

## Management Response to the Independent Mid-Term Review of the Indonesia-Australia Comprehensive Economic Partnership Agreement Economic Cooperation Program (IA-CEPA ECP)

DFAT commissioned an independent mid-term review (MTR) of the Indonesia-Australia Comprehensive Economic Partnership Agreement Economic Cooperation Program (IA-CEPA ECP), known as Katalis, between September 2023 - April 2024. The review assessed the program’s progress to date, identified issues to consider during the remainder of Katalis’ current phase (to December 2025), and assessed the feasibility of and options for a further phase of Katalis beyond the first five-year phase. DFAT welcomes the findings of the MTR and the opportunity to strengthen the program for its final year and in any further phases. DFAT wishes to thank implementing partners and participants of Katalis for engagement and efforts to date.

DFAT’s response to the recommendations is as follows:

### Recommendations for the remainder of Katalis’ current phase

Recommendations	Response	Explanation	Action Plan	Timeframe
<b>1. Update the program logic to reflect program evolution</b>	<b>Agree</b>	The logic presented in the program design should be refined. The specification of program outcomes in the original design was insufficiently calibrated to what Katalis might reasonably be expected to achieve in five years, and insufficiently characterised in a way that progress could reasonably be assessed. As outcomes have not been appropriately specified, different stakeholders have developed different views about what the program should be doing and what comprises success for its activities.	DFAT will engage Bappenas, the main Government of Indonesia (GOI) counterpart, to revisit the program logic and further work on the draft Monitoring Evaluation Learning (MEL) plan that has been prepared by Katalis.	June – December 2024

Recommendations	Response	Explanation	Action Plan	Timeframe
		The review team recommends that the logic is refined to reflect the evolution of the program and to enable useful monitoring and evaluation.		
<b>2. Develop an effective way for collaboration and coordination between different approving areas in DFAT</b>	<b>Agree</b>	DFAT agrees the need for effective internal mechanisms to support Katalis, including through timely decision-making and advice, and clear lines of responsibility across of DFAT.	Over the review period, Post has developed ways of working (including through regular management meetings with standing agenda items on risk and planning) with Desk and the FTA and Stakeholder Engagement Division (FSD) in Canberra to manage timely responses, collaboratively oversee Annual Work Plan development, and better mitigate various risks associated with the program.	Ongoing until December 2025
<b>3. Improving communications with stakeholders.</b>	<b>Agree</b>	DFAT agrees the finding that some stakeholders had a very limited appreciation of Katalis and the way it works, which caused multiple and inconsistent expectations for the program. This is particularly due to multiplicity of stakeholders that follow inevitably from the program being linked to IA-CEPA and its institutional arrangements.	DFAT and Katalis to work with all stakeholders and agree on an effective mechanism to disseminate updates on Katalis' activity and deliverables to different stakeholders in timely manner. DFAT and all stakeholders to agree on information needs and identify roles and responsibilities for communications and information sharing.	Ongoing until December 2025.
<b>4. Working on an approach to dealing with the shared services arrangement with Prospera, given that the two</b>	<b>Agree</b>	Should Katalis be extended for a further three-year period beyond 2025, DFAT agrees that consideration will need to be made for the shared	DFAT will factor this into forward planning.	July 2024 – December 2025

Recommendations	Response	Explanation	Action Plan	Timeframe
programs terminate at different times.		services arrangement given Prospera's end date scheduled for February 2026.		

## Recommendations for when considering the second phase/extension period of Katalis

Recommendation steps	Response	Explanation	Action Plan	Timeframe
<b>1. Agree on what both Governments want the program to achieve.</b>	Agree	<ul style="list-style-type: none"> <li>Consider how feasible it is for Katalis' to continue to present the implementation of IA-CEPA as the 'core business' of the economic cooperation program.</li> <li>Consider whether Katalis should continue to support business activities, and if so, how and for what purpose?</li> </ul>	DFAT agrees on the importance of clarifying and aligning the goals of both the Australian and Indonesian governments. DFAT will conduct consultation with GOI counterparts to improve communications and to consider and agree on the future of Katalis. This will include discussion on what success look like, should there be a second phase.	July 2024 – November 2025
<b>2. Clarify how the program should operate and what objectives it can reasonably be expected to deliver on.</b>	Agree	<ul style="list-style-type: none"> <li>Consider enabling 'checks' in place such as by updating the Investment Criteria to make a more explicit link between a development objective and why Katalis is needed to support businesses.</li> <li>Consider how to explain what success looks like for business engagement activities so stakeholders can easily understand it.</li> </ul>	DFAT will consult internally, with GOI and where feasible, with key private sector partners, to agree on the reasonable objectives that Katalis could potentially deliver within a second phase.	July 2024 – November 2025

		<ul style="list-style-type: none"> <li>Consider the trade-offs between going 'broader' by engaging with a larger range of businesses or 'deeper' by following through with a small pool of businesses into implementing their trade and investment.</li> </ul>		
<b>3. Develop an honest assessment of the appetite both countries and their responsible agencies have for risk.</b>	Agree	<ul style="list-style-type: none"> <li>Having regard to the findings of the MTR, reconsider the risks (including perception risks) around engaging with business and determine whether they require treatment.</li> </ul>	DFAT will consult internally and with GOI to agree how to manage these risks, including in the context of considering a second phase.	July 2024 – November 2025
<b>4. Deciding if the current shared-services arrangement with another program can continue</b>	Agree	<ul style="list-style-type: none"> <li>Begin early considerations on the shared-services arrangement in place given the staggered timelines of program completion between Katalis and Prospera.</li> </ul>	DFAT, led by Post, will explore, and consider viable options.	July 2025 onwards.