABIP’s explicit focus on gender reflects DFAT’s commitment to gender outcomes and has harnessed World Bank momentum on gender issues.</p> <p>DFAT agrees that gender could be more effectively captured in ABIP’s governance discussions and structures, including by adopting gender as a standing agenda item in Advisory Committee meetings.</p>	<p>DFAT and the World Bank will adopt gender as a standing agenda item in all Advisory Committee meetings.</p> <p>DFAT and the World Bank will discuss how to effectively include the Ministry of Women’s Empowerment and Child Protection in the Advisory Committee structure.</p> <p>DFAT and the World Bank will consider a separate Gender Equality Advisory Committee to oversee gender activities as part of the ABIP design review.</p>	<p>Adopt gender as a standing item – January 2023</p> <p>Consider possible MoWECP in Advisory Committees – mid 2023</p> <p>Design review – end 2024</p>
<p><u>Opportunity</u> The Theory of Change and Results Frameworks could be refined, and a light touch revision is warranted.</p> <p><u>Recommendation 10</u></p> <p>a. <i>Undertake a collaborative review and light touch revision of the Theory of Change</i></p>	<p><u>Agree</u></p>	<p>DFAT notes the IMTR’s finding that ABIP’s approach to monitoring and evaluation is an efficient way to use existing DFAT and World Bank MEL systems to reduce unnecessary double data collection and reporting, and focuses on reporting outcomes and impact rather than outputs.</p> <p>DFAT acknowledges the recommendation that ABIP’s MEL framework should be refined.</p>	<p>DFAT has engaged Jakarta’s Quality Investment Support Services (QISS) mechanism to conduct and moderate a workshop to:</p> <ol style="list-style-type: none"> i. Adjust the TOC ii. Update the Results Framework in line with new TOC iii. Update ABIP’s Concept Note and Operations Manual, reflecting the Partnership changes undertaken. 	<ol style="list-style-type: none"> i. January 2023 ii. Early 2023 iii. Early 2023

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<p><u>Opportunity</u> Funding of outcomes harvesting of Significant Policy Changes and other significant outcomes over the lifetime of the investment, and selective case studies that capture and detail successes (and sometimes failures) would be helpful for DFAT, GoI, and the Bank.</p> <p><u>Recommendation 11</u></p> <p>a. <i>Fund retrospective harvesting of Significant Policy Change and other outcomes.</i></p>	<p><u>Agree</u></p>	<p>DFAT agrees with the IMTR’s conclusion that case studies, results harvesting, and Significant Policy Changes provide useful reflections on ABIP performance, both successes and failures.</p>	<p>DFAT and the World Bank will consider retrospective harvesting of Significant Policy Changes and other outcomes as part of the monitoring and evaluation workshop undertake to refresh the TOC and Results Framework.</p>	<p>Early 2023</p>
<p><u>Opportunity</u> A stronger narrative about how ABIP is contributing to Bank lending would assist DFAT to put activities into context and demonstrate the relevance of the investment.</p> <p><u>Recommendation 12</u></p> <p>a. <i>Enhance the narrative on ABIP contribution to lending.</i></p>	<p><u>Agree</u></p>	<p>DFAT agrees that more fulsome reporting on how ABIP activities contribute to the development or implementation of lending operations would assist DFAT and the World Bank to place ABIP’s activities in both Australia and the World Bank’s broader development assistance and financing work.</p>	<p>DFAT and the World Bank will consider how to capture ABIP activity contributions to the development or implementing of lending operations as part of the monitoring and evaluation workshop undertaken to refresh the TOC and Results Framework.</p>	<p>Early 2023</p>

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