



Australian Government
Department of Foreign Affairs and Trade

FEBRUARY 2022

Management response - Malaysia and Thailand reform partnerships mid-term evaluation

The Malaysia and Thailand Reform Partnerships is a collaboration between the Department of Foreign Affairs and Trade (DFAT) and The Asia Foundation (TAF) to support critical reforms for growth and stability in Malaysia and Thailand. It is a three-year program (August 2019-July 2022) valued at AUD 2.7 million.

The program is linked to broader policy work on growth and development trajectories in Advanced Middle-Income Countries (AMICs) as part of the DFAT-TAF Strategic Partnership. MTRP is the first practical application of this policy work, and therefore warrants evaluation to support continuous improvement and understanding of how Australia can contribute to growth and stability as part of our bilateral engagement in AMICs.

An independent mid-term evaluation was conducted by strategic development consultant, Richard Moore, between March and May 2021. Mr Moore will conduct a second evaluation in mid-2022 to more closely examine the impact of the reform initiatives.

DFAT-TAF JOINT RESPONSE TO THE EVALUATION

DFAT and TAF welcome the mid-term evaluation of the Malaysia and Thailand Reform Partnerships. We consider it to be a robust and fair assessment of the strengths and challenges of the program. The evaluation provides valuable insights to sharpen program performance going forward and guide

the direction of the program. We agree to seven recommendations of the mid-term evaluation, and partially-agree with one recommendation. The program activities will be extended for two years in line with the evaluation recommendations. These recommendations will continue to be implemented over that time.

DFAT-TAF JOINT RESPONSE TO THE RECOMMENDATIONS

| RECOMMENDATION | RESPONSE | WHO/WHAT/WHEN |
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| <p>1. DFAT and TAF should collaborate to distil existing good practice across programs and partners into a short guidance note on ‘strategic approaches to working in Advanced Middle-Income Countries’, to be completed as part of the MTRP project.</p> | AGREED | <p>LEAD: The Asia Foundation BY: May 2022</p> <p>TAF will prepare a guidance note on <i>Strategic Approaches to Working in AMICS</i>. The draft will be reviewed by DFAT and jointly revised as needed.</p> |
| <p>2. There should be an early, in-principle decision to extend the program by two years, to make the most of what has been started and to avoid premature winding down of activity.</p> | AGREED | <p>LEAD: Southeast Asia Division BY: July 2022</p> <p>DFAT and TAF agree an additional two years is necessary to implement the reform initiatives to maximise potential for impact.</p> <p>MTRP will be succeeded by separate investments for Thailand and Malaysia modelled on MTRP which will continue the existing reform initiatives and possibly add new reform initiatives.</p> |
| <p>3. A revised budget – including departmental resources – should be prepared for the extended activity that takes account of and supplements spending to date.</p> <ul style="list-style-type: none"> - DFAT should also consider the pros and cons of building in a modest contingency fund that can be accessed under stringent conditions, where | AGREED | <p>LEAD: Southeast Asia Division BY: July 2022</p> <p>Sufficient budget will be allocated for the extended reform initiatives. Funding flexibility within MTRP allocations to each country will continue to enable strategic adaptations as needed.</p> |

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| <p>reforms are tracking well and there is opportunity for substantial additional gains by extending what is being done.</p> | | <p>A contingency fund will be considered as part of a longer-term approach to AMIC engagement within DFAT.</p> |
| <p>4. When considering reform priorities, explicit attention should be given to how TAF will accomplish initiative-specific, ‘technically sound, politically possible solutions’.</p> | <p>AGREED</p> | <p>LEAD: The Asia Foundation BY: September 2021</p> <p>As part of the program’s adaptive approach, the first working Theory of Change for a reform initiative outlines TAF’s initial understanding of the development problem and preliminary strategy to accomplish the desired outcomes. This informs understanding of the technical and political capacity needed to implement the strategy. TAF typically establishes a <i>team</i> to provide this capacity combining existing staff, newly contracted staff with specialized expertise, and external partners.</p> <p>As an additional to existing process, at the beginning of any new initiative TAF will prepare a brief document (1-2 pages) that clarifies what skills it believes will be critical to implementing the initiative and how it plans to meet those skill requirements.</p> |
| <p>5. Partners need to explicitly think through exit options, as most reform programs will continue over many years, and in some cases decades, and there is the risk of loose ends and fractured relations if initiatives end abruptly.</p> | <p>AGREED</p> | <p>LEAD: The Asia Foundation and Posts BY: September 2021</p> <p>For all reform initiatives, whether or not the intended policy outcome is in place, DFAT and TAF will want to achieve as great a sustainable impact as possible. At the beginning of the final year for each reform initiative TAF will prepare a <i>Projected Exit Strategy</i> document (1-2 pages) that will clarify what host country forms, capacities, coalitions, and (where relevant) ongoing funding will be left behind and what steps need to be taken to ensure that these end conditions in place by project end.</p> |

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| | | <p>The Projected Exit Strategy will be discussed as part of the Strategy Testing sessions during that final year, and the document will be revised as needed over the course of the year to reflect any on-the-ground changes in context, options, or constraints that may emerge.</p> |
| <p>6. The strategy testing process should be enhanced to maximise interrogation of performance data, tighten outcomes, clarify strategies and expand management responses.</p> | <p>AGREED</p> | <p>LEAD: The Asia Foundation BY: September 2021</p> <p>Updates to working Theory of Changes (wTOCs) for each reform initiative will be complemented by initiative timelines and documentation of what changes are being made to wTOCs and why – as the basis for discussion in Strategy Testing sessions.</p> <p>DFAT and TAF acknowledge the need to reduce briefing in strategy testing meetings and focus more on critical thinking and contestability. This will be a focus for Chairs, acknowledging that it also relies on ongoing building of program logic skills in the DFAT and TAF teams.</p> <p>TAF will prepare new guidelines outlining the purpose and content of all documents and processes, including the Strategy Testing sessions.</p> |
| <p>7. The performance management system should be sharpened in the following ways:</p> <ul style="list-style-type: none"> a) The Monitoring and Evaluation Plan should be updated and integrated into management processes to deliver progressively more specific objectives and strategies. b) Management processes should formally extend monitoring, reporting and management response to all three objectives, not just the reform process, central as it is. | <p>AGREED</p> | <p>LEAD: The Asia Foundation BY: August 2021</p> <p>The Monitoring and Evaluation Plan will be updated to enhance monitoring, reporting and response to all three objectives. All three objectives will continue to be discussed in six-monthly Joint Working Group meetings. Traffic lights and ‘performance on a page’ will be incorporated into Semi-Annual Reports and Annual Reports.</p> |

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| <p>c) Traffic lights should be used to indicate progress against each reform initiative and objective.</p> <p>d) Performance data should be summarised in a table showing program performance on a page.</p> | | |
| <p>8. DFAT should determine how it wants to position in AMICs in the medium-longer term.</p> <ul style="list-style-type: none"> - An expanded, more proactive approach is recommended, based on Australian national interests. This would require a policy decision and a commensurate resource commitment. - A detailed survey of 'who is doing what' is needed to help illuminate options. - The capability of alternative commercial, civil society and government organisations to 'think and work politically' needs to be tested and should not be assumed. | <p>PARTIALLY AGREE</p> | <p>LEAD: Human Development and Governance Division BY: Ongoing</p> <p>DFAT recognises the importance of a long-term engagement in middle income countries in Southeast Asia encompassing foreign policy, trade and development. DFAT will further consider its engagement in AMIC countries as part of development strategies going forward, building on earlier policy work under the DFAT-TAF Strategic Partnership and the practical experience in Thailand and Malaysia.</p> <p>TAF will undertake a separate, complementary process to build on understanding of AMIC engagement in Southeast Asia (funded by TAF). TAF will prepare policy relevant research on AMIC economic and governance challenges and the implications for Australia's engagement in key countries in Southeast Asia.</p> |