

Independent Evaluation of Government Partnership Fund (GPF)

MANAGEMENT RESPONSE

Aid Activity Objective

The goal of the GPF was stated in the GPF guidelines as being to strengthen the capacity of Indonesia Government institutions to implement effective economic, financial and public sector management policies.

The objective of the GPF was to exchange skills, knowledge and expertise between Australian Government departments and agencies and key public sector institutions in Indonesia; and to build long-term institutional linkages and partnerships between Australian public sector institutions and their Indonesian counterparts.

Aid Activity Summary

Aid Activity Name	Government Partnership Fund (GPF)		
AidWorks initiative number	ING 126		
Commencement date	24 May 2005	Completion date	31 December 2010
Total Australian \$	\$ 49,324,385.36		
Total other \$	\$0		
Delivery organisation(s)	Australian Government Agencies: ABS, AGD, ANAO, APRA, APSC, ASIC, ATO, AUSTRAC, Commonwealth Ombudsman, DOFAD, DPMC, RBA, and Treasury		
Implementing Partner(s)	Indonesian Government Agencies: BPS, BPK, BAPEPAM-LK, BI, BKN, LAN, MENPAN, Vice President Secretariat, SETNEG, SETKAB, MOF (DG Tax, DG Treasury, DG Budget, FPO), BAPPENAS, PPKATK, ORI.		
Country/Region	Indonesia		
Primary Sector	Economic Governance & Public Sector Management		

Independent Evaluation Summary

A comprehensive Mid Term Review (MTR) of the Australia Indonesia Government Partnership Fund (GPF) program was carried out in late 2007. The scope of this Independent Completion Report (ICR) was to take the MTR findings and to test them in a set of three partnership case studies,¹ and to document overall progress against the issues raised by the MTR.

Evaluation Objective:

The objective of the ICR was to review selected GPF partnerships to:

- determine the results achieved and identify the factors which underpin successful partnerships;
- generate lessons learned that are supported by credible evidence to inform the design of a new phase of the program; and

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¹ The Australian National Audit Office with the Supreme Audit Institution of Indonesia, the Australian Taxation Office with the Directorate General Tax, and the Department of Finance and Deregulation with the Ministry of Finance.

- make recommendations to inform the development of selection criteria for activities that will reflect the objectives and strategic intent of the new program.

Evaluation Completion Date: In-country mission completed January 2010. Final report submitted March 2010.

Evaluation Team:

- John Winter, Team Leader and Evaluation Advisor
- Murray Edwards, Evaluation Specialist

Management Response

The ICR findings were presented to AusAID and partners in time to inform the design of the \$50 million, five-year second phase of the GPF (GPF II). Based on the three case studies, the ICR presented important insights which directly influenced this design, including:

- **The importance of strategic orientation.** The ICR described how partnerships between Australian and Indonesian government institutions can support reform in Indonesia and how, as the partnerships supported by GPF matured, their purpose evolved from being primarily about relationship-building to focusing on institutional change. The ICR recommended new standards for setting agency-level objectives, based on country strategy goals, to help partners define the changes they are seeking and to measure progress towards them.
- **Improved governance.** The ICR contained a number of findings in relation to the overarching governance of GPF, including the importance of allowing a strong Indonesian voice in the formation of decisions and objectives.
- **Strengthened monitoring and evaluation.** The ICR highlighted the importance of developing evidence of success beyond the delivery of outputs, and of ensuring that this function is adequately resourced.
- **Gender analysis.** The ICR noted that more could be done to ensure that GPF activities are sensitive to possible differential impacts on men and women.
- **Diversity of partnerships.** The ICR noted that GPF has now reached a point where value-for-money judgements can now be made by reference to benchmarks established in other programs.

AusAID accepts all of the ICR recommendations, many of which have already been reflected in the GPF II design and/or its implementation since January 2011. The ICR recommendations are presented below with discrete comments outlining actions already taken.

Recommendation One

Develop a stronger rationale and objective for the GPF, together with better defined elements for successful partnerships and more focused objectives for partnerships; and introduce strategic direction through a governance body.

Based on consultations with Indonesian and Australian partners, AusAID has adopted the recommendation that GPF have a stronger rationale and objective by setting out a clear purpose for GPF II: 'To apply Australian public service skills and experience to the implementation of priority Indonesian economic and public sector reforms.' GPF agencies, with the assistance of a monitoring and evaluation consultant, have incorporated into their program designs measurable indicators of success for their partnerships which are consistent with this overarching purpose. These objectives have an improved focus on institutional change outcomes which are consistent with the Government of Indonesia's reform agenda.

As detailed below under recommendation two, GPF is now subject to strategic direction through a Jakarta based governance body comprising Indonesian and Australian Government representatives and eminent figures in Indonesian policy making. The integration of GPF into a high performing governance partnership will ensure a strong Indonesian voice in assessing the performance and direction of GPF programs.

Recommendation Two

Develop strengthened program management arrangements under the aegis of the governance body.

The Technical Assistance Management Facility (TAMF) and its successor program, the Australia Indonesia Partnership for Economic Governance (AIPEG), have benefited from oversight by a Jakarta based steering committee. Through the participation of senior Indonesian officials and eminent figures, with access to key policymakers, the steering committee have ensured both facilities have supported the priorities of the Government of Indonesia. As AIPEG and the GPF II target similar reform agendas, and work closely together to govern both programs and ensure they complement each other. The Steering Committee, jointly chaired by the Minister Counsellor for AusAID in Jakarta and the International Economic and Financial Cooperation Deputy within the Indonesian Coordinating Ministry for Economic Affairs, met for the first time in August 2010.

These new governance arrangements will leverage the respective strengths of the programs: AIPEG's use of private technical advisers and GPF II's focus on institutional partnerships. The Steering Committee can, for example, consider ways AIPEG might work with GPF II to build synergies in providing support to Gol in priority reform areas. These arrangements will also reduce administrative burdens and duplicative processes for all partners.

The strengthened governance arrangement will have broad program management responsibilities undertaking oversight, setting strategic frameworks and making ongoing assessments of individual program value for money.

Recommendation Three

Include in GPF II from the start a monitoring and evaluation framework covering program and activity levels and identifying roles, responsibilities and resourcing.

GPF II agencies have commenced structured and regular reflection and planning. Activity tracking against periodic plans will be submitted to the AIPEG Steering Committee to provide external accountability of the Australian agencies for the resources allocated to the partnership.

An overarching Monitoring and Evaluation Framework designed to cover the full funding period has been drafted, in consultation with the GPF II agencies, and will be circulated for discussion at the next meeting of the Steering Committee.

This Framework provides a clear monitoring and evaluation structure, customised to reflect the diversity of the GPF II partnerships and consistent with the overarching purpose of the GPF II program.

Recommendation Four

Participating Australian agencies make explicit in their proposals for partnerships their strategy for maintaining their own capacity to participate and to keep objectives within their ability to deliver. Requirements for submission of funding proposals should be kept to a minimum.

At the conclusion of GPF I, AusAID initiated a six month transition phase prior to the commencement of GPF II. During this phase, GPF agencies engaged in program design, monitoring and evaluation and aid effectiveness workshops facilitated by a variety of consultants and senior AusAID staff. These workshops were based on the areas for improvement identified by MTR and the ICR, which in turn informed GPF II agency proposals.

While activity proposals are still considered on an annual basis, the Steering Committee has endorsed proposals with multi-year objectives, thus providing funding certainty for longer term program goals.