

DFAT Management Response to the Independent Mid-Term Review of the Sustainable Infrastructure Assistant Program Phase 2 (SIAP2) 2023

The Department of Foreign Affairs and Trade (DFAT) commissioned an independent mid-term review (MTR) of the Sustainable Infrastructure Assistant Program Phase2 (SIAP2), conducted between March and September 2023. The MTR assessed the progress and achievements of SIAP2 against its intended outcomes. The review focused on the program’s effectiveness, efficiency and relevance, including the appropriateness of the modality for Australia’s engagement on infrastructure development in Indonesia.

DFAT thanks the review team and those who participated in the MTR. Based on the findings, the MTR presents recommendations in two parts: the first for immediate consideration; and the second for longer-term programming. The recommendations and DFAT’s responses are set out below.

Recommendations for immediate consideration

Recommendations	Response	Explanation
<p>1. Strengthen learning and dissemination</p> <p>ADB, GOI and DFAT to review learning and dissemination processes under SIAP2 and consider how insights and learning points could be more effectively gathered and disseminated to a broad audience. This could include:</p> <ul style="list-style-type: none"> - learning material - events to disseminate learning from SIAP2 to audiences in Indonesia and the wider ASEAN region. 	Agree	<p>DFAT and ADB will explore opportunities to increase learning and dissemination processes under SIAP2 as set out in the recommendation. To guide the process, a learning and dissemination strategy and implementation plan will be developed to presented to the SIAP2 Steering Committee in February 2024.</p>
<p>2. Strengthen gender equality and disability inclusion</p> <p>ADB to shift from a project focused gender mainstreaming approach to a programmatic approach to GEDSI that includes GEDSI specific and targeted activities as well as gender mainstreaming in project loans and transition to a stronger gender equality indicator in the M&E framework.</p> <p>ADB to develop a GEDSI and infrastructure strategy to provide coherence and strategic direction to</p>	Agree in part	<p>DFAT supports this recommendation and will work with ADB to implement most sub-components during the current program. This will include:</p> <ul style="list-style-type: none"> - ADB developing a GEDSI and infrastructure strategy by end April 2024 - ADB reviewing the adequacy of SIAP2 resourcing on gender and disability and reporting the findings to the SIAP2 Steering Committee in February 2024 - DFAT continuing to share learning on disability inclusion and access to technical expertise, building on the success of the workshop in October 2023

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<p>SIAP2 GEDSI activities including both GEDSI specific and mainstreaming activities, and the intersectionality of gender, disability and social exclusion as it impacts access to infrastructure and related inclusive policy reform agendas.</p> <p>ADB to review the adequacy of SIAP2 resourcing of gender and disability in view of the demand from implementing agencies and the opportunity to respond to GOI's policy commitments to women's economic empowerment and leadership, and accessible and inclusive development in the infrastructure space.</p> <p>DFAT to share learning on disability inclusion in Indonesia and facilitate ADB access to organisations and networks of people with disability that DFAT is working with.</p> <p>ADB to track the collection of disability disaggregated data across the portfolio and monitor disability indicators that measure the accessibility of physical infrastructure.</p>		<p>- ADB tracking disability disaggregated data across the SIAP2 portfolio and incorporating this into reporting from July 2024.</p> <p>While the development of a GEDSI and infrastructure strategy should enable a more coherent approach to addressing GEDSI issues in SIAP2, DFAT assesses that shifting to a fully programmatic approach in the current phase would be given the resourcing requirements. A more programmatic approach should be pursued in the context of a design of any successor program.</p> <p>Nonetheless, ADB, GOI and DFAT will seek opportunities to support GEDSI-focused activities under the knowledge window for the remainder of the current program.</p>
<p>3. Review SIAP2 resourcing</p> <p>ADB to review the adequacy of safeguards, gender, disability and M&E resourcing in terms of capability and available budget, in the core team related to SIAP2 projects, as well as on loan specific project teams and to ensure that comprehensive support in these aspects can be provided to SIAP2 subprojects.</p>	<p>Agree</p>	<p>DFAT will request the ADB to report on its safeguards, gender, disability, and M&E resourcing at the next Steering Committee meeting in February 2024, to ensure appropriate support is provided to SIAP2 activities.</p>
<p>4. Extension of SIAP2 beyond June 2024</p>	<p>Agree</p>	<p>Subject to internal approvals, DFAT will work with ADB on extending SIAP2 to end December 2025 at no cost to enable the M&E indicators, including Indicator 4 on leverage, to be fully achieved. This</p>

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<p>Based on the findings of this MTR, it is recommended that the program duration for SIAP2 should be extended beyond June 2024, to enable the M&E Indicators, including Indicator 4 on leverage, to be achieved to the fullest extent possible. SIAP2 offers the ability to leverage investments to a much greater extent through ADB loans and co-financing than via independently implemented programs. At the same time, SIAP2 funding is enabling effective institutional reform and infrastructure development in critical sectors across Indonesia.</p>		<p>extension will enable ADB and DFAT to address some of the other recommendations of this MTR, including recommendations 1, 2, 6 and 8. A no-cost extension would support portfolio level planning and optimise efficiencies and complementarity between DFAT’s infrastructure and energy investments in Indonesia.</p>

Recommendations for longer term programming

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<p>5. Policy</p> <p>Take into account relevant GOI’s changing political priorities and GOA’s updated policy on international development and infrastructure financing, as well as other relevant projects in Indonesia, such as the Climate and Infrastructure Partnership with Indonesia.</p>	<p>Agree</p>	<p>New policies, particularly those issued by the Governments of Indonesia and Australia, are routinely considered in managing existing development programs and in designing new programs. The implementation of Australia’s new international development policy (August 2023), <i>Invested: Australia’s Southeast Asia Economic Strategy to 2040</i> (September 2023), and the Indonesia-Australia Climate and Infrastructure Partnership are all relevant for SIAP2.</p>
<p>6. Gender Equality, Disability and Social Inclusion</p> <p>ADB and DFAT to revise the current gender indicator in the M&E framework to meet DFAT standards, noting that any new investment will require a gender equality objective and meet related OECD DAC requirements.</p>	<p>Agree</p>	<p>DFAT and ADB will update the gender indicator as part of the review of program targets (per recommendation 8). Any successor program would be required to meet DFAT’s international development policy objectives regarding gender equality.</p>

Recommendations	Response	Explanation
<p>7. Risks</p> <p>ADB to strengthen role in advocating with GOI on local content requirements and their impacts on projects including those supporting energy transition.</p>	<p>Agree</p>	<p>DFAT agrees and acknowledges the challenges related to local content requirements and the impact on ADB projects. DFAT further notes Indonesia’s recent policy decision on the application of these requirements., which may help to overcome these challenges.</p>
<p>8. Monitoring and evaluation</p> <p>Review the appropriateness of SIAP2 M&E targets including those that have been achieved, helping to define new and more robust indicators for subsequent programming. These could include clear targets for cross-cutting aspects and to enable wider replication of program approaches and outcomes.</p>	<p>Agree</p>	<p>DFAT and ADB will jointly review M&E targets and submit an update to the Steering Committee in February 2024.</p>