

## Management Response to the Evaluation

### Summary of Management Response

The independent completion evaluation of the Technical Assistance (TA) on Strengthening Public-Private Partnerships (PPP) in the Philippines (2011-2021) was commissioned to assess its performance, provide insights into how the PPP Program could be strengthened, and share lessons that could inform designs for similar programs in the future. The evaluation was also intended to assist the Australian Embassy in Manila to identify potential areas of future needs in relation to PPPs in the Philippines, and infrastructure development requirements in general. It was intended to provide considerations for DFAT when canvassing options for potential Australian Government support through other development cooperation activities in the Philippines.

DFAT welcomes the recommendations of the independent completion evaluation.

DFAT sees value in the continued inclusion of infrastructure as a sector in Australia's development program in the Philippines. The evaluation provides useful recommendations that could inform future programming in support of infrastructure development and PPPs in the Philippines, particularly in terms of activity selection, design, management, policy analysis, and oversight of programs channelled to multilateral institutions.

### Evaluation recommendations

| Recommendation  | Response      | Explanation  |
|---|---------------|--|
| 1. Bring Australian partners (including private sector) into a <b>joined-up Whole of Government strategy</b> that links other programs and priority areas (good governance, climate change, peace and security, indigenous people) in a holistic approach and seeks to increase Australian private sector investment and linkages (such as by providing non-ODA funding to Australian private sector entities to fund bids to increase engagement). | Agree in part | DFAT agrees in-principle on the value of bringing in Australian partners including private sector in a holistic approach that links programs and priority areas to increase private sector investments. Any recommendation to provide non-ODA funding to Australian private sector entities to fund bids would have to undergo approval process and be subject to appropriate due diligence, have to be in line with DFAT's rules on non-aid grants, and would need to comply with the Commonwealth Grant Rules and Guidelines (CGRG). |

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| <p>2. Ensure DFAT undertakes a formal <b>political economy analysis</b> in the design of new infrastructure programs (and that implementing partners hold ongoing responsibility for undertaking structured political economy analysis, including upon a change of government), package support in line with a new government’s policy direction and preferred brand of PPPs, and ensure communication and engagement with senior government personnel is core to any new program.</p> | <p>Agree</p> | <p>DFAT agrees on the importance of sound analysis, including political economy analysis, to ensure alignment with the partner government’s direction, especially in the context of major changes in the political landscape.</p>   |
| <p>3. Detail a <b>formal partnership approach within the design document and contract agreement</b> that articulates clear roles and communication mechanisms to ensure DFAT’s engagement in strategic direction, monitoring and governance, and build in policy-based triggers to payments, rather than just tranche payments.</p>  | <p>Agree</p> | <p>Partnerships with multilateral institutions, such as the Asian Development Bank (ADB) enable DFAT to leverage its resources and gain space for effective policy dialogue. Nevertheless, DFAT agrees that these partnerships can be strengthened and better maintained, including through improved articulation of roles, and clearer communication mechanisms between all institutions involved the partnership. These processes should be articulated and integrated into partnership agreements, and implemented through more proactive and consistent engagement of DFAT in direction setting and monitoring.</p> |

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|---|--------------|--|
| <p>4. Invest in building stronger partnerships and maintaining more proactive engagement when working through ADB / <b>multilateral institutions to ensure strategic relationships and engagement</b> with a broad range of stakeholders, including by allocating additional staffing resources within the embassy to support strategic and partnership engagement.</p>                                       | <p>Agree</p> | <p>DFAT will ensure that partnership priorities will be considered throughout the design and development of future programs.</p>                     |
| <p>5. Ensure <b>monitoring and evaluation supports adaptive management and strategy testing approaches</b> for DFAT programs that are strongly shaped by political-economy factors, and work closely with national governments, noting that this may require DFAT to negotiate, contribute to and resource a separate monitoring and evaluation framework when working through multilateral institutions.</p> | <p>Agree</p> | <p>DFAT agrees on the need for strong and well-resourced monitoring and evaluation systems that can inform programmatic and strategic decisions.</p> |
| <p>6. Explore opportunities to <b>integrate a future PPP element into existing DFAT investments</b>, with PPPs positioned as one of several modalities to support inclusive infrastructure development, messaged as a continuation of the current program.</p>  | <p>Agree</p> | <p>DFAT is always open to opportunities to link or find synergies between its investments.</p>   |
| <p>7. Consider engagement with the Australian private sector for any new project in targeted <b>Australian niche areas</b> such as gender equality, disability and social inclusion</p>   | <p>Agree</p> | <p>The potential role of the private sector will be taken into consideration in the design and development of future programs.</p>                   |

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| (GEDSI) and safeguarding, new technology, quality of infrastructure, and anti-corruption.  |          |   |
| 8. Link with <b>DFAT’s regional program ‘Partnerships for Infrastructure’</b> to support continued sharing of Australian expertise, technical assistance and strengthening of bilateral links.   | Agree    | DFAT is exploring options for possible joint collaboration with ‘Partnerships for infrastructure’ in the Philippines.   |
| 9. Prioritise investment in capacity development for public financial management, program development, planning and contract management for <b>enhanced infrastructure development at the local level</b> , drawing on the approach used by DFAT’s humanitarian program in the Philippines (SHIELD). | Agree    | Where relevant, opportunities for engaging in capacity building in public financial management will be considered in the strategy, design and development of future DFAT programs in the Philippines. |