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| Mid-term Review of the Indonesia-Australia Partnership for Infrastructure  Final Report  13 August 2021  30 June 2021  Acknowledgement statement |



Executive summary

Background information

The Government of Indonesia (GoI) has made infrastructure investment a priority under President Jokowi (elected in 2014). Indonesia’s National Medium-Term Development Plan (RPJMN) 2020–2024 continues to place a strong emphasis on infrastructure, building on the priorities of the preceding plan. The 2020–2024 Plan divides the identified infrastructure investment needs between government budget (37%), state-owned enterprises (21%) and the private sector (42%). The heavy reliance on the private sector indicates that filling infrastructure gaps will require significant financial resources, increasingly from private sector investment. The six priority sectors for public-private partnerships identified by the Ministry of Finance for 2020–24 are: 1. water and sanitation; 2. urban transport; 3) gas distribution; 4. Housing; 5. health/hospitals; and 6. waste management, with the estimated total investment over AUD48 billion.

Australia is committed to supporting Indonesia to fill this infrastructure gap. The Kemitraan Indonesia Australia untuk Infrastruktur (KIAT)—the Indonesia Australia Partnership for Infrastructure—is a ten-year Facility with a revised indicative budget of AUD300 million. Phase 1 commenced in February 2016 and concludes on 30 June 2022, after which an extension for the remaining four years may occur. The Facility is a partnership between the GoI and the Government of Australia (GoA) with the goal to support ‘sustainable and inclusive economic growth through improved access to infrastructure for all people.’ The scope covered by KIAT currently includes water and sanitation, transport, and infrastructure financing, with gender equality and social inclusion (GESI) being mainstreamed.

This Mid-term Review (MTR) aims to help the Australian Department of Foreign Affairs and Trade (DFAT) assess how KIAT has performed to date, whether KIAT should be extended for a further four years, and any changes needed to ensure KIAT’s operating model will enable it to achieve its End-of-Facility Outcomes (EOFOs) and respond to emerging bilateral and regional priorities.

The MTR adopted a mixed-methods approach, which involved collecting and analysing both qualitative and quantitative data. Approximately 35 consultations were held between 8 April and 8 June 2021 and over 100 documents analysed, guided by five key evaluation questions (KEQs).

Findings on facility effectiveness (KEQ 1)

EOFO 1: Improved GoI policy and regulatory framework for infrastructure development

The MTR found that this Outcome is being achieved. KIAT has clearly succeeded in positioning itself as a trusted adviser to GoI. This has been demonstrated through KIAT’s generation of evidence-based advice, including on GESI, that has been made available and accessible to GoI policy makers and influencers. Critically, these GoI policy makers have then used this evidence and advice to inform and make decisions.

EOFO 2: High quality projects prepared and financed by GoI, the private sector and/or MDBs

The MTR found that there is good progress towards the achievement of this Outcome. There are several examples of high-quality project preparation supported by KIAT and some projects are now under construction, including the high-profile Palembang City Sanitation Project (PCSP). It is likely that a more comprehensive achievement of this Outcome will occur during Phase 2, with the potential for one or more additional pilot or demonstration projects to receive financing following intensive KIAT support. However, financing decisions are ultimately beyond the control of KIAT.

EOFO 3: High quality infrastructure delivery, management and maintenance by GoI

The MTR found that there is good progress towards the achievement of this Outcome. As one or more large projects supported by KIAT go into operation, new and high-quality services will be delivered to Indonesian people. More than the above two outcomes, this Outcome takes time to be realised. Ongoing improvements have been made to road asset management and water utility management through KIAT activities, and KIAT grants have incentivised new water connections and greater action on GESI.

Effective policy formulation

The quality and timeliness of KIAT’s policy and regulatory work has seen a strong, effective relationship established across key GoI ministries and agencies; KIAT is ‘a trusted adviser’. The effectiveness of this policy and regulatory work is beginning to emerge through the development of projects such as the Semarang Waste-to-Energy Plant, Solo Street Lighting Project, PCSP, and is also demonstrated through the scale-up of Sub-National Road Grants Program by GoI.

Budget envelope

While the current budget envelope is likely to be sufficient to deliver achievements for all EOFOs, additional funding would open opportunities to do more. This could include 1) restarting deferred activities, and 2) investigating new sectors or themes for activity. A significant budget reduction in 2019 left KIAT with a list of ‘overprogrammed’ activities which, despite being designed and having support from key stakeholders, could not be funded at the time. While some deferred activities have been reintroduced into the workplan, the process has shown there is ample demand for KIAT support and that the Facility does have latent capacity.

Subsectors and activities, including climate change

KIAT works through nine activity streams with only one, solid waste management, not previously explored by KIAT’s predecessor Indonesia Infrastructure Initiative (IndII). The MTR found there was a sensible rationale for work in all these sectors, but that the Facility should remain open to other areas for exploration and expansion with the intention of working strategically.

The Facility showed good flexibility in its response to COVID-19 and made a significant contribution to the GoA’s response efforts in Indonesia. Targeted COVID-19 programming related to civil society and clean water provision is underway. However, diverted priorities and reduced revenues are making it hard for GoI, at both the local and central level, to finance KIAT-related activities.

Climate change is a clear area of stakeholder interest. While KIAT has mainstreamed climate change and disaster risk reduction in selected activities, it should do more to enhance its climate focus by making it explicit in its strategic framework and seeking opportunities to directly engage in climate-related activities.

Integration of parts of ITSAP into KIAT’s next phase

This is not recommended. Key stakeholders do not support transferring parts of the Indonesia Transport Safety Package (ITSAP) to KIAT. Such a move could result in a dilution of ITSAP’s brand and effectiveness while also risking further distraction of KIAT as it manages construction activities inherited from other programs.

Findings on gender equality and social inclusion (KEQ 2)

Progress towards KIAT’s GESI and CSE objectives

KIAT is making significant GESI mainstreaming efforts, with bespoke approaches obvious in all activities. For example, an embedded advisor in the Ministry of Public Works and Housing (MPWH) has supported the development of a Gender Mainstreaming Roadmap and Guidelines for formal Ministerial issue, while the integration of Gender Action Plans (GAPs) in project management manuals has accelerated mainstreaming at the activity level. At the operational level there is a genuine commitment within KIAT to improve the GESI portfolio work and better understand what has been done and what works well.

It is difficult, however, to assess whether these mainstreaming efforts are effective or having impact. The KIAT GESI and Civil Society Engagement (CSE) stream has been challenged by weak monitoring and evaluation, a limited learning and oversight mechanism, changed strategic direction, and inconsistent reporting approaches. These factors have posed challenges to assessing GESI-CSE performance and this MTR found that KIAT’s GESI-CSE efforts did not have a clear line of sight to KIAT’s EOFOs or demonstrating improved outcomes for women and diversity groups.

Options for the future direction

While mainstreaming progress is promising and ownership appears to be growing, there is more support necessary from KIAT to bed down gains and demonstrate outcomes. This MTR endorses the recommendations of the KIAT GAP Review, which align with this Review’s observations. In addition, this MTR recommends developing a new interim GESI-CSE strategy to identify a clear strategic vision for GESI-CSE and to guide efforts. This could be underpinned by a clear learning and research line of effort and clearer governance and accountability lines to support assessment of whether the strategic vision for GESI-CSE is playing out as intended. The strategy should be supported by mainstreaming GESI into the Facility’s EOFOs.

Further, KIAT and DFAT should work together to identify and commit to fit-for-purpose performance reporting that clearly and consistently reports GESI-CSE efforts and supports performance tracking. This MTR also recommends committing to targeted pilots to test and bed down GESI-CSE efforts, as well as ongoing capacity support to implement mainstreaming efforts. Beyond KIAT specifically, there is merit in DFAT clarifying its expectations and approaches to impact assessment for upstream policy efforts.

Lessons learned during implementation (KEQ 3)

Facility design and logic

The KIAT Logic Model in the Facility design appears to be working to the degree necessary to achieve the EOFOs. This MTR found that throughout the consultations, GoI stakeholders were highly motivated, both in the work that they do directly with KIAT and in their commitment to infrastructure development in Indonesia. However, concerns around capacity were often raised, frequently by GoI stakeholders who recognised the vital role of local governments in infrastructure development. While the quality of KIAT inputs was generally recognised as high, some stakeholders felt more needed to be done to transfer skills to local counterparts and provide more formalised learning opportunities, such as training or exposure visits. GESI-CSE efforts are not acknowledged in the EOFOs, making it difficult to assess the logic and contribution of GESI-CSE efforts within the broader strategic direction of the Facility.

Responsiveness to GoI

The consultation process confirmed the view of many GoI officials that KIAT support is relevant and in line with their own priorities. From a design perspective, each of KIAT’s activity streams aligns with priority areas highlighted in Indonesia’s RPJMN. Feedback indicated that in some cases GoI officials felt KIAT and its subcontractors were overly technical and procedural and that a better balance could be struck with respect to the more limited capacities present at local level. Some also noted the importance of keeping communication lines open to avoid misunderstandings and grow local capacity.

Modality and efficiency (KEQ 4)

Efficiency and value-for-money

KIAT is efficiently implementing the facility modality and upholding DFAT’s Value for Money (VfM) principles. Year-on-year expenditure has been within the allocated funding envelope, with activity spend totaling 86% of the allocated funding envelope approved by the Management Committee since inception. Importantly, direct activity costs continue to increase as a proportion of total Facility expenditure, indicating improving operational efficiency over time.

KIAT’s financial management has been accountable and transparent. Activity costs and funding envelopes are detailed in six-monthly reports. KIAT’s expenditure is also available to DFAT through KIAT’s Management Information System, which can be used to run reports on financial forecasts and expenditure against different aspects of the Facility, including contract milestones, deliverables and M&E indicators.

The facility model in this context

The facility model is performing well in the case of KIAT. This has been highlighted during COVID-19 as the Facility used its flexibility to effectively pivot activities and support Australia’s response to the pandemic. KIAT’s flexibility has also been valuable during periods of budget contraction. Some caution is required as KIAT continues to develop its strategic outlook. Not all requests can be entertained and focus needs to be maintained on activities that lead towards KIAT’s goal and EOFOs and which are of the highest priority to GoI and GoA. There is also a need for GESI-CSE approaches that are fit for purpose for the facility model, as well as consideration for where the model may need to be updated to support more coherent GESI-CSE outcomes.

Future direction and recommendations (KEQ 5)

Relevance of KIAT’s EOFOs

KIAT’s EOFOs remain relevant to the needs of both governments. Delivering and sustainably managing infrastructure remains a major priority for GoI and is expected to play a key role in poverty reduction, environmental stewardship, and economic growth. The focus on infrastructure is consistent with Australia’s COVID-19 Development Response Plan for Indonesia, and an effective way to encourage inclusive economic growth. However, the EOFOs do not directly incorporate GESI considerations, which may limit their influence.

Flexibility to adjust to changing policy and budget conditions

KIAT has shown good flexibility when adapting to changing budget scenarios. In the future:

* **Should KIAT’s budget decrease**, it is likely the Facility will need to undertake another activity prioritisation exercise. Improving GESI-CSE performance may be difficult but a clarification of ambition and intended strategic contribution would remain necessary. We do note that a number of current activities are in their final year, which could help limit the impact of a reduction.
* **Should KIAT’s budget increase***,* the Facility could take on more activities from the overprogrammed activity list, in addition to focusing on bringing new sectors, activities and priorities into the Facility. The MTR consultation process proved that there was no shortage in demand for increased KIAT support. This scenario might also allow a renewed focus on programming, monitoring and research on GESI-CSE through the Facility.
* **Should KIAT’s budget remain as forecast***,* there may still be some space for careful expansion into new areas of work as current activities conclude. A reset of the Facility GESI approach would also be feasible.

Establishing a Technical Advisory Group to inform DFAT’s management of KIAT

An independent Technical Advisory Group (iTAG) is a recommended practice within DFAT for all facilities. There is a strong argument to be made that an independent group of experts can provide important periodic and ad hoc oversight and advice for a large aid investment. The MTR identified several key issues to take into account if DFAT proceeds to establish an iTAG for KIAT. These include ensuring the iTAG is smoothly integrated into the existing KIAT programming cycle; focussing on GESI and options for new activities; focussing on lessons learned and the outlook for KIAT completion and follow-on; maximising the use of existing advisers if possible; and the option of establishing an iTAG to support DFAT Post’s infrastructure portfolio as a whole.

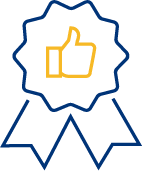
Summary of recommendations

Recommendations to support KIAT in fulfilling its mission

**Recommendation 1:** KIAT should be extended for the remaining four years. This will enable enough time for greater realisation of the EOFOs and evidence of achievements.

**Recommendation 2:** The analysis shows that the KIAT budget envelope is *sufficient* forachieving EOFOs as currently defined but may not be *optimal*, with an injection of funds potentially enabling a more sustained and robust outcome achievement. If additional resources are available, KIAT and DFAT should collaborate with GoI to identify and assess new partners, themes and sectors where KIAT can use its expertise to create meaningful impact and ensure KIAT’s ongoing relevance and strategic value. This could include expansion into areas such as urbanisation or climate change and green infrastructure (see Recommendation 7).

**Recommendation 3:** KIAT should seek to identify whether there are opportunities to increase capacity building among GoI officials, such as through more formalised skills transfer by advisers, training or exposure visits, particularly if strongly linked to policy and/or project activities. Cross learning between activities or in new locations could also be beneficial, especially if pilot and demonstration activities show promise of being replicated.

Suggestions for maintaining high performance ratings across Effectiveness, Efficiency, GESI and Risk Management

**Recommendation 4:** KIAT should develop a new GESI-CSE strategy. As part of this process, GESI considerations should be incorporated more explicitly into the Logic Model, EOFOs and M&E Framework. This should help maintain or increase GESI ratings.

**Recommendation 5:** KIAT and DFAT should ensure adequate attention and resourcing is provided to investigate, demonstrate and communicate impact from KIAT activities. This should help maintain or increase effectiveness ratings in the years as the Facility nears completion.

Further adaptions required to address the impacts of COVID-19

**Recommendation 6:** KIAT should proceed with existing plans to implement some new COVID-19-specific activities while continuing to look for opportunities through established programming to contribute to COVID-19 response and recovery in Indonesia, as has been done effectively so far.

Options for integrating climate change considerations into the next phase

**Recommendation 7:** KIAT should make more explicit its commitment and existing contributions to climate change responsiveness while also looking for opportunities to increase the number of direct activities to address climate change and related issues. This could look like initial funding through the re-established Emerging Issues and Priorities workstream with the intention to translate into a climate change activity stream, which in turn drives mainstreaming across other activity streams and is guided by its own strategy.

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*All images courtesy of KIAT. On the cover: Water and sanitation systems being installed through the Indonesia-Australia Partnership for Infrastructure.*

# Acronyms

|  |  |
| --- | --- |
| Acronym | Definition |
| ADB | Asian Development Bank |
| AQC | Aid Quality Check |
| BKPM | *Badan Koordinasi Penanaman Modal*  Investment Coordinating Board |
| Bappenas | *Badan Perencanaan Pembangunan Nasional*  Ministry of National Development Planning |
| BPJT | *Badan Pengatur Jalan Tol*  Toll Road Regulatory Agency |
| BPPR | Bi-Annual Performance and Planning Report |
| CDRP | COVID-19 Development Response Plan |
| CMEA | Coordinating Ministry of Economic Affairs |
| CSE | Civil Society Engagement |
| CSO | Civil Society Organisation |
| DFAT | Australian Department of Foreign Affairs and Trade |
| DGH | Directorate General of Highways |
| DRRCC | Disaster Risk Reduction and Climate Change |
| EOFOs | End-of-Facility-Outcomes |
| FBC | Final Business Case |
| FY | Financial Year |
| GAP | Gender Action Plan |
| GDP | Gross Domestic Product |
| GESI | Gender Equality and Social Inclusion |
| GoA | Government of Australia |
| GoI | Government of Indonesia |
| HWDI | *Himpunan Wanita Disabilitas Indonesia*  Indonesian Association for Women with Disabilities |
| IEN | Immediate and Emerging Needs |
| IFF | Infrastructure Funding and Financing |
| IIF | Indonesia Infrastructure Finance |
| IIGF | Indonesia Infrastructure Guarantee Fund |
| IMR | Investment Monitoring Report |
| IndII | Indonesia Infrastructure Initiative |
| IRAMS-DC | Integrated Road Asset Management Systems and Data Collection |
| IRMS | Integrated Road Management System |
| iTAG | Independent Technical Advisory Group |
| ITSAP | Indonesia Transport Safety Assistance Package |
| IWAPI | *Ikatan Wanita Pengusaha Indonesia*  Indonesian Women in Business Association |
| JO | Joint Office |
| KEQs | Key Evaluation Questions |
| KIAT | *Kemitraan Indonesia Australia Untuk Infrastruktur*  Indonesia-Australia Partnership for Infrastructure |
| KPPIP | *Komite Percepatan Penyediaan Infrastruktur Prioritas*  Committee for Acceleration of Priority Infrastructure Delivery |
| LCS | Limited Concession Scheme |
| LG | Local Government |
| LKPP | *Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah*  Government Agency for Procurement of Goods and Services |
| LPI | Logistics Performance Index |
| MDB | Multilateral Development Bank |
| MEF | Monitoring and Evaluation Framework |
| MIS | Management Information System |
| MoF | Ministry of Finance |
| MTR | Mid-term Review |
| MWPH | Ministry of Public Works and Housing |
| M&E | Monitoring and Evaluation |
| NTB | Nusa Tenggara Barat |
| OBC | Outline Business Case |
| PAF | Performance Assessment Framework |
| PBG | Performance Based Grant |
| PCSP | Palembang City Sanitation Project |
| PDAM | *Perusahaan Daerah Air Minum*  Local Water Utility |
| PHJD | Program Hibah Jalan Daerah |
| PLN | *PT Perusahaan Listrik Negara (Persero)*  State Electricity Company |
| PRIM | Provincial Road Improvement and Maintenance Program |
| PPP | Public-Private Partnership |
| PT SMI | *PT Sarana Multi Infrastruktur* |
| RAMS | Road Asset Management System |
| RENSTRA | *Rencana Strategis*  Strategic Plan |
| RPJMN | *Rencana Pembangunan Jangka Menengah Nasional*  Indonesia’s National Medium-Term Development Plan |
| RTTF | Road Traffic and Transport Forum |
| SMEs | Small and Medium-sized Enterprises |
| SOEs | State-owned Enterprises |
| SOP | Standard Operating Procedures |
| TA | Technical Assistance |
| Tpd | Tonnes per day |
| VfM | Value-for-Money |
| WTE | Waste-to-Energy |

# Introduction

## Infrastructure development in Indonesia

Indonesia has made tremendous strides in its economic development such that that today it is the world’s tenth largest economy in terms of purchasing power parity, a member of the G-20, and has reached upper-middle income country status (with ambitions to be a high-income country by 2045). Its economic development has been driven by sustained growth, with the latest 5-year average GDP growth of 5%.[[1]](#footnote-2) Indonesia has made remarkable progress in combating poverty, more than halving the share of people living below the national poverty line from 23.4% in 1999 to 9.2% in 2019.[[2]](#footnote-3) This progress, however, is threatened by the impact of COVID-19 on the Indonesian economy, which is currently experiencing a major contraction. Government financing has been severely impacted and Indonesia will struggle to fund its ongoing COVID-19 expenditure needs unless the government’s revenue base is widened.

The pathway to Indonesia’s economic development has been a well-trodden one across the infrastructure landscape. Since 2014 under President Jokowi, the Government of Indonesia (GoI) has made infrastructure investment a priority. Indonesia’s National Medium-Term Development Plan (RPJMN) 2020–2024 continues the strong infrastructure emphasis of the preceding 2015–2019 Plan. The 2020–2024 Plan divides the identified infrastructure investment needs between government budget (37%), state-owned enterprises (SOEs) (21%) and the private sector (42%). The heavy reliance on the private sector investment indicates that filling infrastructure gaps will require significant financial resources and an increasing role for the private sector.

The six priority sectors for public-private partnerships (PPPs) identified by the Ministry of Finance (MoF) for 2020–2024 are: 1. water and sanitation; 2. urban transport; 3. gas distribution; 4. Housing; 5. health/hospital and 6. waste management, with estimated total investment of over AUD48 billion.

The RPJMN and the infrastructure priorities are supported by programs, plans and strategies of the World Bank, Asian Development Bank (ADB) and other development partners. However, Indonesia’s rhetoric has not matched the reality, a result of pervasive underinvestment in infrastructure over past decades, leaving Indonesia with a large infrastructure gap. This has been reinforced by a number of perennial issues, such as:

* Indonesia’s transformation from a rural to an urban economy, with its cities growing faster than in other Asian countries at a rate of 4.1% per year[[3]](#footnote-4) and already 20 Indonesian cities with populations over 1 million;
* ambitious infrastructure delivery targets that are often not met due to fiscal constraints and poor-quality project preparation;
* blurred institutional responsibilities and accountabilities, weak incentives for performance, and corruption;
* impediments to private sector participation;
* under-funding of infrastructure maintenance; and
* poor value-for-money in infrastructure delivery.

Insufficient investment in infrastructure has many effects. After the 1997 Asian financial crisis, infrastructure investment in Indonesia failed to keep up with its economic expansion, resulting in costly business disruptions, such as power outages and epic congestion on its roads. Consequent high logistics costs are highlighted in the World Bank’s Logistics Performance Index (LPI), a bi-annual report that scores 168 economies on how efficiently supply chains connect firms to domestic and international opportunities. An extract of the South East Asian region’s LPI ratings highlights Indonesia’s (and the region’s) need to improve (see **Table 1**).[[4]](#footnote-5)

Table 1: LPI Rankings for Southeast Asian Countries

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Country | LPI Rank | LPI Score | Infrastructure Rank | Infrastructure Score |
| Singapore | 5 | 4.05 | 5 | 4.14 |
| Thailand | 34 | 3.36 | 41 | 3.17 |
| Malaysia | 35 | 3.34 | 33 | 3.3 |
| Vietnam | 45 | 3.16 | 54 | 2.92 |
| Indonesia | 51 | 3.08 | 61 | 2.81 |
| Philippines | 64 | 2.91 | 71 | 2.67 |
| Cambodia | 89 | 2.66 | 120 | 2.26 |
| Lao PDR | 120 | 2.48 | 128 | 2.23 |
| Myanmar | 139 | 2.34 | 145 | 2.11 |

Underinvestment in infrastructure also leaves many communities vulnerable to poverty. This is demonstrated in the water and sanitation sector: only 11.9% of Indonesian households have access to safely managed drinking water, sewerage coverage exists in only 11 of its 98 cities and only 0.68% of city residents have access to centralised sanitation systems.[[5]](#footnote-6)

Infrastructure in Indonesia is a heavily populated scene with many actors: central government, sub-national governments with an increasing responsibility for infrastructure, a large number and at-times bewildering array of state agencies and institutions with a range of responsibilities (e.g. Bappenas, Committee for Acceleration of Priority Infrastructure Delivery–KPPIP, BKPM, LKPP, PT SMI, IIF, IIGF, and BPJT), SOEs that have for many years dominated investment and operation in many of the infrastructure sectors, and a burgeoning private sector.

There are also pervasive access and inclusion challenges in infrastructure which play out in the Indonesian context. The GoI has Gender Equality and Social Inclusion (GESI) policies and plans for gender mainstreaming but capacity challenges, limited political will and constrained resources have limited implementation. Insufficient data and poor-quality impact assessments are barriers to better decision making, design and implementation. Knowledge of disability inclusion is limited, as is community engagement in design and implementation.[[6]](#footnote-7) Women have been under-represented across the sector in technical and policy roles.

It is in this infrastructure landscape that the Kemitraan Indonesia Australia untuk Infrastruktur (KIAT)—the Indonesia Australia Partnership—operates.

## Background of the KIAT Facility

KIAT is a 10-year Facility with a revised indicative budget of AUD300 million. Phase 1 commenced in February 2016 and concludes on 30 June 2022, after which an extension for the remaining 4 years may occur.

The Facility is a partnership between the GoI and the Government of Australia (GoA) with the goal to support ‘sustainable and inclusive economic growth through improved access to infrastructure for all people.’ Infrastructure development in Indonesia is a priority sector for both governments, supporting sustainable economic growth and poverty reduction efforts as well as trade and foreign policy goals.

By Indonesia’s own estimates, the infrastructure investment required over the 5-year National Strategic Planning period 2020-2024 totals USD412 billion, making it a key area of focus for President Jokowi’s administration. KIAT’s support has accordingly been tailored to align with Indonesia’s RPJMN 2020-24, Australia’s Aid Investment Plan (2015-19) and COVID-19 Development Response Plan (2020-22) for Indonesia, as well as the Plan of Action for the Indonesia-Australia Comprehensive Strategic Partnership for the period 2020-2024.

KIAT works with government (national and sub-national) and civil society in Indonesia, providing technical assistance (TA) and advisory services to improve infrastructure policy, planning and delivery.

By the end of the 10-year period, KIAT aims to have achieved the following End-of-Facility-Outcomes (EOFOs):

1. Improved GoI policies and regulatory frameworks for infrastructure development.
2. High quality projects prepared and financed by GoI, the private sector and/or Multilateral Development Banks (MDBs).
3. High quality infrastructure delivery, management and maintenance by GoI.

The scope of infrastructure covered by KIAT currently includes water and sanitation, transport, and infrastructure financing, with GESI being mainstreamed.

## Overview of the Mid-term Review process

This section draws on the final Evaluation Plan submitted by Tetra Tech International Development to the Department of Foreign Affairs and Trade (DFAT) on 27 April 2021 to provide a brief overview of the Mid-term Review’s (MTR) purpose, key evaluation questions and approach.

**Purpose and use of the evaluation**

The MTR intends to help DFAT assess what changes, if any, are needed to ensure KIAT’s operating model meets its EOFOs and meets emerging bilateral and regional priorities. It aims to:

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| * Inform decision making about DFAT Indonesia Program’s support to KIAT beyond Phase 1, especially any necessary changes in scope or delivery mechanism/modalities for the remainder of the current phase and into a possible phase 2 * Support DFAT and implementing partners to learn from each other’s experiences with policy engagement on infrastructure in Indonesia and to share this learning across DFAT. |

To achieve this, the MTR aims to capture concrete examples of how KIAT has contributed to Indonesia’s infrastructure priorities while also identifying any areas where KIAT is not meeting, or is at risk of not meeting, its EOFOs. This MTR is also forward looking, aiming to provide recommendations on how KIAT could more effectively deliver its mandate to support quality infrastructure development in Indonesia, advance GESI, and best align with GoI and GoA priorities amidst an evolving context, which includes the COVID-19 pandemic.

**Scope and focus**

This MTR covers the Facility’s activities over the period from April 2017 to 2021. The Review’s terms of reference identified five key evaluation questions (KEQs):

| No. and theme | KEQs | **Sub questions** |
| --- | --- | --- |
| Question 1 (Effectiveness) | Is KIAT performing as expected? | * Is KIAT meeting its EOFOs? * Does KIAT help GoI form effective policy on infrastructure? * Is the budget envelope appropriate to achieve KIAT’s EOFOs? * Is the Facility focusing on the right subsectors and activities, including consideration of emerging priorities such as climate change? Should parts of the Indonesia Transport Safety Assistance Package (ITSAP) be integrated into KIAT’s next phase? |
| Question 2 (GESI) | Is GESI being mainstreamed effectively under KIAT? | * What changes are needed to ensure KIAT’s GESI objectives are met and thus contribute to DFAT’s broader gender equality and social inclusion policies and programs in Indonesia? |
| Question 3 (Lessons Learned) | What can be learned from KIAT’s performance to date? | * Is KIAT’s original design adequate to achieve each of its EOFOs? * Has the design achieved flexibility in responsiveness to GoI needs? |
| Question 4[[7]](#footnote-8)  (Modality, efficiency) | Compared to other possible delivery models, is KIAT efficient, effective and providing value for money? | * Is KIAT delivering efficiency and value-for-money? * Are risk management performance and issues being appropriately handled? * Is the Facility model adequate in this context? * Are there issues related to the modality that could be assessed in more depth in future? |
| Question 5  (Future direction) | What additional actions/measures can DFAT take to ensure KIAT fulfils its mission and maintains high performance ratings across DFAT reporting criteria into a second four-year phase? | * Are KIAT’s EOFOs still relevant to the needs of the Indonesian and Australian governments? * Are changes in KIAT’s scope/budget/EOFOs/design warranted? * Is KIAT sufficiently flexible to adjust to changed policy and budget conditions, and how can DFAT and KIAT best manage any future changes policy and budget? * Is there value in establishing a Technical Advisory Group to inform DFAT’s management of KIAT? If so, how could it be structured and what level of resourcing would be appropriate? |

The MTR Review Team identified the first two KEQs as those of the most immediate priority, given that findings from these questions are required to enable consideration of the remaining KEQs. For this reason, KEQs 1 and 2 on Effectiveness and Gender and Social Inclusion constituted the key focus of the primary data collection. The Review Team also gave stakeholders the opportunity to contribute suggestions in relations to KIAT’s modality and future direction, particularly in relation to potential new sectors or activities for KIAT to consider.

**Approach**

The MTR sought to test the program theory, the basis of which was the Facility Logic from the 2019 KIAT Monitoring and Evaluation Framework (MEF). Central to the Facility Logic is that the provision of high-quality technical advice coupled with increasing capacity and motivation on behalf of GoI will result in the EOFOs being achieved. This provided the Review Team with the core understanding of what the Facility is seeking to achieve and how. See **Annex 1** for a summary of the MTR’s methodological approach and limitations to the review process as well as a copy of the KIAT Logic Model. A limitation encountered during the review process was that the changes made to KIAT’s approach to GESI during implementation posed a challenge to assessing whether GESI-CSE efforts are working as intended—this is discussed in more detail in **Section 3.2** below.

The MTR adopted a mixed-methods approach to answering the review questions, which involved collecting and analysing both qualitative and quantitative data. Examples include conducting consultations with GoA and GoI as well as other relevant stakeholders (qualitative), analysing program expenditure data (quantitative), and reviewing key documents provided by DFAT and KIAT (qualitative and quantitative). The KIAT Facility did not have specific mid-term targets against which performance was to be measured.

Approximately 35 consultations were held between 8 April and 8 June 2021, usually with multiple stakeholders present (see **Annex 2** for a full list). All consultations involving Indonesian stakeholders were conducted via videoconference, with some in-person consultations taking place in Adelaide and Canberra with KIAT and DFAT staff. These consultations were complemented by the extensive document review, with over 100 documents being analysed. A full list of documents is available in **Annex 3**.

# Facility Effectiveness

## Progress towards end of facility outcomes

|  |  |  |
| --- | --- | --- |
|  | A green tick with a green circle around it. | **EOFO 1: Improved GoI policy and regulatory framework for infrastructure development**  **Outcome achieved** |

The Review Team assessment is that there has been a strong performance by KIAT towards this Outcome. KIAT has clearly succeeded in positioning itself as a trusted adviser to GoI. This has been demonstrated through KIAT’s generation of evidence-based advice that has been made available and accessible to GoI policy makers and influencers. Critically, these GoI policy makers have then used this evidence and advice to inform and make decisions, for instance:

* The Provincial Road Improvement and Maintenance Program (PRIM) being mainstreamed through the GoI’s Sub-National Road Grants Program, known as *Program Hibah Jalan Daerah* (PHJD), with a national budget allocation of approximately AUD300 million from 2019 to 2023. This is an excellent result when compared to GoA’s investment in PRIM of AUD50.6 million and demonstrates the potential effectiveness of technical assistance and pilot projects to leverage outcomes on a much wider scale.
* The GoI’s PPP Joint Office (JO) adopting Standard Operating Procedures (SOP) prepared by KIAT.
* Support to the GoI Agency for Procurement of Goods and Services (*Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah* or LKPP) on project preparation and procurement processes.
* The Directorate General of Highways (DGH) has formalised improved road design standards prepared by KIAT with longer design life and reduced lifecycle costs, alongside formally adopting a road and bridge design and construction assessment process to monitor and improve the quality of national road network.

KIAT has also worked closely with the Ministry of Public Works and Housing (MPWH) to make infrastructure investments more gender sensitive and inclusive, principally through supporting the Gender Secretariat to finalise and adopt Ministerial Gender Guidelines and a Gender Roadmap (2020-24) to accompany the Ministry’s Strategic Plan (RENSTRA 2020-24).

|  |  |  |
| --- | --- | --- |
|  | An orange tick with an orange circle around it. | **EOFO 2: High quality projects prepared and financed by GoI, the private sector and/or MDBs**  **Outcome achievement in progress** |

KIAT has also performed strongly in the preparation of projects, with the progress of the Semarang waste-to-energy (WTE) plant through its Outline Business Case (OBC), Final Business Case (FBC) and the appointment of PT SMI as the transaction adviser being good examples of the project preparation process. Recent, intensive support from KIAT has covered legal, technical, financial, environmental and social factors required to complete the FBC, managed through a series of consultations with key stakeholders in Semarang City, Bappenas and the Ministry of Finance to reach agreement. See **Annex 4** for more information on this and other stories of change achieved by KIAT.

Interpretation of EOFO 2

The Review Team and KIAT are aware of slight differences in the wording of this EOFO that can be found in different documents. Some instances have seen “…prepared and financed…” appearing, while “prepared for financing…” has also been used. The Review Team has taken the ‘higher bar’ view that the intention is to see projects prepared and implemented, and KIAT staff have confirmed that this still reflects the ultimate intent of activity in this area.

KIAT’s support for the project is designed to demonstrate the suitability and replicability of the PPP model for infrastructure to the many Indonesian cities confronting similar waste management concerns. At this stage, this activity meets the standard of a project that is “prepared for financing” (see text box above). Financial close in the process of infrastructure development (that is, “…and financed…”) is subject to a wide range of variables, only some of which does the project sponsor have some degree of control over. KIAT is now working to ensure there are high quality financial estimates and bidding documents to maximise the prospect of attracting investors. Seeing this project eventually financed would be an excellent achievement for KIAT and represent very fulsome achievement of this Outcome, but this result is somewhat out of the Facility’s direct influence.

The Palembang City Sanitation Project (PSCP) is a project with which KIAT has had deep involvement and which is now under construction. PCSP has achieved the full understanding of this Outcome in that is has been designed and financed (also featured in **Annex 4**). Other construction under EOFO 2 is occurring through roads activities and smaller-scale sanitation grants. KIAT also has well-advanced pilots underway with GoI counterparts, such as the Solo Street Lighting project, which are intended to enhance capacity within GoI to guide a PPP process through the use of model bidding documents.

While GESI mainstreaming is well progressed (see **Section 3**) it is not clear from reporting that all KIAT projects incorporated GESI-CSE considerations at the design stage where they can have the most impact.

|  |  |  |
| --- | --- | --- |
|  | An orange tick with an orange circle around it. | **EOFO 3: High quality infrastructure delivery, management and maintenance by GoI**  **Outcome achievement in progress** |

KIAT has made substantial progress on this Outcome, particularly through activities that are helping GoI direct its infrastructure management and maintenance funds. At the national level, with KIAT support, the DGH has implemented a Road Asset Management System that uses road quality data to develop maintenance plans that deliver the greatest value-for-money (VfM). Associated support from KIAT through the Improving Project Delivery (IPD) activity demonstrated the value of technical audits to check the quality of road design and construction. This led DGH to issue a decree for the broader conduct of technical audits, which enhance the capacity and performance of road contractors and DGH staff in the field.[[8]](#footnote-9)



Figure : National road management systems have been improved with KIAT support

At the sub-national level, the performance-based grants (PBGs) in sub-national road maintenance and those for improved utility management and water delivery are the result of long periods of commitment to meet the decision-making needs of provincial governments, technical engagement, and delivery of timely advice. A strong means of KIAT delivering on this EOFO is through the PHJD program described above, which will improve the quality of road maintenance practices in nine provinces and twelve districts in nine National Strategic Tourism priority areas. The water *hibah* (grants) activities managed by the Facility are also already resulting in enhanced delivery of connections by local contractors, with the grants now also including an incentive related to gender equality and social inclusion. The fact that these activities have continued from the Indonesia Infrastructure Initiative (IndII) demonstrate the value of the long-term commitment to infrastructure development shown by Australia. A forthcoming review of the water *hibahs* commissioned by KIAT will provide more detail on the results of this important activity.

Further proof of achievement of this Outcome will come at a later stage with the financial close of successful projects driven by KIAT and their reaching completion and the delivery of the services. Well planned, prepared, procured and implemented infrastructure projects are the result of many intermediate steps. The preparation and then early stages for the Semarang WTE project are a good example of this lengthy timeframe. PCSP has passed through many stages and will result in high quality infrastructure delivery by GoI in the coming years. When this occurs, EOFO 3 will be very well achieved across all of its dimensions.

## A note on GESI-CSE and the EOFOs

KIAT incorporates significant effort on GESI and CSE, but this is not clearly integrated into the EOFOs. The contribution of the GESI-CSE effort to the EOFOs is articulated at various points, notably in the GESI-CSE Strategy 2018-2021 and in some Facility reporting, but this articulation shifts over time (see Table 2). GESI-CSE contributions to the EOFOs are rarely expressed in Facility reports, which has the effect of making it difficult to assess whether GESI-CSE contributions and progress towards the EOFOs are in line with expectations. This is discussed further in **Section 3**.

Table 2: Intended contribution of GESI-CSE to the Facility's EOFOs

|  |  |  |
| --- | --- | --- |
| EOFO | 2018-2021 GESI-CSE Strategy | Mini-strategy/ KIAT progress reporting 2020 |
| EOFO 1 | Effective implementation of GoI policies and regulations ensures that women, people with disabilities and members of other intersectional groups participate in the design, planning, implementation, and monitoring of infrastructure activities supported by KIAT. | To provide analysis and evidence that enables women, people with disabilities and members of other intersectional groups to participate effectively in the design, planning, implementation, and monitoring of infrastructure activities |
| EOFO 2 | GoI and the private sector engage more effectively with CSOs and communities throughout the infrastructure project cycle. | To demonstrate the potential benefits of GESI mainstreaming in the project preparation of infrastructure projects (including planning, public consultations, design and contracting), and improve the evidence-base to showcase these benefits |
| EOFO 3 | Women, people with disabilities and other intersectional groups and CSOs are skilled and engage in all aspects of the infrastructure project cycle. | To demonstrate the potential benefits of GESI mainstreaming in the delivery of infrastructure projects, including how deeper CSE in infrastructure delivery can promote better outcomes for women, people with disabilities and intersectional groups. |

## Effective policy formulation

As recognised above, KIAT has delivered substantial achievement on Outcome 1 through its engagement and policy outputs with GoI across several areas. The quality and timeliness of KIAT’s policy and regulatory work has seen a strong, effective relationship established across key GoI ministries and agencies; KIAT is ‘a trusted adviser’. This is most amply demonstrated through the integration of national and sub-national road management systems and policies developed with KIAT support. The adoption of GESI policies by MPWH is a potentially good result as well, although more time is required for implementation to demonstrate true effectiveness.

The effectiveness of this policy and regulatory work is also beginning to emerge through the development of projects such as the Semarang WTE and Solo Street Lighting, and the construction now underway of PCSP. For Semarang and Solo, the ‘proof will be in the pudding’ so to speak in terms of the full achievement of Outcome 2, once the PPP transactions are complete, financed and projects successfully operating. Indications are that the sound preparatory works for these projects have provided strong project fundamentals for them to proceed. For PCSP, KIAT’s subnational financing model for the project is another demonstration of innovative financing leading to delivery of major infrastructure improvements. It also sets the scene for wider policy and regulatory reforms for subnational financing.

## Appropriateness of the budget envelope in achieving KIAT’s EOFOs

As shown above, KIAT is on track to demonstrate achievements across all the EOFOs. Two important questions then emerge from this analysis:

1. Would an increased budget envelope lead to greater achievement of the EOFOs?
2. Would more funds enable the Facility to start ‘exceeding expectations’?[[9]](#footnote-10)

Before considering these questions, it is important to understand KIAT’s somewhat turbulent history in terms of budget allocation and expenditure.[[10]](#footnote-11) KIAT’s first year of expenditure in FY2017-18 was less than half of what DFAT had allocated. The shortfall was attributed in part to 1) inaccurate forecasting of follow-on activities from KIAT’s predecessor IndII program, and 2) slower than expected mobilisation and recruitment processes. By FY2018-19, KIAT’s expenditure stabilised closer to expectations. The Facility expended approximately 80% of its allocation in that financial year and DFAT felt the future pipeline of activities looked strong.

Building on gathering momentum, KIAT requested an allocation for FY2019-20 that was significantly more than the previous year. However, during calendar 2019 DFAT and KIAT had to make difficult decisions about which activities to proceed with due to a reduction in Australia’s aid budget, which reduced KIAT’s budget for the year by approximately one quarter. The Facility rescoped some activities and deferred others, creating a list of ‘over-programmed’ activities that were of a high standard and had partner support but could not be funded at the time. KIAT also made some administrative and overhead reductions.

**Prioritising activities based on budget availability**

During the budget cuts of 2019, DFAT and KIAT used the following principles when deciding which activities to continue and which to defer (as reported in DFAT's internal Aid Quality Check [AQC] in 2020):

* Prioritise activities supporting the four grant programs.
* Prioritise activities where GoI had already committed its own parallel funds.
* Prioritise activities connected to improving the quality of large and ongoing GoI financial allocations
* Prioritise contracted activities.
* Prioritise GESI mainstreaming across KIAT infrastructure activities, to maximise gender[[11]](#footnote-12) outcomes for planning, design, delivery and monitoring and evaluation of infrastructure (while deferring targeted GESI activities).

As can be seen from this list, activities which had already been contracted and where GoI also had contributed were front of mind**.** This meant decision-making could only be minimally driven by an assessment of which activities might make the greatest contribution to the KIAT EOFOs. When deferring the two GESI activities, DFAT acknowledged that this would place “severe restrictions” on KIAT’s ability to achieve core aspects of its GESI-CSE Strategy (AQC 2020).

This process means some valuable ideas were temporarily left on the shelf—not because they were unable to make solid contributions to the KIAT EOFOs, but because they were in an earlier stage of development and did not yet have contracts or counterpart funds in place. Some of these activities have already been introduced back into the KIAT workplan. As of December 2020, there were 21 activities remaining on the overprogrammed list, eight of which relate to Infrastructure Funding and Financing. KIAT is reviewing the list and will remove those that no longer have robust partner support, may have been taken up by other development partners, or have become less relevant to the current COVID-19 operating environment. A full list of KIAT’s programmed and overprogrammed activities is attached as **Annex 5**.

During the MTR report feedback process, Bappenas expressed interest in developing the concept of green infrastructure and/or circular economy in the in the drinking water, sanitation and solid waste sectors. Activities such as these might by their nature be more speculative or exploratory, but required for generation of options, ideas and relationships needed to ensure ongoing, diverse and robust outcome achievement by the Facility. During the consultations, one multilateral partner felt that the KIAT budget cuts had prevented KIAT from taking a central role in the development of strategic work that could have led to greater sector coordination and financing. This is the sort of strategic direction DFAT wants to take on its work in Indonesia, away from direct grants for projects. However, grant work was prioritised for the above reasons.

The positive flipside to this story is that there is now a list of scoped activities that are gradually being brought into play as budget allows; a process that could be accelerated with additional budget. The overprogrammed list is not the only potential source for activities to be supported if funding allows. DFAT engages with GoI on an ongoing basis through the KIAT governance mechanisms and new ideas can also be introduced through this avenue.

**Determining the ‘appropriate’ budget envelope**

This analysis shows that the KIAT budget envelope is *sufficient* forachieving EOFOs as currently defined but may not be *optimal*, with an injection of funds potentially enabling a more sustained and robust outcome achievement. Ultimately, determining the *appropriate* amount would require DFAT to consider what additional funds applied to KIAT could deliver compared to investment in other programming options. That is a strategic choice. What is critical to note is that *KIAT does have latent capacity.* Additional budget could be used for:

* Exploration into new sectors (see **Section 2.5** below for discussion of sector allocations) and new initiatives designed to help GoI get the best results from its own resources
* Greater weight put towards GESI-CSE
* More capacity for piloting and demonstration projects, that may in turn enhance policy effectiveness, preparation, and delivery/maintenance/management outcomes
* More focussed activity in some of KIAT’s relatively smaller activity streams.

## Subsector and activity focus, and consideration of emerging priorities

**Current sector spread**

KIAT’s current focus is largely informed by that of its predecessor program, IndII. IndII spanned seven years and two phases, delivering AUD144 million in technical assistance, up to AUD265 million in government-to-government grants, and AUD42 million in other water and sanitation activities.[[12]](#footnote-13) Key features passed on to KIAT are the *hibahs*—or output-based grants—which demonstrated significant success during IndII.[[13]](#footnote-14)

KIAT works through 9 activity streams:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **1** | Urban water supply | **4** | National roads network development | **7** | Infrastructure funding and financing |
| **2** | Urban sanitation | **5** | Sub-national roads management | **8** | GESI-CSE |
| **3** | Urban solid waste management | **6** | Urban mobility | **9** | Immediate and emerging needs |

Solid waste management is the only sector not previously explored by IndII.

As discussed in previous sections, KIAT is delivering results through its current sector spread and contributing to the achievement of the EOFOs. None of the consultations undertaken by the Review Team suggested that KIAT should discontinue support in a particular sub-sector or activity stream. Overwhelmingly, consultations demonstrated that KIAT’s activities are in-line with GoI needs, with many stakeholders indicating that KIAT’s support is useful, appreciated and, in some instances, could be expanded.

This is in line with KIAT’s self-assessment of the strategic nature of its support, which it consistently rates as ‘strategic’ (on a three-point scale consisting of highly strategic, strategic, and insufficiently strategic). KIAT’s recent reporting justifies this assessment through targeted situational analyses which foreshadow the relevance of each activity stream. Earlier reporting, which directly linked the contextual environment to KIAT’s strategic positioning, presented a stronger argument for the relevance of the Facility’s portfolio.



Figure : This Indonesian woman accessed a clean water connection through a KIAT-supported activity

However, notwithstanding the fact that the current sectors make sense in terms of progress towards KIAT’s EOFOs, it is certainly appropriate that the Facility remain receptive to areas for exploration and expansion. Stakeholder reflections indicated a desire for KIAT to be strategic, ‘sector agnostic’ and realistic about where the Facility can gain the most traction.

This is particularly relevant in the context of the COVID-19 pandemic, which has required a wide-reaching reshaping of Australia’s aid program to support pandemic response efforts. While immediate efforts are underway to respond to the acute impacts of COVID-19, the longer-term economic recovery will be a continued area of need for Indonesia, in which infrastructure can play a substantial role.

**Responsiveness to COVID-19**

KIAT is contributing to the GoA’s COVID-19 response efforts through existing activities that are delivering outcomes in water and sanitation, economic development, job creation, and gender equality. KIAT support through the Integrated Road Management System has allowed GoI to make strategic and informed choices around road maintenance and contract management issues caused by decreased budget availability.

The Facility is delivering results against several key indicators contained in Indonesia’s COVID-19 Development Response Plan (CDRP) Performance Assessment Framework. Through its current activity spread, the Facility is delivering outcomes across two of DFAT’s three core action areas (health security and economic response and recovery) through six different KIAT activities (PBGs, PCSP, Australia Indonesia Infrastructure Grant for Sanitation, PHJD & PRIM, PPP-JO and Semarang WTE), with the relevant emphasis on protecting women and vulnerable groups. KIAT has achieved significant results in leveraging finance to support economic development, with the Facility leveraging a total of AUD46.7 million in the period July-December 2020.[[14]](#footnote-15)

**Additional activities focussed on COVID-19 response**

The Facility has taken two GESI-CSE activities—aiming to deliver grants for Civil Society Organisations (CSOs), and skills training on sanitation-related construction—off its overprogrammed list and moved them into redesign processes to support the pandemic response. The foci of these activities (women and vulnerable groups, and water and sanitation) suggest KIAT will deliver additional contributions to the COVID-19 Response Plan targets.

The Facility’s targeted COVID-19 activity response—a PBG for improving water chlorination practices and in turn increasing access to improved water services—is expected to start delivering results in 2021. KIAT also internally explored the impacts of COVID-19, firstly focussing on the role of infrastructure in COVID-19 response and recovery, and the secondly exploring the merits of trialling COVID-19 detection in wastewater in Indonesia.



Figure : Road maintenance activities supported by KIAT kept people working through the COVID-19 pandemic

**Ongoing challenges caused by COVID-19**

Reduced GoI budget availability due to COVID-19 has had flow-on effects to activities receiving state budget funding. KIAT’s recent reporting notes a reduction in *Anggaran Pendapatan dan Belanja Negara* (National Budget) available to fund the construction of household connections under PCSP.

During the MTR consultations, Palembang officials said they are struggling to find the funds required to socialise the project as planned. Stakeholders further expressed concern over reductions in budget availability and their ability to meet contractual requirements while redirecting funding to COVID-19 response efforts. This has created significant stress for the local government. It is unclear what support GoI, DFAT or KIAT will provide if local governments are unable to provide the level of funding required, for PSCP or others in future.

**Consideration of climate change**

PwC’s 2020 Global Infrastructure Trends report identifies climate change as one of two critical trends that will shape the future of the infrastructure industry globally (the other being urbanisation).[[15]](#footnote-16) This is reflected in the recent MIKTA Foreign Ministers’ Meeting (a grouping that includes GoI and GoA), during which participating foreign ministers reiterated their commitment to “building back better and recovering stronger, including by investing more in research, innovation and infrastructure to strengthen environmental sustainability, adaptation, and resilience against the adverse effects of climate change and disaster risks”.[[16]](#footnote-17) This follows a long line of international commitments around environmental sustainability and climate change.[[17]](#footnote-18)

During the consultations conducted by this MTR, Indonesian stakeholders similarly expressed interest in green financing and renewable energy, and spoke to an environmental consciousness in their work. When discussing project planning and preparation, multiple GoI stakeholders identified a need for assistance integrating climate change considerations into project preparation and specifically requested KIAT support to address this. In doing so, they referenced the G20 Principles for Quality in Infrastructure Investment, in particular Principle 3: Integrating Environmental Considerations in Infrastructure Investments.[[18]](#footnote-19)

While the Facility design document indicates that KIAT would take a mainstreaming approach to climate change and disaster resilience, there is little additional documented evidence of work in this space. Consultations presented some information on KIAT’s work in climate change, flagging the Facility’s efforts integrating climate change considerations into the IRMS-3 road management system, and embedding climate resilient infrastructure principles in the preparatory documentation for grant activities.

KIAT could do more to pursue work in climate resilience. Acting on climate change is both an ethical and strategic choice. It is ethical, given the ‘vicious cycle’ in which disadvantaged groups suffer disproportionately from the adverse effects of climate change, resulting in greater subsequent inequality.[[19]](#footnote-20) It is strategic, given the prospect of increased risks that climate and disaster risk responsive sectors are facing.

In a similar vein, MDB and GoA stakeholders cited an explicit focus on sustainable infrastructure investments. The Review Team heard that ‘greener’ initiatives may attract greater financing, particularly through foreign investment. This flags a broader shift towards infrastructure development which acknowledges the importance of responding to the effects, as well as addressing the root causes, of climate change (such as through investment in renewable energy). This is particularly relevant given GoI’s establishment of a sovereign wealth fund, the Indonesia Investment Authority (with the Indonesian acronym, INA), to attract investments for infrastructure development from other governments, international institutions and private sector organisations.

Additionally, the recent GoA commitment to mobilise AUD1.5 billion in climate finance over 2020-25 (in response to the United Nations Framework Convention on Climate Change goal of USD100 billion per year), and the development of DFAT’s Climate Change Action Strategy 2020-2025, indicate that climate resilient infrastructure is a promising space for expansion.[[20]](#footnote-21) A previous lack of prioritisation by the GoA was cited as one of the inhibitors of a greater emphasis on climate change to date. There are two primary ways KIAT could enhance its climate focus:

1. Making it a more explicit objective in the current design framework, to bring greater attention and impetus to the mainstreaming of climate change considerations and capturing this information; and/ or
2. Adding an activity stream or seeking opportunities to engage in climate-related activities more directly, such as climate resilient infrastructure and green financing.

**Mechanisms for considering emerging priorities**

The Facility encourages an open dialogue with key stakeholders, allowing GoI partners to raise emerging issues and priorities for KIAT and DFAT’s consideration on a regular basis. Key areas of need are raised at technical and management committee meetings, and stakeholders recounted instances where they had requested and received additional assistance from KIAT.

In addition to the flexibility and responsiveness built into the Facility’s design (see **Section 5.2**), KIAT has a specific activity stream dedicated to tackling immediate and emerging needs (IEN). However, budget reductions during the planning period January – June 2020 resulted in a reduced scope for KIAT to consider and respond to GoA and GoI priorities. As a result, KIAT’s capacity to consider new sectors reduced and the likelihood increased of the Facility remaining anchored to existing sectors.

Prior to budget reductions, the Facility began exploring renewable energy opportunities through the Renewable Energy Development Initiative scoping study and consultations with the state-owned electricity utility, *Perusahaan Listrik Negara* (PLN), to help establish a competency-based training system on renewable energy systems for PLN University. KIAT also assessed otherwise out-of-scope or irregular activities with MDB partners. These activities were discontinued following budget reductions. The Semarang WTE activity, which began in 2018, is an example of one activity which has been continuously funded through the IEN activity stream.[[21]](#footnote-22)

As of January 2021, KIAT has begun to pursue new activities under the IEN activity stream. This includes an Infrastructure Hibah review, as well as utilising previously unallocated funds to support an AUD4 million grant titled ‘Revitalising Informal Settlements and their Environments’. This reflects an increase in KIAT’s capacity to consider emerging priorities.

Indeed, the IEN activity stream provides an opportunity for KIAT to continually test and explore new subsectors and activities where it can create the most impact. By fully utilising this activity stream, KIAT has the opportunity to drive its own strategic agenda through exploratory studies and subsequent new programming.

## Should parts of ITSAP be integrated into KIAT’s next phase?

Key stakeholders do not support transferring parts of the Indonesia Transport Safety Assistance Package (ITSAP) to KIAT. ITSAP’s current functioning arrangement with Prospera (the Australia Indonesia Partnership for International Development, a grant-funded partnership between DFAT and Indonesia’s Coordinating Ministry for the Economy [CMEA] to provide evidence-based advice to help improve government spending and revenue, markets, the financial sector, transport, and public-sector institutions in Indonesia) supports effective and efficient delivery and it is not evident that a change to KIAT would be an improvement. Activity progress has slowed during COVID-19, however this is to be expected and should not be interpreted as an underperformance due to the current arrangement.

While sitting closely alongside infrastructure through KIAT’s work in the transport sector, ITSAP’s focus is on safety. It is not clear that transferring some activities to KIAT is likely to contribute to achievement of KIAT’s EOFOs given KIAT’s focus on infrastructure development, financing, delivery, management and maintenance in circumstances where this can build GoI infrastructure-development capability. Taking on ITSAP activities could risk eroding KIAT’s mandate if it is required to manage non-strategically congruent construction activities inherited from other programs.

Moreover, stakeholders felt that ITSAP’s current model attracts good brand recognition, which is beneficial when managing high partner staff turnover. There were fears that this might be diluted if program components were separated, risking a degradation of the long-term relationship between ITSAP and GoI.

However, greater collaboration with KIAT would prove useful for ITSAP, which is having difficulty generating dialogue with GoI counterparts on GESI due to the highly technical nature of its work. ITSAP could consider drawing on learnings from KIAT’s work with MPWH, and on Gender Action Plans (GAPs) with central and local governments (see **Section 3.1**), to bolster its GESI efforts.

# Gender equality and social inclusion

## Is GESI being mainstreamed effectively under KIAT?

KIAT is making significant GESI mainstreaming efforts, with bespoke approaches obvious across activities. Most recently at national level, a KIAT funded advisor embedded in MPWH has supported the development of a Gender Mainstreaming Roadmap and Guidelines for formal issue under Ministerial Decree and Ministerial Decision, respectively. The MPWH reforms primarily focus on gender inclusion, though there is a broader inclusion focus, including on disability inclusion, in the sub-activities of the Roadmap. The Roadmap and Guideline represent significant and promising reforms, though as they were only introduced in 2021, it is not yet possible to assess how their impact will unfold in the coming months/years.

KIAT developed the ‘Compilation of Policies Related to Gender, Disability, Child Protection and Community Participation’ (*Kompilasi*) which was launched with senior GoI officials in December 2018. This early KIAT contribution to GESI developed a central repository for existing GESI and CSE relevant legislation, policies and regulations and continues to support improved policy implementation and greater stakeholder awareness. At the activity level, KIAT has prepared GESI Action Plans (GAPs) for activities where there is scope to improve GESI outcomes—focusing on both gender and disability inclusion. Currently there are seven KIAT GAPs for the grant programs and 68 GAPs developed at local government level.

The completion of GAPs as a requirement of project management manuals has accelerated mainstreaming at the activity level, with a focus on increasing disability access, establishing baselines and collecting data, including on disability, setting targets for increasing diversity in staffing and employment, and establishing anti-discrimination approaches. KIAT has also integrated a GESI-specific component into the contracts for the PBGs to improve water utility performance. The template and format for local government GAPs are now also included in road and sanitation activities. These identify relevant GESI actions in policies, official commitments and government workplace practices as well as in the design and construction phases and in socialisation activities and community consultations.

KIAT has established important connections with Bappenas and MPWH in terms of supporting GoI to identify and drive reforms, working in a complex and slow-moving environment. The impact of long-term partnership on GESI-CSE is clear in activities like PRIM/PHJD where, over time, attention to GESI-CSE has led to continuation of practice and engagement with CSOs to ensure inclusive processes and broader benefits when it comes to urban transport and road maintenance. See **Annex 4** for a story of change on this topic.

It is difficult, however, to assess the effectiveness of these efforts in contribution to improving GESI outcomes as they are only now moving into implementation capable of producing tangible results. This is expected given the timeframes associated with infrastructure projects. These are certainly promising practices for which the next phase of KIAT is an opportunity to demonstrate the impact and effectiveness of these efforts.

KIAT’s recent *GAP Implementation Review* makes a similar observation, noting that the next phase of GAP implementation will move to achieving—and assessing—higher order outcomes. This Review assessed all GAPs and found that they were driving change on both gender and disability inclusion, with greater success where GAPs were developed in the inception/design phase of an activity and in alignment with budget cycles. There is potential to better connect KIAT efforts at national level with local level GAP efforts, and the Review identified that going forward GAPs will need to focus on building ownership and be better connected to broader performance monitoring. The findings and recommendations of KIAT’s GAP Implementation Review, including that there are implementation risks relating to resources and capacity alignment, are consistent with observations of this MTR and present important lessons for KIAT.

Overall, CSE efforts are less well advanced than GESI mainstreaming efforts, largely due to budget reductions which moved targeted CSE activities to the over-programmed list. Nonetheless, the consultations indicated an appreciation of, and demand for, KIAT support for targeted efforts, especially within MPWH, at local government level and with CSOs involved with pilot activities.

CSOs said working with KIAT provided them with new perspectives and changed their mindset on GESI, increasing their awareness and confidence, both as organisations and individuals. CSOs had become more confident in engaging with and conducting advocacy to local government and were more able to help women secure work on infrastructure projects and improve accessibility for people with disabilities.



Figure 4: Women with disabilities are working with road builders to make transport options more accessible

Opportunity for replication

CSOs identified that Dana Desa (Village Funds) could be a medium to implement GESI broadly at the village level, as these are funds that can be used for infrastructure development. It would be beneficial for village communities to have capacity and understanding around GESI when developing infrastructure and starting SMEs in their villages.

Overall, KIAT demonstrates what a strong focus on what GESI within an infrastructure initiative can look like. Notwithstanding some challenges in the overall approach (see below), there has been a consistent focus on mainstreaming, with the initial phase of KIAT focused on establishing foundational frameworks, and processes to drive mainstreaming. The introduction of progress markers for GESI-CSE mainstreaming has helped strengthen accountability and elevate the focus on GESI-CSE, though there is scope to sharpen the focus on disability inclusion specifically. KIAT and DFAT internal assessments also suggest a steady hand and ongoing attention to GESI.

**Assessing effectiveness is challenging when objectives are unclear**

While mainstreaming efforts are now reaching a maturity that would allow their impact to be demonstrated over the rest of this phase, it has been a challenge for this MTR to clearly identify KIAT’s ultimate GESI-CSE objectives.

KIAT’s GESI-CSE ambition was laid out in the KIAT GESI and CSE Strategy 2018-2021, adopting a twin track approach with track one focused on foundational and thematic activities to address challenging GESI or CSE issues[[22]](#footnote-23) and track two focused on mainstreaming GESI-CSE. The Strategy had its own theory of change and EOFO, as well as mapping GESI-CSE contributions to the KIAT EOFOs (which are themselves silent on GESI-CSE) but this structure does not appear to have informed subsequent reporting. The Strategy is disconnected from KIAT’s overall theory of change which does not clearly articulate the contribution to GESI-CSE efforts to KIAT’s EOFOs.

This unclear alignment of GESI-CSE efforts to EOFOs was exacerbated by the move away from key learning and oversight approaches envisaged in the original GESI-CSE strategy that could have helped bridge the gap between the GESI-CSE Strategy, ongoing KIAT performance reporting and the EOFOs.[[23]](#footnote-24) The clarity of KIAT’s GESI-CSE objective was further blurred by a decision (in response to budget constraints – see **section 2.4**) to focus only on GESI-CSE mainstreaming efforts. To explain this significant shift, a ‘mini-strategy’ was developed which rearticulated the GESI-CSE contribution to the EOFOs (see **Table 2**) but did not confirm an overall objective, identify a high-level vision for GESI-CSE or articulate a revised theory of change.[[24]](#footnote-25) Finally, evolving approaches as to how GESI-CSE efforts were reported through BPPR mean there is no consistent narrative on GESI-CSE activities so far.

The changes described above represent justifiable refinements, but when taken together have had the effect of obscuring KIAT’s objective for its GESI-CSE efforts and how it expects these to aggregate towards a contribution to the EOFOs. Notwithstanding ample output-level reporting on GESI-CSE activities or the impressive breadth in mainstreaming effort, there is risk that without a clearly defined outcome-level ambition for its GESI-CSE activities, a clearer alignment to EOFOs, and an investment in understanding progress going forward that KIAT may struggle to demonstrate the ultimate effectiveness of its mainstreaming efforts.

## What changes are needed to ensure KIAT’s GESI objectives are met and thus contribute to DFAT’s broader gender equality and social inclusion policies and programs in Indonesia?

While mainstreaming progress is promising and ownership appears to be growing, there is more support necessary from KIAT to bed down gains and better investment required to ensure that the impact of these efforts can be clearly demonstrated. This MTR has identified scope for action in the following areas—with KIAT-specific actions feasible within current funding and timeframes:

**A new GESI-CSE strategy for KIAT:** Given the changed strategic direction, there is merit articulating an interim strategy that coherently establishes the strategic intent and key focus for KIAT’s GESI-CSE efforts until the end of the program. This would remove the ambiguity about which strategic approach is in play and endorse a clear GESI-CSE plan going forward. An interim strategy should be proportionate to the time left in this phase and activate a clear learning and research line of effort to showcase KIAT’s leadership in mainstreaming GESI in infrastructure, with clearer governance and accountability lines to support assessment of GESI-CSE progress over the remainder of this phase. An interim strategy should clarify the balance of mainstreamed and targeted activities and how these streams of effort fit together and are mutually reinforcing, including in terms of CSE. Dedicated GESI-CSE resources are necessary to support assessment of GESI-CSE performance and to promulgating learning—including to other DFAT-funded infrastructure investments. An interim strategy could also lift the prominence of KIAT’s disability inclusion efforts and ensure a research and learning focus on disability inclusion.

**Mainstream GESI-CSE into KIAT program logic and strengthen monitoring and evaluation:** An interim strategy should be supported by a clearer M&E approach, including by more clearly articulating GESI-CSE in updated KIAT EOFOs. Updating KIAT’s Facility Logic model to explicitly name GESI-CSE efforts[[25]](#footnote-26) would help test assumptions about how GESI-CSE efforts are expected to contribute and the extent to which EOFOs should demonstrate GESI-CSE progress. It would also be useful to develop a plan of forward reviews, reflections or case studies within broader M&E efforts to capture and aggregate performance to date. A focused review of GESI-CSE—beyond what has been possible in this MTR—would help ground approaches in a possible further phase.

**Identifying and committing to fit for purpose reporting structures:** KIAT/DFAT should identify and commit to a reporting model that supports clear and consistent GESI-CSE performance reporting.

**Clearly designed pilot approaches:** Pilot approaches can be an effective way to bed down implementation, demonstrate and test process, and build the evidence base for what works and how. DFAT should consider maintaining support for pilot and demonstration projects within KIAT with a very clear rationale about when and why such projects make sense. Reinstating GESIT and PERINTIS is an opportunity to articulate how such efforts contribute to higher order GESI-CSE ambitions, and could help articulate the circumstances in which such pilots make sense.

**Continuing capacity support:** There is ongoing demand, and clear need, for fit-for-purpose capacity support, especially to help shift knowledge from dedicated consultants to broader implementing teams including in GoI and at local government level. There is a need to support MPWH’s line units to meet reporting and compliance ambitions arising from the Roadmap and Guidelines, with a clear demand for learning-by-doing. The success of online training during COVID-19 may indicate a cost-effective approach to ongoing skills development.

**Agree approaches to impact assessment:** There is merit in DFAT considering/clarifying, at an institutional level, its approach to measuring GESI impact. Specifically, it would be helpful to clarify the level of ambition for DFAT’s policy reform programs in terms of assessing downstream impact and how much DFAT is prepared to invest to ensure there are appropriate assessment systems in place. This should include consideration of innovative approaches to impact/change assessment, including combinations of pilot initiatives, periodic review, longitudinal case studies, participatory qualitative methods to capture change stories, citizen surveys, etc.

# Modality and efficiency

## Efficiency and value-for-money

Our analysis indicates that KIAT is performing efficiently and making sufficient progress against its EOFOs within its allocated funding envelope.

This conclusion was reached through a two-step process:

1. Consultations with DFAT and the KIAT Implementation team; and
2. An independent review and analysis of KIAT’s performance and financial reporting.

During the consultation process, KIAT provided information on the ways it believes that VfM is being managed through the Facility. We have framed these using DFAT’s four main VfM criteria:[[26]](#footnote-27)

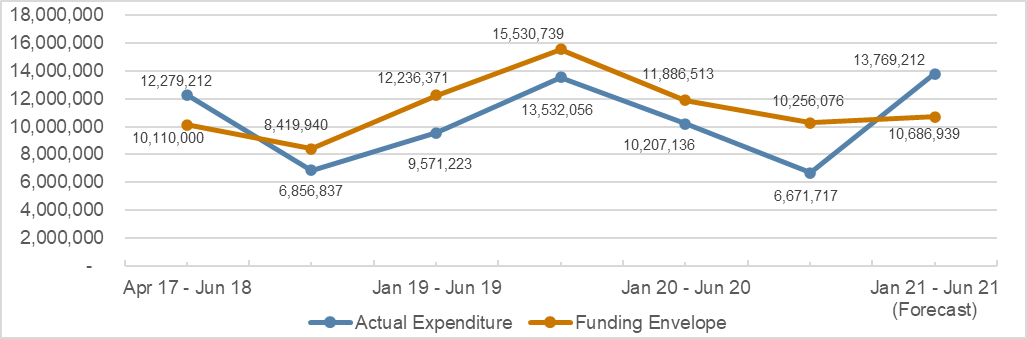
* **Economy**: An effective program prioritisation process and ability to deliver in the context of limited resources.
* **Efficiency**: A rigorous procurement process, followed by close monitoring through the lifecycle of an activity to improve operational efficiencies.
* **Effectiveness**: Working with partners to leverage financial resources through programmatic activities, increasing the influence of KIAT investments and impact of Facility resources.
* **Ethics**: A transparent and accessible Management Information System (MIS) that enables DFAT to analyse individual payments and sectoral budgeting.

The Review Team carried out an independent analysis of the programming and budget documents provided by KIAT to verify these impressions and further assess VfM considerations. Overall, the Team found that KIAT is efficiently implementing the facility modality and upholding DFAT’s VfM principles. The Team’s analysis shows the following, based on DFAT’s VfM criteria:

**Economy**

KIAT exhibits an economical use of funds. Year-on-year expenditure has been within the allocated funding envelope (see **Figure 5**), with activity expenditure totaling 86% of the allocated funding envelope approved by the Management Committee since inception.

Figure 5: KIAT budget and bi-annual expenditure envelopes (AUD)



Note: Figures are based on BPPR reports and calculated on a bi-annual basis, with the exception of the first reporting period (April 2017-June 2018), which includes the Facility ramp-up period following KIAT’s inception in April 2017.

KIAT’s commitment to cost consciousness continued in the context of budget cuts. In 2019-20 following a reduction in KIAT’s programming budget, KIAT worked with DFAT to reduce costs by re-prioritising activities and allocating funding to priority sectors and activities, leading to the production of the programmed and over-programmed lists of activities for each biannual reporting period.

This flexible approach to budget management, alongside the managing contractor’s commitment to achieving operational efficiencies such as through the competitive selection of sub-contractors (detailed below), allowed the continued delivery of program activities within budget, despite reduced resources.

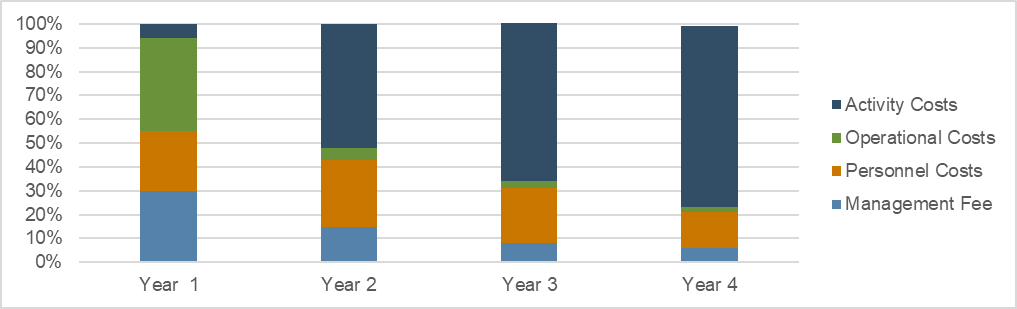
**Efficiency**

KIAT has made active efforts to eliminate inefficiencies and make evidenced-based decisions around contracting and procurement processes to maximise the impact of funds available for program activities. Examples of these efforts include:

* Cost savings from diligent contract management processes and competitive negotiations with subcontractors (i.e. savings were identified in the contract management processes for PCSP).
* Redirecting underspends from reduced travel to program activities relating to COVID-19 (i.e. supporting TransJakarta in the development of Pandemic Response Framework and expanding Sustainable Urban Mobility Planning Activities).
* Shifting to a regional approach to deliver technical assistance support to multiple regions, ensuring economies of scale.
* The consistent application of relevant renumeration frameworks and closely monitoring expenditure progress in fortnightly operations meetings.

Accordingly, with the exception of Year 5 which was hit by COVID-19, activity costs have increased over the life of KIAT, both in real terms and as a proportion of total facility expenditure (see Error! Not a valid bookmark self-reference.). At the same time, personnel, management and operational costs have remained stable in real terms and decreased as a percentage of total expenditure, reflecting increasing operational efficiency over time.

Figure 6: KIAT activity versus facility costs



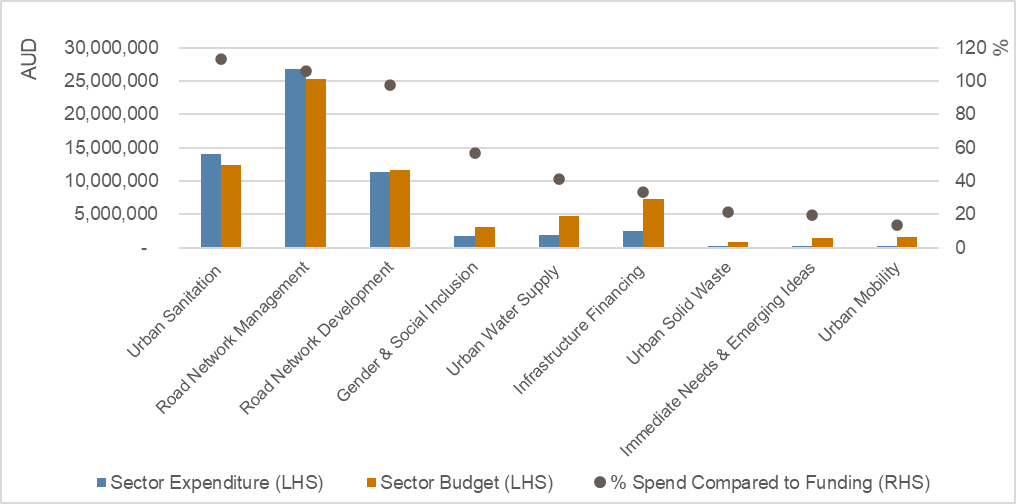
Note: Figures have been calculated on the basis of Financial Years due to data availability, starting from July 2017.

**Effectiveness**

As detailed in **Section 2**, KIAT is making consistent progress towards its EOFOs. According to its 2020 Partner Performance Assessment, KIAT consistently scored ‘above average’ for its ability to produce deliverables that were on time, of high quality and met the defined requirements, while also ensuring the effective and economical use of funds. This broadly indicates the Facility’s ability to effectively achieve results to expected standards with its allocated resources.

When considering the effectiveness of the investment, the Review Team notes that there has been consistent underexpenditure across several sectors including infrastructure financing, urban water supply, urban mobility and GESI (see **Figure 7**). This raises a question on whether the Facility will be able to consistently deliver a diversified pipeline of activities to meet expenditure allocations and achieve maximum intended impact.

Figure 7: KIAT activity stream expenditure



Note: Budget and expenditure data are totals for the period April 2017 to December 2020.

Addressing concerns about the underexpenditure, anecdotal evidence from consultations and the document review process suggests that had KIAT not faced external challenges (i.e. budget reductions, COVID-19), it *may* have been better placed to follow leads that *could* have potentially translated into higher-value activities.

It should also be noted that while facing its own budget challenges, KIAT effectively used resources to prepare its over-programmed list of activities to a very high standard, so as to attract interest from other partners. Examples include a fully-designed KIAT activity for a national policy on improved urban mobility that has been taken forward by the World Bank, alongside the preparation of an OBC for a WTE project in Yogyakarta, also taken forward by the World Bank.

In trying to maximise impact, KIAT has also demonstrated a commitment to trialing more innovative and pilot projects such as the initial scoping for the development of a road condition reporting app, which will help to enhance accountability by crowdsourcing road network condition monitoring. This project was progressed by the ADB.

GoI stakeholders voiced their general satisfaction with the effectiveness of KIAT and the Facility’s performance. Their requests for more capacity building and technical support from KIAT can be seen as signs of this regard.

**Ethics**

KIAT’s financial management has been accountable and transparent, with activity expenditures and funding envelopes detailed in the BPPRs. KIAT’s expenditure is also available to key stakeholders through KIAT’s MIS, which can be used to run reports on financial forecasts and expenditure against different aspects of the Facility including contract milestones, deliverables, and M&E indicators. The MIS provides an up-to-date view of:

* Facility level information and a comparison of actual vs forecast expenditure

Activity information at the sector and stream level

* KIAT’s expenditure as it relates to COVID-19.

More broadly, the managing contractor’s ability to provide current expenditure and financial information as required by key stakeholders supports effective financial monitoring and can inform decision-making. This sentiment has been supported by DFAT, who noted “an appropriate level of oversight of expenditure for KIAT.”

## Risk management performance and issues

KIAT has managed its risk issues in accordance with the DFAT risk management requirements[[27]](#footnote-28):

Monitoring and reporting on risk and safeguards and Implementation and performance management. 

KIAT’s most recent quarterly risk documentation available to the Review Team from September 2020[[28]](#footnote-29) covered the following key themes: COVID-19, partner relations/coordination, and sustainability. A summary of the document provides a useful insight into KIAT’s risk management perspectives:

* **COVID-19:** A range of risks were identified from the macro/fiscal risk level, operational, through to workplace and personal health of staff.To this point, KIAT has managed COVID-19 risks well, as confirmed by GoA and GoI stakeholders.
* **Partner relations:** KIAT’s primary relationship with Bappenas and key counterparts there was judged at some risk due to changes to key GoI personnel and senior staff restructuring. There was a risk that these could impact on KIAT’s progress, particularly if the new leadership is not as supportive/engaged in KIAT’s work. KIAT and DFAT need to continue liaising closely with Bappenas and keep abreast of developments. The Review Team found that this transition was being managed as effectively as possible.
* **Coordination:** KIAT was also embarking on several new activities that required high levels of coordination across various stakeholders. Bappenas was understood to have limited ability to coordinate across all stakeholders and therefore there was a risk that the activities would not progress as desired. To minimise this risk, KIAT and DFAT were to continue to advocate for the establishment of steering committees for the relevant activities, as outlined in the recent Management Committee meeting.
* **Sustainability:** Two of KIAT’s long-standing activities were concluding and there were risks identified related to their sustainability beyond KIAT’s support. KIAT’s support for the PPP-JO concluded in December 2020. There was a risk that the office would not be adequately funded after KIAT support concluded, impacting the sustainability of this investment.

Appraisal of the risk-related documentation from KIAT leads the Review Team to see that the Facility has actively and effectively managed its risk exposures, consistent with the risk principles from DFAT’s guidance[[29]](#footnote-30), namely that an aid investment:

* identifies risks early
* is objective based
* is fit for purpose
* is actively managed
* is accountable.

## Adequacy of the facility model in this context

DFAT noted in its 2020 AQC that the facility model appeared to be operating well in the case of KIAT, delivering efficiently and upholding VfM principles. This point of view was supported during the consultations, with senior DFAT staff stating their belief that the facility model is the appropriate modality for KIAT given the flexibility required to identify opportunities and respond to appropriate requests emanating from GoI or other partners.

The Review Team supports this view. The flexibility of the model has helped KIAT manage the COVID-19 impacts on the Facility and the budgetary changes that preceded them. That said, there are some risks that have been identified during the Review process which, if managed correctly, may assist DFAT and KIAT in getting the most benefit available through the model.

Through the facility model and in a context of a constrained aid budget, KIAT can provide high quality and responsive technical advice that in some cases can leverage and influence a far greater quantum of expenditure by other partners (GoI, MDBs, private sector, etc). At the same time, some caution is required as KIAT continues to develop its strategic outlook. Not all requests can be entertained and focus needs to be maintained on activities that lead towards the KIAT EOFOs, and are of the highest priority to GoI and GoA.

The Review Team has checked KIAT’s performance against the criteria outlined in the Guidance Note: Facility Investments (July 2019) and found it is generally meeting the expectations outlined on pages 5-6, such as:

* Facilities will be able to deliver high quality strategic and design products simultaneously with administrative and operational work;
* Efficiencies will be achieved through reduced management costs and administrative burden;
* A reduced administrative burden will allow DFAT staff to focus on high-level policy dialogue and strategic tasks; and
* Risks will be properly managed by facilities and by DFAT program areas.

One aspect of the KIAT model that was implemented that did cause some early concern was the decision to contract a design-implement approach, which DFAT later assessed had led to a mobilisation period that was too long. The Guidance has been updated to advise against the design-implement approach for facilities (p. 10). One other area where KIAT may fall short of the Guidance is the lack of ongoing independent strategic oversight (p. 8)—see **Section 6.4** below for further discussion of this issue.

## Issues that could be assessed in more depth in future

A key GoI respondent emphasised during the consultation the importance of more impact-level evaluation of the activities to understand what changes were occurring as a result of KIAT activities and build the evidence base for further adoption. This makes sense, as demonstrating achievement of the Facility’s high-level goal largely falls outside of scope of the KIAT MEF, which is structured predominantly around the more intermediate-level KIAT EOFOs that are seeking changes in policy, project preparation and implementation. Of the seven Facility-level KEQs,[[30]](#footnote-31) only one addresses beneficiary-level impacts and this is limited to women and marginalised groups.

This is not a criticism of the KIAT MEF—which is following standard practice—but a reflection of the fact that the Facility operates largely at the upstream end of the infrastructure development process. Rigorous M&E methods are being applied to track implementation at the activity and outcome level, with independent verification of progress. What this does mean is that KIAT and DFAT may wish to consider how the wider story of changes delivered to the people of Indonesia will be measured and told as the Facility heads towards its conclusion.

Some individual KIAT activities do include goal-level impact evaluation. For example, PCSP has conducted baseline social surveys and established a control group outside of the catchment area to be able to accurately assess change through an endline evaluation once the project infrastructure is established and operating. Therefore, plans for any additional evaluation should be a collaborative process with KIAT designed to identify what the Facility will be able to achieve in an area and where any independent evaluative support may help to fill gaps, tie information together and articulate Facility-level achievements—this could be particularly important for building a coherent picture of GESI efforts in achieving gender and disability inclusion outcomes. This could involve commissioning an independent end-of-Facility evaluation or directly conducting discrete studies. Any decisions around this would need to take into account DFAT’s public diplomacy needs and the planning cycle for future DFAT infrastructure aid investments in Indonesia.

# Lessons learned during implementation

## Facility design and logic

The KIAT Facility Logic is consistent with DFAT design standards (with the exception of GESI, as discussed above) in that it lays out a clear set of causal links from the activities to be implemented through to the intermediate and end-of-facility outcomes anticipated. The Logic and design envision pathways to the EOFOs through two integrated, intermediate factors that are very relevant to this Review given its mid-term nature:

1. The provision of high-quality technical advice and inputs by KIAT, which are used to inform decision making and policy implementation; and
2. Enhanced motivation and capacity on behalf of the GoI to design and deliver infrastructure.

The Review Team found that both of these factors are largely being satisfied. Throughout the consultations GoI stakeholders felt they were being provided with high-quality support and were highly motivated, both in the work that they do directly with KIAT and in their commitment to infrastructure development in Indonesia. In turn, the strategic assumptions embedded in the Logic (the “if… then…” assumptions) are holding steady to the extent of achievement of the EOFOs outlined in **Section 2.1** above. The KIAT team are consistently implementing the actions contained in the Logic in line with DFAT guidance and have shown a good record of maintaining reference to the EOFOs through activity design, M&E and reporting functions.

Of the various factors present in the Facility Logic, capacity was raised most frequently during the consultations as an enduring challenge, usually by GoI stakeholders. The skills needed at local level to advance an ambitious infrastructure agenda were often felt to be lacking. While the quality of KIAT inputs are roundly recognised as high, some stakeholders felt more needed to be done to transfer skills to local counterparts and provide more formalised learning opportunities, such as training or exposure visits. COVID-19 has clearly made transfer of skills and provision of learning opportunities more difficult but at the same time has highlighted the utility of online learning options.

Overall, the KIAT Logic Model appears to be working to the degree necessary to achieve the EOFOs but the issue of capacity development must remain a priority if the Facility is to contribute as much as possible to long-term institutional / structural improvements. How to manage skills transfer and training amidst the pressure of key delivery deadlines is often a challenge for TA programs, as is finding that right balance between supplementing and supplanting local capacity. Capacity building as an adjunct to policy or project activities has been seen as a more effective and enduring approach to building local capacity rather than standalone capacity building, not linked to policy or project activities. For the most sustainable outcomes, these should remain front of mind for KIAT as it considers the structure of future activities. It must also be recognised that frequent rotation of staff within GOI mean that building enduring capacity is acknowledged to be a real challenge across all sectors, and KIAT is certainly not the only initiative confronting this issue.

As noted throughout, the Facility’s Logic Model does not support easy assessment of whether the GESI-CSE elements are also working as intended. Any revision of the GESI-CSE approach, or refinement of the facility model and logic, including governance and reporting, needs to support fit-for-purpose GESI-CSE investment across the Facility. There also needs to be a clear line of sight to both the EOFOs and to assessing the overall outcome of dispersed GESI-CSE efforts.

## Responsiveness to GoI

KIAT has been designed as a ‘flexible and responsive facility’, whose activities are governed by longer-term programmatic investments. These investments have been largely in line with emerging priorities of the GoI (and GoA). The flexibility behind KIAT’s design has also meant that the Facility has been able to successfully respond to new and emerging priorities over its lifetime, including COVID-19.

**Facility model**

From a design perspective, each of KIAT’s 9 activity streams align with priority areas highlighted in Indonesia’s RPJMN.

The original inclusion of an ‘emerging priorities’ activity stream and funding envelope as part of the facility model specifically shows KIAT’s commitment to responding to new or pressing requests that may not necessarily align with a prescribed workstream, but nevertheless are a priority for the GoI. While resourcing challenges momentarily diverted funding away from this stream in late 2019, the Facility’s ongoing ability to re-evaluate programming priorities means that KIAT has retained the ability to be responsive to emerging needs while at the same time supporting longer-term programs of work.

Specific examples of KIAT’s responsiveness and ability to provide highly relevant advice to GoI over both the long-term and shorter-term include:

* Developing successful approaches for central government to incentivise better quality investment and delivery at a sub-national level through the long-term *hibah* programs. This aligns with the GoI’s commitment to infrastructure development at the provincial or district level (accounting for just under half of public spending in GoI’s budget for 2020).
* Supporting PHJD under the sub-national road activity stream. This directly aligns with the GoI’s RPJMN, which targets road development and maintenance in special tourism zones.
* Focussing on improved water access. The RPJMN emphasises improved water access (Priority 2), which is an ongoing focus of KIAT assistance (specifically through the new PBGs program to improve water utility performance).
* Quickly responding to a request from the CMEA through KPPIP, KIAT provided support for the preparation and implementation of Limited Concession Schemes (LCS) to allow private companies to operate and improve operations of government assets. KIAT’s support included (i) reviewing relevant international benchmarks and global best practice applicable to the Indonesian context, (ii) drafting a strategy for government asset recycling based on LCS, and (iii) developing step-by-step guidelines to implement LCS for government assets. GoI has recently signed a decree introducing the LCS (Perpres 32/2020).
* Pivoting quickly to provide support for activities such as Consolidating Design Standards and Improving Design and Construction Capabilities to promote economic recovery following COVID-19, working with DGH on evaluating the impact of COVID-19 on the Road Network Budget.

**Research and analysis**

KIAT has also undertaken numerous internal reviews and processes to ensure continued strategic alignment over the Facility’s lifecycle. In 2019, KIAT initiated a series of internal briefs that provided analysis on topics of strategic interest and the policy and regulatory environment impacting KIAT’s success. The briefs were designed to strengthen alignment between funded activities and GoI strategic priorities and ensure DFAT remained informed of current and emerging policy issues. This was one way of ensuring the program approach remained practical and fit for purpose, and that KIAT’s activity pipeline was able to deliver on GoI’s infrastructure priorities.

Internal topics of analysis by KIAT included:

* Private sector participation in infrastructure provision
* State-owned enterprises in infrastructure provision
* Sub-national roads maintenance and management
* COVID-19 detection in wastewater and its application in Indonesia
* Changes to the relationship between the government and civil society in Indonesia.

**Suggestions for improvement**

The MTR consultation process confirmed the view from many GoI officials that KIAT support was relevant and in line with their own priorities. However, stakeholders mentioned several areas where KIAT could improve:

* **Flexibility:** KIAT’s commitment to procedure and compliance was both commended and noted as a potential hindrance when it came to project implementation. KIAT’s operational procedures meant that it was perceived as not being able to easily respond to changes on the ground, and this occasionally led to difficulties when it came to implementation. Said one GoI official, “KIAT needs to improve flexibility without neglecting the procedures.” Similarly, another multilateral donor noted, “...although [KIAT’s] intention is very good, sometimes the activities proposed by KIAT have a very rigid criteria, ‘which make them hard to implement following GoI systems”.
* **Communication:** A lack of communication with GoI officials where a project design shifted meant that local officials felt that they could not provide sufficient input into the planning stage. In one case, this was noted as resulting in a disconnect between the vision of the local government and the final concept put forward by the relevant consultant.
* **Capacity Building:** An increased focus on training programs for GoI staff and building capacity (particularly from a GESI standpoint) was noted in several consultations as something KIAT could do more of, and that this had been a more significant feature of IndII and was now being missed.

# Future direction and recommendations

## Are KIAT’s EOFOs still relevant to the needs of GoI and GoA?

Overall, KIAT’s EOFOs remain relevant to the needs of the Australian and Indonesian governments. However, they do not directly incorporate GESI considerations, which appears to separate assessment of GESI-CSE efforts from the focussed assessment of progress towards the EOFOs, and may limit the ability of the EOFOs to drive ambition on GESI because success in GESI is not critical to success in the achievement of the EOFOs.

Delivering and sustainably managing infrastructure remains a major priority for the GoI and is expected to play a key role in poverty reduction, environmental stewardship and economic growth. The focus on infrastructure is consistent with Australia’s CDRP for Indonesia, being an effective way to encourage inclusive economic growth. It is highly likely that this will remain a priority in the aid policy settings that follow the CDRP. Australia has an established record in the infrastructure sector and is seen as a trusted source of advice and expertise by GoI.

The EOFOs are sequenced in a logical way and could support a very wide range of infrastructure activities, moving across the spectrum from policy to preparation to implementation, maintenance, and management. This is suitable for a facility already managing a wide portfolio along with a need for ongoing flexibility and responsiveness. Nevertheless, the broad nature of the EOFOs means that an additional level of strategic analysis is required to identify best opportunities in a current context. This means that KIAT governance is crucial to seeing that the maximum benefit is extracted from the EOFOs, both in terms stewarding the strategic focus as well as maximising beneficiary impact. DFAT, GoI and KIAT must maintain sight of the KIAT goal while doing this strategic thinking—the EOFOs explain what the KIAT Facility is expected to functionally achieve but the overriding purpose of this work is contained in the goal statement:

‘Sustainable and inclusive economic growth through improved access to infrastructure for all people’

Recognising that the EOFOs are fairly technical in focus, an M&E focus at this level may not automatically generate information about beneficiary-level impact. More robust evidence of change is likely to flow through into reporting as the Facility matures but this could potentially be made more robust through a structured, additional focus. Alongside KIAT’s existing M&E process, there should be an ongoing conversation among the core governance stakeholders about:

* What sort of additional information is required to demonstrate how the outcomes are contributing to the KIAT goal?
* Which KIAT activities can feasibly be expected to deliver this information?
* Should additional research, evaluation or information gathering actions can be undertaken to secure it?

As discussed above, separate documents must be consulted to understand what outcomes the Facility seeks in terms of GESI. DFAT’s Gender Equality in Investment Design – Good Practice Note[[31]](#footnote-32) does recommend that all aid investment consider whether gender can be:

1. incorporated into EOFOs
2. included through a separate outcome
3. explicitly integrated into the program logic / theory of change

Currently, the KIAT approach does not appear to meet these standards. DFAT’s Disability Inclusive Development Guidance note[[32]](#footnote-33) similarly recommends that disability inclusion actions are clear in all program documentation and built into M&E but explicit references to disability are limited in KIAT’s M&E framework and inclusion broadly is absent from the EOFOs. Therefore, while remaining relevant, the EOFOs as currently formulated could benefit from an adjustment to incorporate GESI considerations. If mainstreaming is to be the approach, then mainstreaming should occur at the level of the EOFOs as well. This should occur in conjunction with the reset of the GESI strategy suggested by this MTR.

## Recommendations regarding KIAT’s scope, design, budget, outcomes, oversight, management

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| **Recommendations to support KIAT in fulfilling its mission** |
| * **Recommendation 1:** KIAT should be extended for another four years. This will enable enough time for greater realisation of the EOFOs and hopefully also some evidence of goal achievement. * **Recommendation 2:** If resources are available, KIAT and DFAT should collaborate with GoI to identify and assess new partners, themes and sectors where KIAT can use its resources to create meaningful impact and ensure KIAT’s ongoing relevance and strategic value. This could include expansion into areas such as urbanisation or climate change and green infrastructure (see **Recommendation 7**). * **Recommendation 3:** KIAT should seek to identify whether there are opportunities to increase capacity building among GoI officials, such as through more formalised skills transfer by advisers, training or exposure visits, particularly if strongly linked to policy or project activities. Cross learning between activities or in new locations could also be beneficial, especially if pilot and demonstration activities show promise of being taken up elsewhere. |

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| **Suggestions for maintaining high performance ratings across Effectiveness, Efficiency, GESI and Risk Management** |
| * **Recommendation 4:** KIAT should develop a new GESI-CSE strategy. As part of this process, GESI considerations should be incorporated more explicitly into KIAT’s Logic Model, EOFOs and M&E Framework. This should help maintain or increase GESI ratings and build a clearer picture of whole of program GESI-CSE contribution and outcomes. * **Recommendation 5:** KIAT and DFAT should ensure adequate attention and resourcing is provided to investigate, demonstrate and communicate impact from KIAT activities. This should help maintain or increase effectiveness ratings in the years as the Facility nears completion. |

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| **Further adaptions required to address the impacts of COVID-19** |
| * **Recommendation 6:** KIAT should proceed with existing plans to implement some new COVID-19-specific activities while continuing to look for opportunities through established programming to contribute to COVID-19 response and recovery in Indonesia, as has been done effectively so far. |

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| **Options for integrating climate change considerations into the next phase** |
| * **Recommendation 7:** KIAT should make more explicit its commitment and existing contributions to climate change responsiveness while also looking for opportunities to establish direct activities to address climate change and related issues. This could look like initial funding through the re-established Emerging issues and priorities workstream with the intention to translate into a climate change activity stream, which in turn drives mainstreaming across other activity streams and is guided by its own strategy. |

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## Is KIAT sufficiently flexible to adjust to changed policy and budget conditions, and how can DFAT and KIAT best manage any future changes policy and budget?

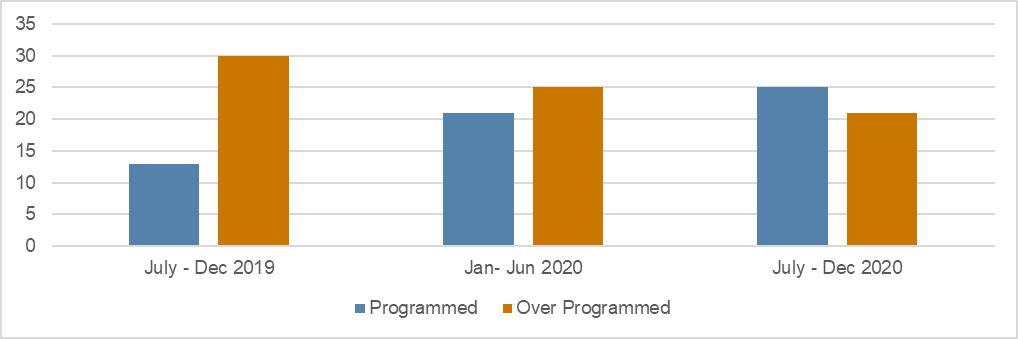
KIAT has shown good flexibility when adapting to changing budget scenarios. Following budget movements in both 2019 and following COVID-19, KIAT had to undertake a thorough activity prioritisation process, as previously detailed. This was led by KIAT in consultation with DFAT. KIAT’s track record of swiftly responding to budgetary changes so far indicates that it will be well placed to continue to do so over the coming years. The Facility’s ongoing effective operation and delivery of its activities through the pandemic in Indonesia is a testament to the strength and professionalism of the KIAT team.

**Budget scenarios**

**Should KIAT’s budget decrease,** we note that it is likely the Facility would need to undertake another activity prioritisation exercise, and look at shifting more activities onto the over-programmed list. This approach has worked with some success for the Facility since July 2019 (See **Figure 8**), and allowed KIAT to continue to deliver on activities, albeit over a longer timeframe.

The figure below shows how KIAT has successfully managed to gradually shift programs from the over-programmed to the programmed list. However, further reductions to KIAT’s budget would mean that KIAT’s ability to pursue activities from the overprogrammed list would be constrained.

Figure : KIAT’s programmed and over-programmed activities July 2019 – December 2020



We do note that the following activities are in their final year:

* Regional Water Supply Systems (due to end Aug September 21)
* Independent Review of the National Water Hibah (due to end July 21)
* Improvement Sanitation Services – DKI Jakarta Zone 5 (due to end JulyJune 21)
* DKI Jakarta Waste Collection and Transportation System (due to end August July 21)
* Integrated Road Asset Management System and Data Collection (due to end December Oct 21)
* Strengthening the Procurement Framework for PPPs in Indonesia (due to end July October 21)
* Semarang Waste to Energy project (due to end July 21)

Once these projects are completed, additional resources may be freed up for KIAT. However, it is our understanding that much of this budget space has already been allocated to other priority activities, including PCSP, scaling up the Sustainable Urban Mobility Plans, PBGs for Water Utilities and various activities in the Gender stream. This would likely mean that, in the context of fewer resources, the project prioritisation process would need to be revisited.

**Should KIAT’s budget increase,** we note that the Facility could take on more activities from the over-programmed activity list, in addition to focusing on bringing new sectors, activities and priorities into the Facility. The consultation process proved that there was no shortage in demand for increased KIAT support across both current sectors, and emerging sectors as mentioned in **Section 2.5**. This might also allow a renewed focus on GESI programming through the Facility.

**Should KIAT’s budget remain as forecasted,**there may still be some space for careful expansion into new areas of work as the projects above conclude. A reset of the Facility’s GESI approach would also be feasible.

Given KIAT’s ability to pivot and respond to changing circumstances, the Review Team remains optimistic the Facility will be able to continue to manage budget movements in the future.

Table 3: KIAT’s scope for action under different budget scenarios

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| Budget Scenario | Implications for KIAT |
| Increased budget (+25%) | * Could explore new thematic areas, such as climate resilient infrastructure * Could bring more projects back from the overprogrammed list, as long as they remain relevant and suitable * Could invest in improving Facility performance on GESI * More possibility of funding pilots or demonstration projects |
| Stable budget | * Can continue to gradually bring priority projects back from the overprogrammed list * May be able to move into a new sector or thematic area, albeit modestly * Can reset technical approach to GESI but may not have resources to invest in new focussed initiatives |
| Reduced budget (-25%) | * Difficult to explore new sectors or thematic areas, but may be possible if sufficient budget becomes available after projects stop * Unlikely to bring more activities back from the overprogrammed list * Can reset technical approach to GESI but unlikely to have resources to invest in new focused initiatives |

## Is there value in establishing a Technical Advisory Group to inform DFAT’s management of KIAT? If so, how could it be structured and what level of resourcing would be appropriate?

An independent Technical Advisory Group (iTAG) is recommended practice within DFAT for all facilities.[[33]](#footnote-34) There is a strong argument to be made that an independent group of experts can provide important periodic and ad hoc oversight and advice for a large aid investment, as was discussed during consultations with DFAT specialists. This is particularly the case if DFAT does not have sufficient internal expertise in the area of operations. An iTAG mechanism is usually incorporated at the design stage of an investment.

The idea of establishing an iTAG for KIAT stems from 2018-19 when KIAT was assessed by DFAT’s internal review processes to lack sufficient strategic direction (although it was still noted that many activities managed by KIAT were very effective). This situation has since improved, with increased Investment Monitoring Reporting ratings applied by DFAT in 2021. Therefore, it is an open question within DFAT as to whether an iTAG is warranted for KIAT at this stage.

While recognising the general logic and value behind such a setup, the Review Team has noted several issues and risks that would need to be taken into account:

* With only four years to run (from the extension point) and a relatively stocked pipeline, the opportunity for strategic input into investment decisions may be somewhat limited.
* Facility strategic direction is the product of dialogue between KIAT, GoI and GoA through management and governance mechanisms—an iTAG may be able to provide input into the process through advice to GoA but its influence may be moderated by these mechanisms.
* KIAT has a good M&E system that is tracking activity towards Activity and Facility outcomes (except for the GESI issues above). There is not a compelling case that additional oversight is needed to understand this process.
* An iTAG risks added complexity and an additional management burden at a time when it may not be beneficial, with both Post and KIAT busy implementing the Facility while responding to COVID-19.
* There can be overlaps and/or tensions between the role of Facility advisers and iTAG members.

During consultations, DFAT Post have articulated that its vision of an iTAG would be one that provides direct strategic guidance to Post on infrastructure and gender and disability inclusion issues, potentially on a six-monthly basis, including by drawing on specific input from an Organisation of Persons with Disabilities to ensure there is lived experience of disability informing the strategic advice. If proceeded with, the following are potential ways to avoid or mitigate the above risks and issues:

* Discuss and design the iTAG terms of reference in collaboration with KIAT to ensure the Facility understands the iTAG’s role and is able to service the related needs. Wherever possible, this should involve the iTAG using established document sets and streamlining its work with existing processes.
* DFAT could consider establishing an iTAG to provide strategic advice on DFAT’s overall Indonesia infrastructure portfolio, which includes KIAT as well as investments through MDBs. This could have the benefit of supporting programming coherence and also demarcating the role of the iTAG vis-à-vis the implementers, but it up to DFAT to determine if this is structurally suitable or not. Post could consider using an existing advisory service or establishing a new service to directly advise DFAT on infrastructure issues.
* Focus the role of the iTAG on strategic advice around GESI-CSE and exploration of new infrastructure scope (although this does not preclude the possibility of valuable inputs related to existing activity streams as well).
* The iTAG could help identify the best opportunities for collating lessons learned and conducting Facility evaluation, with a view to advising DFAT on options and plans for the KIAT completion period and scoping of follow-on programming.
* Make maximal use of existing advisers or those with appropriate KIAT experience, if available.
* The iTAG members could also be called upon on an ad hoc basis to support Post review of activity proposals and related documents emanating from KIAT.

If DFAT decides not to proceed with an iTAG at this point, the Review Team recommends that an iTAG be considered at design stage of any future infrastructure programming initiative that might follow in the wake of KIAT.

1. Economic Surveys: Indonesia (OECD, March 2021) [↑](#footnote-ref-2)
2. Indonesia Country Partnership Strategy 2020-2024 (ADB, September 2020) [↑](#footnote-ref-3)
3. Indonesia’s Urban Story (World Bank, 2020) [↑](#footnote-ref-4)
4. World Bank Quality of Logistics Services website: <https://lpi.worldbank.org/> (accessed 9 June, 2021) [↑](#footnote-ref-5)
5. Data provided by Bappenas, from the Study on Drinking Water Quality (SKAM/Studi Kualitas Air Minum), 2020. [↑](#footnote-ref-6)
6. Making Infrastructure Work for Women and Men (1999-2009), World Bank, 2010. [↑](#footnote-ref-7)
7. The sub-questions for Question 4 were not in the original ToR. They were added following discussions with DFAT to refine the scope of this key evaluation question. [↑](#footnote-ref-8)
8. See the KIAT Significant Policy Change story “Improving the Management Of Indonesia’s National Road Network” for more information. [↑](#footnote-ref-9)
9. KIAT’s internal assessment is that the Facility is ‘in line with expectations’ in all seven key evaluation areas (BPPR Feb 2021). [↑](#footnote-ref-10)
10. Summarised from the KIAT AQCs conducted in 2018, 2019 and 2020. [↑](#footnote-ref-11)
11. DFAT’s AQC references gender specifically. [↑](#footnote-ref-12)
12. <https://www.dfat.gov.au/sites/default/files/indii-fact-sheet.pdf>; <https://www.dfat.gov.au/sites/default/files/indonesia-indii-program-mission-3-report.pdf> [↑](#footnote-ref-13)
13. The PRIM program, now PHJD, and the Water Hibah were both taken to scale by the Government of Indonesia. [↑](#footnote-ref-14)
14. DFAT 2020, ‘Partnerships for Recovery: Australia’s COVID-19 Development Response’, https://www.dfat.gov.au/sites/default/files/partnerships-for-recovery-australias-covid-19-development-response.pdf [↑](#footnote-ref-15)
15. PwC 2020, ‘Global infrastructure trends’, viewed 29 June 2021, <https://www.pwc.com/gx/en/industries/capital-projects-infrastructure/publications/infrastructure-trends.html> [↑](#footnote-ref-16)
16. MIKTA 2021, ‘Joint Communique 18th MIKTA Foreign Minister’s Meeting (Videoconference, 03 February 2021)’, viewed 29 June 2021, <http://mikta.org/document/joint.php?pn=1&sn=&st=infrastructure&sc=&sd=&sdate=&edate=&sfld=&sort=&at=view&idx=386&ckattempt=1> [↑](#footnote-ref-17)
17. Examples include Sustainable Development Goal 13: Climate Action, the United Nations Framework Convention on Climate Change (UNFCCC) (1992), Kyoto Protocol to the UNFCCC (1997), Doha Amendment to the Kyoto Protocol (2012), and the Paris Agreement (2016). [↑](#footnote-ref-18)
18. G20 Principles for QII 2019, viewed 29 June 2021, <https://www.mof.go.jp/english/policy/international_policy/convention/g20/annex6_1.pdf> [↑](#footnote-ref-19)
19. Islam, S N & Winkel, J (2017), ‘Climate change and social inequality’, Working Paper no. 152, Department of Economic and Social Affairs [↑](#footnote-ref-20)
20. Morrison, S 2020, ‘Address, Pacific Islands Forum’, transcript, Prime Minister of Australia, 11 Dec 2020, viewed 15th June 2021, <https://www.pm.gov.au/media/address-pacific-islands-forum>. [↑](#footnote-ref-21)
21. While Semarang WTE is reported publicly as falling under the Infrastructure Funding and Financing activity stream, it is internally understood to be part of the IEN activity stream. [↑](#footnote-ref-22)
22. Foundational areas: Research, Knowledge and Learning, and Civil Society Engagement. Thematic areas: Inclusive Leadership, Inclusive Economic Empowerment, and Inclusive Investments [↑](#footnote-ref-23)
23. KIAT did not implement annual GESI-CSE reflection workshops (given budget constraints) and mainstreamed consideration of GESI-CSE across Technical Committees rather than continuing with a GES-CSE specific Technical Committee. [↑](#footnote-ref-24)
24. The mini-GESI-CSE strategy was prepared in late 2019 but was not formally endorsed by DFAT. [↑](#footnote-ref-25)
25. The original Logic Model in the KIAT design did include reference to GESI but the current version in the 2019 MEF does not appear to. [↑](#footnote-ref-26)
26. Value for Money principles, [www.dfat.gov.au/aid/who-we-work-with/value-for-money-principles/Pages/value-for-money-principles](file:///C:\Users\devoushi.cooray\AppData\Local\Microsoft\Windows\INetCache\Content.Outlook\MZ67DMDY\www.dfat.gov.au\aid\who-we-work-with\value-for-money-principles\Pages\value-for-money-principles) [↑](#footnote-ref-27)
27. Risk Management for Aid Investments (DFAT Australian Aid, January 2019) [↑](#footnote-ref-28)
28. KIAT Risk Register Submission: September 2020 [↑](#footnote-ref-29)
29. ”Risk Management for Aid Investments” (DFAT, January 2019) [↑](#footnote-ref-30)
30. KIAT Monitoring and Evaluation Framework (2019), Page 17. [↑](#footnote-ref-31)
31. https://www.dfat.gov.au/about-us/publications/Pages/gender-equality-in-investment-design-good-practice-note [↑](#footnote-ref-32)
32. [Disability-inclusive-development-guidance-note.pdf](https://www.dfat.gov.au/sites/default/files/disability-inclusive-development-guidance-note.pdf)  [↑](#footnote-ref-33)
33. Guidance Note: Facility Investments (DFAT, July 2019). [↑](#footnote-ref-34)