# Transcript – DFAT’s Economic Governance Industry Briefing, Jakarta

**3 December 2024, 11 am WIB/3 pm AEDT.**

**Louisa Hartono** 11:41

Check sound. Check. Rene. Emily, can you hear me?

OK, good.

We can't hear you, Emily.

**Australian Embassy Jakarta** 12:00

Can you hear us now?

**Louisa Hartono** 12:01

Yeah, yeah, yeah. Loud and clear. Crystal clear. Good.
Sorry, just to check. Emily. Renee. Sorry. Can you try to speak?
Because we see you're talking, but we cannot hear your voice, do you mute yourself? Oh, yeah, OK, OK, good. Good, good. Yeah, that's a relief to know. OK.

**Australian Embassy Jakarta** 15:30

I went where on the.

**Louisa Hartono** 15:37

Yeah. So, Emily, I will leave it to you as the chair when to start the meeting. Just let me know.

**Tony Wong** 17:38
None.

**Australian Embassy Jakarta** 18:24

Good morning and good afternoon.

Folks, we will get started in just one minute. We've got a few people still joining, so.
Just to confirm that everyone can hear it, just come off mute, but we'll just give it one more minute before we start.

OK. Well, thank you everyone for joining us.

I'll introduce myself and get my colleagues to do the same. I'm Emily Edwards, first secretary, here on the economic governance section at Jakarta Post, and I'll just introduce those of my colleagues who are speaking today. Hi everyone. My name is Renee Bryant. I'm the secretary in the economic trade and investment section in Jakarta. Post.

Hi everyone. I'm David Lowe for secretary for infrastructure. And then I might ask my colleagues at Dbb.

Vas is it who's speaking to introduce himself?

**Vas Withanage** 20:17

Thanks, Emily. Hi, everyone. I'm Beth with annaj. I'm the director of the Development Partners Engagement section and our branch DVB looks after development procurements.

**Australian Embassy Jakarta** 20:29
Thanks. OK. So we'd like to use this session to briefly introduce some of the opportunities that will be coming to the market this year and next year on our economic investment climate and infrastructure portfolio of Australia's development program in Indonesia.

I'm just getting those slides up right, so to start with, I'll give a quick overview of our current portfolio and then what we're moving through. So you'll get a sense of how the pieces are fitting together.

Then I'm going to talk through the specific opportunities that will come to market and my colleagues will talk to the specific ones of these that they manage, but also then hear from BAS & DFAT’s contracts area about how you might engage with this process.

Questions will need to be taken on notice and we'll make sure to share answers to everyone.
Some contact details for e-mail questions at the end of this presentation.

Let's move to the first slide.

When we talk about the current economic investment, climate and infrastructure portfolio, we're talking about four main investments or programs. Firstly, Prospera, our economic Governance partnership program; Katalis, our EHR Economic Cooperation program, under the Indonesia Australia Comprehensive Economic Partnership Agreement, Economic Cooperation program; Katalis KIAT, which is our infrastructure partnership program and KINETIK, which is the newest of the four.

Our climate and Infrastructure Partnership program, many of you will already be familiar with these programs, but we'd encourage you to have a look through the information on the business notification page of the DFAT website and to go in and look at those respective websites for the programs. We'll also provide a bit more detail as we go through today and we're outlining the opportunities.

But these programs are all coming to an end of current phases and current contract arrangements in the next year to 18 months, and so we're now looking across our portfolio at what program or investments we should be looking at in the future and how they need to work together.

So we've embarked on design processes for two new investments. We go to the next slide.

The first is Prospera 2.0, including Katalis 2.0.

So this is being done as one design and one investment in our default systems will have two procurements and retain separate program branding and identities. The 2nd is the new infrastructure and climate financing investment and David will talk more on that shortly. So across this portfolio, there are some key considerations that we're thinking about. And things that we feel need to inform the design process.

Firstly, we're thinking about what the next program phases when thinking about the next program phases, we're considering what our development program looks like in Indonesia on a 10-year time horizon. What does Indonesia look like over the next decade as it moves to high income status?

Then we're looking at how to ensure that the two investments, these two new investments are complementary and where necessary work to work together to achieve outcomes. There will be some overlapping policy spaces, overlapping stakeholders and we need to work on how to leverage that. This isn't even greater consideration within each investment. These are investments, as you'll see today that will have multiple parts and need to leverage resources.

From each other and engage collaboratively.

We also need to consider how we support government to government partnerships. This is a modality we're already using across our portfolio and it's likely to increase in focus.

Or Indonesia in terms of demand, we're also thinking about how to bring in some niche skills and international best practise through our partnerships as well as embedding locally led development models.

So now let's look at the specific Opportunities and turning first to Prospera 2.0, so as I've already mentioned, this is going to be one investment. That's Prospera 2.0 and Katalis 2.0, but we'll do it as two procurements done as a lot procurement.

There'll be shared outcomes and the programs will need to support the delivery and achievement of the outcomes across the investment, as well as having their own internal outcomes.

So specifically on the Prospera piece, Prospera is our flagship economic governance program and builds on 20 years of work in the economic governance space. It partners primarily with central agencies and provides evidence on which to base policy to support private sector development, safeguard macroeconomic stability, and improve government performance. It also supports partnerships with almost 20 Australian Public service agencies and their Government of Indonesia counterparts. Prospera has recently started delivering more policy and regulatory advisory support work in the sustainable finance, climate and energy space.

Subject to refinement in the design process: Prospera 2.0 (working title) will aim to: support Indonesia’s economic transformation, enabling greater investment, including from Australia, and to support stronger, more inclusive economic growth in-line with Indonesia’s ambition to reach high-income status by 2045. End of program outcomes for Prospera 2.0 are proposed across three key areas and with a 10-year horizon. These will be refined through the design process.

* Economic transformation: macroeconomic, financial sector, budget, and revenue policies, with a focus on gender and disability in policy outcomes.
* Private sector transformation: micro-economic, trade and investment, competition and innovation, labour market and digital economy, focusing on female labour force participation.
* Energy and climate transformation, including issues of a just transition.

The Managing Contractor will develop and implement a strong program strategy but also retain the flexibility of a facility model. The overall implementation strategy for Prospera 2.0 will include a clear approach to harnessing the collaboration opportunities between technical assistance and APS partners. The Managing Contractor will develop effective coordination mechanisms with Katalis 2.0 and a clear approach to harnessing the collaboration opportunities between technical assistance in both Katalis and Prospera components.

It will need to also work in a complementary way with the New Infrastructure and Climate Financing Investment as there will likely be overlaps in some policy space and stakeholders.

For Prospera and Katalis a design team has been contracted and will be carrying out an in-country mission early next year.

The RFEOI to come out shortly for an initial 5 year contract. Anticipating contract to be in place in late 2025.

I'll hand over to Renee to talk a little bit more about the Katalis piece specifically.

**Katalis 2.0**

Thanks, Emily. Hi, everyone.

On Katalis, I'll give you a quick overview of what the current phase looks like and then similar to the structure that Emily has just done for Prospero, what we anticipate for Katalis 2.0. So the current phase of Katalis, the IA-CEPA Economic Cooperation program, is a $40 million program from July 2021 out to December 2025.

And the program is designed to support the implementation of and also maximise the benefits of the Indonesia Australia Comprehensive Economic Partnership Agreement, which is our bilateral free trade agreement between both countries. The program is designed to do this by improving market access, increasing 2-way, trade and investment and supporting inclusive economic growth in Indonesia.

Katalis works closely with business communities in both Australia and in Indonesia. To foster this increased 2-way trade and investment.

If you need any more information on the current program you can go to the Katalis website. What might also be a useful resource for you is the Katalis’ independent mid-term review which was completed earlier this year and that is on the DFAT website now in terms of the Katalis 2.0 component of the broader investment, we anticipate that the request for EOI will be released this month, December 2024.

Request for tender. As you can see on the screen released in July 2025 and the procurement value will be similar to the current phase of Katalis, which is about Australian 40 million Australian dollars over five years.

Both Katalis 2.0 and Prospera 2.0 are being designed closely, so we're doing this in tandem in order to align and enable greater synergy between the work that PROSPERER has done and will continue to do on economic policy reform as well as Katalis goal to improve market access.

Increased to way trade investment and enable this inclusive economic growth under the banner of IA-CEPA, the managing contractor will develop effective coordination mechanisms with prosperity and work very closely with government of Indonesia and government of Australia. So that is on our side. It will be DFAT and on the Indonesian side there are a number of government agencies that are that lead for the policy development and program direction of Katalis.

Given that the Katalis sits underneath the Economic Cooperation program of the FTA, which is part of the program, it needs to deliver and support the work of the some committees of the Indonesia Australia Comprehensive Economic Partnership as well.

As well as that, Katalis 2.0 will strategically engage with relevant businesses from both Australia and Indonesia as well as collaborate with other relevant programs funded by DFA and other and other donors.

That's it for me on Katalis. I'll now hand over to David to talk a little bit more on climate and infrastructure financing.

Thank you. My name is David Lowe. As you can see from the slide, the request for expression of interest for the new infrastructure and climate finance investment will be released in late January 2025, which is surely up to the Prospero 2.0 and half of 2.0.

This investment, which will commence in 2026, will support Indonesia's sustainable and inclusive economic transformation by mobilising high quality investments in infrastructure and supporting Indonesia's just transition to net zero emissions.

While this investment is still subject to a design process, it is a new investment with a new approach to infrastructure and climate. It will build on Australia's more than 20 years’ experience in infrastructure development in Indonesia, including through the KIAT program. It will also build on more recent experience through the KINETIK program.

The new investment will include an increased focus on leveraging private sector financing where feasible and supporting policy and regulatory reform to help build an environmental environment conducive to private sector investment in inclusive infrastructure. The proposed end of program outcomes for investment are as follows.

* An improved government of Indonesia policy and regulatory framework for inclusive infrastructure financing, delivery and management.
* And secondly, high quality inclusive infrastructure projects are identified, prepared and managed for financing by the private sector, multilateral development banks or DFAS, splendid finance instruments by other development partners or by the government of Indonesia itself.
* Thirdly, that Indonesia benefits from increased access to diverse sources of high quality finance to meet its emission reduction targets and respond to climate change.

The managing contract will implement a program strategy while also retaining the flexibility of a facility model. It will develop an overall implementation strategy, including a clear approach in technical assistance and planning, with funding and financing opportunities.

We expect this investment will absorb the functions of the KINETIK hub from March 2026 to June 2027. Thank you.

Thanks, David. So that's the two investments that we've got in design at the moment.

I'll hand over to Vas and we'd really encourage you to start familiarising yourself with those websites with the documents we've attached. The concept notes, reviews where relevant should be available either on the business notification page or on the regular DFAT website pages.

I'll hand over now to Vas, who can talk a little bit more about how to engage with this process and where information will be coming out.

**Vas Withanage** 34:56
Thanks Emily. I might just give a very, very short overview of the procurement process that we'll be going through for this one and then talk a little bit more about where you can find information not just on this specific tender, but information more, more generally about the process as well.
So as my colleague has mentioned, it will be a two-step procurement for this one. That's generally the approach we take and that's to reduce barriers to entry for the first stage.

As is being mentioned, the first step will be a short expression of interest, and so there'll be a little bit of information provided and then it is open to you the market to provide that EOI. And that's generally a four or five pages response that's required at that first stage. And so just to emphasise, that's to make it easy for people to engage with that process and see if they've got interest and we want to attract as many bidders as possible for these tenders.

So after that EOI process, we go through a shortlisting process or we shortlist the suppliers. There's a bit of a pause during the procurement and then collaboration will often happen with the shortlisted suppliers. So that is done by our procurement team.

And the important thing to remember about the collaboration process is that it is with those that are shortlisted and it allows us to get some more information about what the actual request for tender might look like and also provides an opportunity for those that are shortlisted to ask questions and develop their RFT in due course.

One point I wanted to make about the shortlisting process is once the shortlisting has been done, we will put those organisations that have been shortlisted on our website and that is an opportunity for perhaps smaller on your organisation, so you might be interested in subcontracting to contact those short listed organisations and say look, this is what we can contribute to your larger bid or your more substantive bid. So that's just something to keep in mind if you are a smaller or newer organisation.

Or indeed, a large organisation that is trying to get into to DFAT work.

So, after that procurement pause, there is the actual RFT process where the more details tender documentation will come out and then it is a pretty standard tendering process.

So that's just a really quick overview of the process that we'll be going through for this one and for our development procurements more generally.

If you'd like some more information,

As you can see from the slide, my team has a DFAT suppliers network page on LinkedIn and on that LinkedIn page we will advertise our tendering how to do business with D fat webinars which goes into a little bit more detail about.

Some aspects of how to do business with DFAT, how to engage and then a more detailed one about tendering requirements as well, to keep an eye on that supplier network LinkedIn page where we will post when those webinars are coming up.

Most importantly for you in terms of the actual tender documentation itself, that will be on AusTender.

So if you haven't already, please sign up to alerts from AusTender and keep an eye out for alerts about these particular tenders. It's also important to remember that your bids will be submitted on a tender as well. So for this particular one, definitely keep an eye out on AUS tender because that's where the official documents will come out and be submitted, but also do keep an eye on the supplier.

On our DFAT suppliers network LinkedIn page and post, we'll probably do some advertising themselves as well.

As I mentioned, with subcontracting opportunities that may come out of these quite large procurements.

They will be advertised on AusConnect, so that's another link that we've got up there and that's a one stop shop for, you know, your smaller organisations or your new organisations to pursue subcontracting opportunities. So again that's a quite simple site for you to use as well. You can sign up according to a region, sector, etcetera and that will give you alerts when it comes to subcontracting opportunities.

Another useful website to keep an eye on is the DFAT business opportunities Internet page. And when you go to that page you can have a look at the development procurement pipeline and that's got more information about our pipeline and what's coming up. But as you're all here 'cause you're aware of what is coming up in the Indonesia portfolio, do keep an eye on AusTender for when it comes out and to submit and keep an eye on the defensive player network page on LinkedIn as we'll provide some updates not only for.

This specific set of procurements, but also some information sessions and webinars on how to bid and the requirements for bids more generally as well.

That was all for me. Unless Emily and others. You had anything else you wanted me to raise?

**Australian Embassy Jakarta** 40:35

We've just got some addresses there, otherwise I think that's all we wanted to share today and hopefully that's been useful. Keep an eye out. More information will come out as we get this first request for expression of interest out to everyone.

Thank you. Thanks everyone.

**Louisa Hartono** stopped transcription