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Case: Securing political commitment to programming

Tags: Energy, Infrastructure, Policy, Political Economy, Power

DFID's recent Inclusive Growth Diagnostics highlighted that in many DFID priority countries energy is a key constraint to economic growth. Energy reform is highly political, and any attempts to support sector reform without an understanding of the domestic and international political landscape are likely to fail. This case study seeks to draw out key success factors in securing political buy in and shares examples of how tactics can be applied to secure and then maintain commitment. For more information please consult the ICED **'How to' guide: Building and maintaining political commitment for energy reform**

Case Title

The US's Millennium Challenge Corporation (MCC) signed a compact with the Republic of Indonesia in 2011 which came into force in 2013. The five-year, $600 million MCC compact was designed to reduce poverty through supporting increased productivity, reduced energy costs, and improved provision of public sector growth - enhancing goods and services. The programme has largely been perceived as a success. There are several lessons to draw from the design and implementation of the compact that are relevant to creating and maintaining political commitment.

Key Success Factors

1. *Highest-level political engagement*: the compact was announced by President Susilo Bambang Yudhoyono and President Barack Obama in Bali in 2011, and was signed by (then Secretary of State) Hillary Clinton.
2. *Scale of upfront support*: the high level political engagement was only possible given the scale of support being provided. The money was provided upfront to support the delivery of joint objectives between the two parties.
3. *Best people*: the combination of a large amount of finance and high-level political support resulted in a very high quality Board being assigned to the implementation of the compact, and high quality staff operating the fund. As high quality human capacity is one of the major constraints to success for many projects, this is an important factor to note.

Due to the high level political engagement, any immediate implementation issues, such as the creation of a trust fund, were quickly fast-tracked, leading to rapid implementation and good results. In contrast, at the same time as the MCC was being established, DFID provided support for the creation of the Indonesia Climate Change Trust Fund. In 2010 DFID approved the provision of £4.7 million to UNDP, to set up the fund on behalf of the Government of Indonesia (GoI). DFID's intent was to provide only enough money to set the fund up, and subsequently determine whether DFID would assist in capitalising the fund. This provision of finance and the scope and structure of the fund were negotiated at official level. Unfortunately, as the fund had no certainty of receiving finance and low political engagement, the Indonesian government did not prioritise it. As a result it struggled to attract the best team and struggled to overcome the technical and legal issues required for basic fund operation.

Lessons:

- Engagement at the highest level is important for attracting high quality local capacity and smoothing the implementation of a programme.
- Whilst small-scale, behind the scenes work can be effective to build national leadership, investing in small pilots still requires political buy-in. So the right scale of investment and longer term commitments are likely to be needed.
- Models of funding such as payment-for-results require robust political economy assessments to determine whether there is sufficient political motivation to deliver results in advance of funding.

For more information on designing politically informed power sector reform programming please consult the ICED **'How to' guide: Building and maintaining political commitment for energy reform** or contact the ICED infrastructure team for advice.