



Performance Oversight and Monitoring (POM)

# Education Partnership – Independent Completion Report (ICR)

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## Abbreviations and Acronyms

	English	Indonesian
ACDP	Analytical and Capacity Development Partnership	Kemitraan untuk Pengembangan Kapasitas dan Analisis
ADB	Asian Development Bank	Bank Pembangunan Asia
AEPI	Australia's Education Partnership with Indonesia	Kemitraan Pendidikan Australia Indonesia
AIBEP	Australia Indonesia Basic Education Program	Program Pendidikan Dasar Australia Indonesia
AIPRD	Australia-Indonesia Partnership for Reconstruction and Development	Kemitraan Australia-Indonesia untuk Rekonstruksi dan Pembangunan
APBN	National Budget	Anggaran Pendapatan dan Belanja Negara
APBN-P	National Budget Amendment	Anggaran Pendapatan dan Belanja Negara – Perubahan
APPR	Annual Partnership Performance Report	Laporan Tahunan Kinerja Kemitraan
AUD	Australian Dollar	Dolar Australia
AusAID	Australian Agency for International Development	Lembaga Australia untuk Pembangunan Internasional
BAN-S/M	National Accreditation Board – School/Madrasah	Badan Akreditasi Nasional-Sekolah/Madrasah
Bappenas	Ministry of National Development Planning	Badan Perencanaan Pembangunan Nasional
BOS	School Operational Grants	Bantuan Operasional Sekolah
BSM	Student Assistance Cash Transfer Scheme	Bantuan Siswa Miskin
C1	Component 1 of the Education Partnership	Komponen 1 Kemitraan Pendidikan
C2	Component 2 of the Education Partnership	Komponen 2 Kemitraan Pendidikan
C3	Component 3 of the Education Partnership	Komponen 3 Kemitraan Pendidikan
C4	Component 4 of the Education Partnership	Komponen 4 Kemitraan Pendidikan
CHS	Complaints Handling System	Sistem Penanganan Pengaduan
CPD	Continuous Professional Development	Pengembangan Keprofesian Berkelanjutan Kepala Sekolah / Madrasah
DAC	Development Assistance Committee	Komite Bantuan Pembangunan
DFAT	Department of Foreign Affairs and Trade	Departemen Luar Negeri dan Perdagangan Australia

	English	Indonesian
EC	European Commission	Komisi Eropa
EOCO	End-of-Component-Outcome	Tujuan Akhir Komponen
EOPO	End-of-Partnership-Outcome	Tujuan Akhir Kemitraan/Program
EP	Education Partnership	Kemitraan Pendidikan
EPOS	Education Partnership Outreach Services	Pelayanan Humas Kemitraan Pendidikan
ESSP	Education Sector Support Program	Program Dukungan untuk Sektor Pendidikan
EU	European Union	Uni Eropa
EUR	Euro	Euro
G20	Group of Twenty	Negara-negara Anggota G20
GA	Grant Agreement	Kesepakatan Hibah
GER	Gross Enrolment Rate	Angka Partisipasi Kasar (APK)
GNI	Gross National Income	Pendapatan Nasional Bruto (PNB)
GoA	Government of Australia	Pemerintah Australia
GOG	Governance Oversight Group	Kelompok Pengawasan Tata Kelola Program
Gol	Government of Indonesia	Pemerintah RI
HRMD	Human Resources Management and Development (ProDEP Component)	Manajemen dan Pengembangan Sumber Daya Manusia (Komponen ProDEP)
IAASB	International Auditing and Assurance Board	Dewan Audit dan Penjaminan Internasional
ICR	Independent Completion Report	Laporan Penutupan Mandiri
IDR	Indonesian Rupiah	Rupiah Indonesia
IICPA	Indonesian Institute of Certified Public Accountants	Lembaga Akuntan Publik Tersertifikasi Indonesia
JRF	Joint Results Framework	Kerangka Hasil Bersama
JSE	Junior Secondary Education	Pendidikan Sekolah Menengah Pertama
JSS	Junior Secondary School	Sekolah Menengah Pertama
K2P	Knowledge-to-Policy	Dasar Pengetahuan untuk Kebijakan
KIP	Means-tested Cash Transfer Scheme	Kartu Indonesia Pintar
Kopi Darat	Education Roundtable Discussion	Kongkow Pendidikan: Diskusi Ahli dan Tukar Pendapat
LAPIS	Learning Assistance Program for Islamic Schools	Program Perbantuan Pembelajaran untuk Sekolah Islam
LPMP	Educational Quality Assurance Council	Lembaga Penjaminan Mutu Pendidikan
M&E	Monitoring and Evaluation	Monitoring dan Evaluasi

	English	Indonesian
MDC	Madrasah Development Centre	Pusat Pengembangan Madrasah
MoEC	Ministry of Education and Culture	Kementerian Pendidikan dan Kebudayaan
MoF	Ministry of Finance	Kementerian Keuangan
MoRA	Ministry of Religious Affairs	Kementerian Agama
MSS	Minimum Service Standard	Standar Pelayanan Minimum
MTR	Mid-Term Review	Tinjauan pada Pertengahan Program
NES	National Education Standard(s)	Standar Nasional Pendidikan
NGO	Non-Government Organisation	Lembaga Swadaya Masyarakat
NSIP	New School Induction Program	Program Induksi untuk Sekolah Baru
ODA	Official Development Assistance	Perbantuan Pembangunan Resmi
OECD	Organization for Economic Co-operation and Development	Organisasi untuk Kerja Sama Ekonomi dan Pembangunan
OLL	On-Line Learning	Pembelajaran Moda Online
P4TK	Centre for Development and Empowerment of Teacher and Education Personnel	Pusat Pengembangan dan Pemberdayaan Pendidik dan Tenaga Kependidikan
PASKA	Centre for Policy Analysis and Synchronisation	Pusat Analisis dan Sikronisasi Kebijakan
PMF	Performance Milestone Framework	Kerangka Penanda Kinerja
POM	Performance Oversight and Monitoring	Pengawasan dan Pemantauan Kinerja
PIIP	Principals Performance Improvement Program	Program Peningkatan Kinerja Kepala Sekolah
PPM	Madrasah Development Centre	Pusat Pengembangan Madrasah
PPP	Principals Preparation Program	Program Penyiapan Calon Kepala Sekolah
ProDEP	Professional Development for Education Personnel	Pengembangan Profesi
Q	Quarter	Kwartal
Renstra	Strategic Plan	Rencana Strategis
ROM	Results-orientated Monitoring	Pemantauan Berorientasi kepada Hasil
SATAP	One Roof School	Sekolah Satu Atap
SFR	Suspicion of Fraud Report	Laporan Diduga Adanya Penyimpangan
SNIP	Sub-National Implementation Partner	Mitra Pelaksana Sub-Nasional
SPD	Supervisor Professional Development	Program Pendampingan Kepala Sekolah oleh Pengawas Sekolah

	English	Indonesian
SP&FM	Strategic Planning and Financial Management (ProDEP Component)	Perencanaan Strategis dan Manajemen Keuangan (Komponen ProDEP)
SSQ	School Systems and Quality	Program Sistem dan Mutu Sekolah
TA	Technical Assistance	Bantuan Teknis
TOG	Technical Oversight Group	Kelompok Pengawasan Teknis
UoL	Unit of Learning	Badan Pembelajaran Umum
USB	New School Unit	Unit Sekolah Baru
USD	United States Dollar	Dolar Amerika Serikat
VFM	Value for Money	Nilai yang diperoleh untuk dana tertentu
WiPS	Working in Partner Systems	Bekerja dalam Sistem Mitra

## Executive Summary

Australia's Education Partnership with Indonesia (or the Education Partnership, the EP) was an AUD 368.8 million investment in the Indonesian education sector that commenced in 2011 for a scheduled period of five years. It formed part of a multi-donor Education Sector Support Program that was designed to assist the Government of Indonesia in attaining key education planning objectives. EP support was formulated in accordance with Indonesia's requests for both budget support and targeted assistance to pursue priority items listed within the 2010-2014 Strategic Plans of the two main counterpart ministries: the Ministry of Education and Culture, and the Ministry of Religious Affairs.

The core element of the EP was a portfolio of four investments or *components*:

- Component 1 or **C1**: Junior secondary school construction and expansion (AUD 179.3 million).
- Component 2 or **C2**: Education personnel professional development (AUD 106.4 million).
- Component 3 or **C3**: Private Islamic school (madrasah) quality improvement (AUD 37 million).
- Component 4 or **C4**: Analytical and Capacity Development Partnership (AUD 25 million).

EP support was delivered via a range of mechanisms. Approximately half of the overall investment took the form of earmarked budget support to the Ministry of Education and Culture (C1 and C2). Component 3 was delivered by a Managing Contractor, while C4 took the form of a funding contribution to a multilateral facility managed by the Asian Development Bank (ADB). All EP activities will cease by January 2017, with the exception of C4 which was granted a no-cost extension until June 2017.

This ICR has been compiled by the EP Performance Oversight and Monitoring (POM) team to:

- (i) outline the achievements of the EP and the extent to which they are in line with expectations;
- (ii) assess the performance of the EP and the extent to which it represented value for money; and
- (iii) identify lessons that may benefit future DFAT investments in the Indonesian education sector.

**The general conclusion of the review is that the EP was a highly relevant investment that represented satisfactory value for money for both governments. The activities conducted under the umbrella of the EP were delivered efficiently and produced valuable improvements in key areas of the Indonesian education sector. The EP did not, however, meet expectations in terms of its potential impact or with regards to the likelihood that key benefits will be sustained in the long-term.**

### Key contextual considerations

The EP spanned a period of considerable change in Australia's overseas aid program and, to a lesser degree, the domestic policy environment in Indonesia. It was designed as an AUD 500 million investment to be managed by the Australian Agency for International Development (AusAID) and at a time of record levels of aid spending. It concluded as an AUD 368.8 million program managed by the Department of Foreign Affairs and Trade (DFAT) and at a time of relative budget austerity. The merger of AusAID with DFAT at the mid-point of the program had far reaching implications for both the shape and direction of Australian investments in general and the resources available for the implementation and management of the EP more specifically. While targets were adjusted appropriately to accommodate changing levels of resourcing, the changes in the broader context ultimately limited the



extent to which the EP was capable of attaining objectives that were set under a very different set of circumstances.

### **Headline achievements**

The EP made a number of significant contributions to the development of the Indonesian education sector. These included the construction or expansion of over 1,000 new junior secondary schools in remote and often challenging environments (e.g. isolated island communities); measurable improvements to both the physical infrastructure and skills-base of educational personnel of 1,500 private Islamic schools; and the provision of training programs to over half a million education management staff. Training investments in school principals and supervisors, in particular, contributed not only to improved competencies, but increased awareness of the pivotal role of these actors in strategies to improve education quality at the school level. Research conducted by the EP's Analytical and Capacity Development Partnership (C4) likewise made a valuable contribution to the quality of dialogue and decision-making surrounding key education reform issues in Indonesia.

### **Performance against OECD Development Assessment Committee (DAC) Criteria**

From a development perspective, the EP was a highly **relevant** investment that addressed systemic and ongoing weaknesses in the Indonesian education sector. From a policy perspective, the relevance of the two flagship components (C1, C2) declined somewhat from mid-2014 onwards with the introduction of a new foreign aid policy that signalled a move away from large budget support packages delivered through partner government systems.

Parts of the EP (i.e. C1, C3) exhibited strong levels of **efficiency** due to a strong managerial focus on the attainment of outputs and intermediate development outcomes. Program expenditure was carefully monitored in accordance with relevant guidelines, and appropriate measures were taken to minimize risks associated with the delivery of support through partner systems. The protracted nature of ADB procurement processes somewhat constrained the efficiency of C4 in terms of its ability to produce studies in a timely manner.

Endline evaluation studies conducted for three of the four EP components concluded that they had attained objectives consistent with that of an **effective** development intervention. The exception to this was the C2 investment in the professional development of education personnel. Due to delays in the implementation of grant-financed activities the component did not generate the necessary critical mass of achievement at output and outcome level to create the expected changes at systemic level.

The overall **impact** of the EP was largely confined to the direct beneficiaries of program activities. This limited impact of the investment was largely a function of the higher value placed by management and Gol partners upon transactional outputs over transformative change that would contribute to systemic reform. The extent of EP impact was also constrained by a design that limited funding support to central ministry agencies. District governments, who receive approximately two thirds of Indonesia's education budget, had comparatively limited engagement with EP programs.

The performance of the EP was weakest in the area of **sustainability**. Inevitably, reductions in spend through government systems reduced the degree to which EP support could prepare those systems to adopt and adapt initiatives developed by Implementing Partners. Despite the take-up of various EP products – products that will sustain benefits in particular segments of the education system –

insufficient attention was paid to the political-institutional realities of the sector and, by consequence, future financing options for systems-level reform were ill-considered (particularly in C2 and C3).

### **Cross-cutting issues**

EP activities were successful in reaching targeted beneficiaries. Most notably, poor students in remote and underserved areas received the greatest benefit from school construction (C1) and quality improvement activities in the private Islamic education sector targeted the neediest eligible institutions (C3). The implementation of all activities adhered to relevant guidelines on gender empowerment and social inclusion, such as the provision of access infrastructure in new schools and development of gender-sensitive learning materials for training purposes. This social inclusion agenda was strengthened from 2014 to better reflect evolving Government of Australia policy frameworks. However, the absence of a robust social inclusion framework and specialist staff to assist in the mainstreaming of social inclusion agendas from the outset of the EP weakened the overall impact of individual component activities.

### **Management and Governance**

The joint governance aspirations of the EP were only partially met. The formal governance structures reflected a scenario in which AusAID, and then DFAT, retained control of the partnership, with GoI responsible for a blend of institutional and implementing functions. For the larger part, this was a pragmatic division of labour. Nonetheless, the heralded “partnership” between the two governments could have been more effectively exploited at critical technical and political junctures.

EP management placed considerable emphasis on the timely delivery of contracted deliverables. Management decisions were typically driven by prescriptive commitments to the attainment of quantifiable output-level targets. This culture of transactional management allowed for efficient delivery across much of the partnership and enabled funds to be spent with minimal loss. Risk was mitigated, not only through judicious compliance with Australian Government fiduciary procedures, but also through the commissioning of a comprehensive program of financial audits and compliance reviews on those Australian funds that were managed through partner government systems.

The EP was designed and largely implemented as four separate investments. The limited coherence between components was reflective of the nature of the partner ministries and departments with which the components worked. Any appetite for donor coordination of investments was based more on personal relationships than by a desire to collaborate.

Performance management of the partnership was supported by the existence of a quasi-independent M&E facility that provided scheduled and *ad hoc* inputs to EP stakeholders. The strong feedback loops that this produced for program managers and Implementing Partners resulted in a range of evidence-based adjustments that, in general, enhanced both the efficiency and effectiveness of the investment.

With respect to DFAT’s Value for Money principles, the EP performed well with respect to the principles relating to Economy and Efficiency, but less so with respect to Effectiveness and Ethics. Highlights included the increasing efficiency with which schools were constructed in remote places; the breadth of training activities for education management personnel; the sensitive manner in which the EP was managed through a period of shifting external aid policy and domestic education policy;

and the additional value provided by attracting considerable external financing for Madrasah quality improvement and principal training.

# 1 Introduction

## 1.1 Purpose of the ICR

Independent Completion Reports (ICRs) are part of the DFAT quality assurance framework. The purpose of this ICR is to capture and report the effects of Australia's Education Partnership with Indonesia (henceforth, 'the Partnership' or EP). In particular, the report seeks to:

1. Outline the achievements of the EP and the extent to which they are in line with expectations.
2. Assess the performance of the EP and the extent to which it represented value for money.
3. Identify lessons for the Australian Government's Forward Program in Indonesia.

## 1.2 Design and structure

The design and structure of this report was developed by the Performance Oversight and Monitoring (POM) unit of the EP in collaboration with DFAT. In order to maximise the value of DFAT's investment in the monitoring and evaluation of the EP, this review draws upon an existing pool of published and unpublished resources<sup>i</sup>. The findings of those reports have been synthesised and interpreted for the specific purposes of this ICR, and 'tested' in interviews with key EP stakeholders. The design of this ICR was informed by a desire to maximise its utility as a resource for current and future programming needs.

In terms of structure, the first half of this ICR is largely descriptive. Chapter 2 presents an overview of the EP and a summary of key changes that occurred over the life of the six-year program. Chapter 3 presents a series of headline achievements. The second half of the ICR assesses the performance of the EP using the OECD DAC criteria for evaluating development assistance<sup>ii</sup> (Chapter 4) before analysing the performance story in light of the EP's governance and management arrangements and its VFM proposition (Chapter 5). Chapter 6 provides a set of conclusions, Chapter 7 draws lessons for future programming and Chapter 8 identifies a number of recommendations for future programming.

## 1.3 Methodology

The ICR is a qualitative study. Our analysis of the EP is based upon a review of an existing pool of EP performance assessment materials and data generated over the life of the program.

While EP activities were operationalised via national (i.e. centralised) systems, implicit in the design of those activities was the importance of generating a positive impact at the sub-national level in order to enhance the sustainability of outcomes<sup>1</sup>. As such, interviews were also conducted in a sample of districts in which EP activities were conducted<sup>2</sup>. An understanding of the achievements of the EP at the sub-national level and the general perceptions of the program by sub-national actors are also highly relevant for elements of the current and upcoming portfolio of the Government of Australia's (GoA) activities in the Indonesian education sector.

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<sup>1</sup> See, for example, AusAID (2010). *Australia's Education Partnership with Indonesia*, p. 17: "District capacity needs to be addressed to optimise investments in construction and teacher training. There is a need for an integrated system to support planning, budgeting and management at district level and (sic) addresses issues such as teacher recruitment and deployment and building maintenance...In a decentralised system, capacity building activities need to work at central and sub-national level, with primary activities trialled and tested at the school and district level."

<sup>2</sup> Namely Lebak (Banten), Sukabumi (West Java), Timor Tengah Selatan (NTT) and Alor (NTT).

## 1.4 Limitations

The EP consisted of a range of activities of varying duration. Of the four main components of the partnership, only Components 2 and 3 had officially concluded at the time of writing in September-October 2016. Component 1 was also originally scheduled to conclude on June 30, 2016, but was subsequently extended to January 31, 2017. While the extension does not compromise the validity of our assessment of that component, it does mean that some of the figures presented in this report remain provisional. The Analytical and Capacity Development Partnership<sup>iii</sup> (C4) was originally scheduled to conclude on December 31, 2015. DFAT formally approved an 18 month no-cost extension to C4 in February 2016. Once again, while POM is confident that findings generated in relation to C4 are defensible at the time of writing, the relevance of those findings may be affected by developments subsequent to the writing of this report.

## 2 Overview of the Education Partnership

### 2.1 The Education Partnership

Australia's Education Partnership with Indonesia was designed to "assist the GoI to achieve its Renstra [MoEC and MoRA Strategic Plans, 2010-2014] priorities through contributing [sic] to the GoI's Education Sector Support Program (ESSP)"<sup>iv</sup>. The ESSP was projected to disburse AUD 987 million over a five-year period via three donor partners: GoA (AUD 500 million), the European Union (EUR 345 million) and the Asian Development Bank (USD 2.2 million). All donor support to the ESSP was "formulated based on Indonesia's requests for both budget support and targeted assistance for Renstra priorities"<sup>v</sup>.

GoA's contribution to the ESSP consisted of four specific components:

- Construction or expansion of schools, with a view to increasing enrolment in junior secondary education in participating districts (Component 1 or C1).
- A suite of related programs to improve school/madrasah (Islamic school) management, at the core of which was the development of a system for the continuous professional development of principals, supervisors, and district office education officials (Component 2 or C2).
- Support for madrasah accreditation, with a view to improving the quality of madrasah service provision in targeted districts (Component 3 or C3).
- Support for a multi-donor analytical and capacity development facility, with a view to its evidence being incorporated in relevant education sector policies, regulations, plans and budgets (Component 4 or C4).

To be implemented over a five-year period (2011-2016), these four components were known as the 'Education Partnership'. C1 and C2 represented the major part (81%) of the original EP investment of AUD 500 million (see Table 1), with the majority of funding to be delivered in the form of earmarked budget support to the main counterpart ministry, i.e. the Ministry of Education and Culture (MoEC). The smaller madrasah accreditation program (C3) supported the Ministry of Religious Affairs (MoRA) and utilised a direct service model of support. C4 took the form of a funding contribution to a multilateral activity managed by the Asian Development Bank (ADB). The latter two components represented 9% and 5% of the original investment value respectively.

**Table 1: Financial allocations to the Education Partnership (AUD)**

	Original Budget 2011 <sup>(a)</sup>	Revised Budget 2013 <sup>(b)</sup>	Final Budget 2016 <sup>(c)</sup>
<b>C1</b>	215,700,000	239,000,000	179,300,000
<b>C2</b>	188,300,000	179,726,512	106,400,000 <sup>(d)</sup>
<b>C3</b>	47,000,000	48,426,296	36,600,000
<b>C4</b>	25,000,000	25,000,000	20,000,000
<b>Support<sup>(e)</sup></b>	24,000,000	31,847,192	26,500,000
<b>Total</b>	<b>500,000,000</b>	<b>524,000,000</b>	<b>368,800,000</b>

- (a) *Subsidiary arrangement between the Government of the Republic of Indonesia and the Government of Australia relating to Australia's Economic Partnership with Indonesia contribution to the Education Sector Support Program, 2011.*
- (b) *Amendment 2 of the Subsidiary Arrangement, 2013.*
- (c) *Amendment 3 of the Subsidiary Arrangement, 2016.*
- (d) Total actual expenditure was AUD 91.9 million. In 2016 AUD 14.5 million in unspent Grant Agreement funds were returned by Gol.
- (e) Support comprises two elements: a) other advisory services, i.e. a Performance Oversight and Monitoring (POM) team and an Education Partnership Outreach Services (EPOS) team; and b) DFAT oversight and management costs.

As two elements of the *Support* budget-line, the EP also included two contracts to provide support services to the Embassy: a dedicated Performance Oversight and Monitoring (POM) facility to provide the EP with routine and *ad hoc* performance-related services and the Education Partnership Outreach Services (EPOS) unit which sought to raise visibility amongst Indonesian audiences of Australia's partnership with Indonesia in education.

The EP was governed by the ESSP Governance Oversight Group (GOG), which was mandated to meet at least once every six months. The GoG was co-chaired by the Vice-Minister of MoEC and the Secretary General of MoRA, with membership including representatives from MoEC, MoRA, Bappenas<sup>3</sup>, the Ministry of Finance, the Ministry of Home Affairs, GoA and the EU. In addition to the GOG, four Technical Oversight Groups (TOGs) were established to coordinate planning and progress under each of the four components. Scheduled to meet every three months, the TOGs were co-chaired by designated MoEC and MoRA representatives, GoA and the EU. The TOGs were nominally responsible for approving workplans and procurement plans; the coordination and approval of major technical reports; and ongoing management, monitoring and oversight of the delivery of the ESSP. At a day-to-day level, the EP was managed by the Basic Education Unit of the Development Cooperation Section of the Australian Embassy in Jakarta.

## 2.2 The initial context of the EP

The design of the EP was influenced by the success of education sector activities undertaken during the 2005-2010 Australia-Indonesia Partnership for Reconstruction and Development (AIPRD), and the need for GoA to respond to new priorities within the sector. All elements of the EP reflected important changes in Indonesia's education sector and corresponding changes to the policy context for the 2010-2014 period. Whereas the issue of *access* to basic education was the priority concern for the 2004-09 MoEC Strategic Plan (*Renstra*), this had been supplanted in the 2010-14 MoEC *Renstra* by a desire to improve the *quality* of education. The 'quality agenda' was driven by a range of factors, including a commitment to capitalise on the 'demographic dividend' of a large school-age population as the nation moved towards upper middle-income status, and domestic political agendas pertaining to issues of teacher welfare and professional competencies.

The new policy context did not result in the wholesale redefining of the GoA-Gol aid relationship. The EP investment in school construction (C1) was an extension of the AUD 395 million Australia-Indonesia Basic Education Program (AIBEP, 2006-2011), albeit one that was modified to respond to an evolving policy agenda that placed focus on *disparities* in access to basic education, rather than *absolute* access

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<sup>3</sup> The Ministry of National Development Planning.

to basic education<sup>4</sup>. For GoA, this modified agenda was well aligned with the traditional geographic focus of Australian support and resonated with AusAID's strategic focus on poverty reduction<sup>vi</sup>.

From an operational perspective, the design of the EP reflected GoA's commitment to the Paris Declaration on Aid Effectiveness (2005), the Accra Action Agenda (2008), and the 2010 Jakarta Commitment on Aid Effectiveness<sup>vii</sup> by seeking to:

1. Strengthen country ownership over development.
2. Build more effective and inclusive partnerships for development.
3. Deliver and account for development results.

Accordingly, whereas education sector initiatives conducted under the AIPRD were designed and managed on a bilateral basis, the EP was located within the broader framework of the multi-donor ESSP. GoA's traditional preference for the delivery of services through parallel systems was likewise supplanted by an approach designed to better strengthen existing partner systems, with the majority of EP support designed to be provided in the form of earmarked budget support to GoI.

The scale of the EP investment was indicative of levels of aid funding at the time of the design. GoA foreign aid had been increasing in both real terms and as a percentage of Gross National Income (GNI) since 2004-05. By 2010-11, total Australian Official Development Assistance (ODA) had more than doubled in dollar value from 2004-05 figures<sup>viii</sup>, boosted by a booming Australian resource sector and political commitments to meet a target of 0.5% of GNI by 2015. In 2010, education spending was identified as the flagship of this growing ODA budget and 'the development partnership with Indonesia'<sup>ix</sup> retained its special status within the overall aid framework. The net result was a fiscal position that supported prevailing AusAID theories that programs of scale were necessary to attain both sectoral impact and adequate levels of GoI buy-in<sup>5</sup>. This was achieved with relative ease in the case of the school construction program (C1) as it was largely a modification of GoA's earlier AIBEP program. The development of a national accredited training system (C2) was a far more ambitious undertaking, yet one that was strongly aligned to the quality agenda of the 2010-2014 MoEC Renstra.

The fiscal position of MoEC, the main counterpart ministry, justified large investments in school construction and professional development. While Indonesia had attained a constitutionally mandated allocation of 20% of the national budget for education in 2009, this had only produced modest real increases in the size of the education budget<sup>x</sup>. The percentage of this budget allocated for salary purposes remained high at approximately 80%, with the impending costs of Indonesia's national teacher certification scheme potentially crowding out any increases in non-salary expenditure<sup>xi</sup>.

### **2.3 The evolving context of the EP**

The prescriptive character of GoI education policy (five-year planning cycles) ensured that the broader trajectory of the policy environment remained steady for the duration of the EP. Indeed, the importance of strategies aimed at improving the quality of education gained greater urgency as international benchmark tests continued to highlight low levels of student competency.

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<sup>4</sup> The Renstra called for the construction of 4,700 junior secondary schools for the period. By committing to the construction of up to 2,000 of these, the EP sought to 'free up' MoEC money for teacher quality improvement, i.e. certification.

<sup>5</sup> While large by AusAID standards, the EP investment constituted less than 0.5% of GoI sector spend in 2010. The visibility of AusAID assistance was therefore contingent upon big investments in niche areas.



Nonetheless, the period from 2010 to 2016 was not without a number of critical events which produced challenges for the EP and C2 in particular. The launch of a new national curriculum in 2013 required the revision of various program activities as MoEC agencies and staff were required to prioritise actions that took attention away from EP investments. The election of the Joko Widodo administration in 2014 and the introduction of new rules regarding civil service appointments produced delays in implementation as senior education ministry staff were reshuffled and resources were directed away from EP activities towards new priorities

From a GoA perspective, the change in Australian Government in late 2013 led to the introduction and operationalisation of Australia's 'new aid paradigm' from 2014. The change led to significant reorganisation and refocusing of international development assistance, and the absorption of AusAID into DFAT. During 2014, a new development policy and a new performance framework were released. For the program in Indonesia, this meant a move away from a traditional aid model towards a framework within which aid investments were conceived within a mutually beneficial relationship between G20 partners. In practical terms, this meant the recognition of Indonesia's economic wealth and a related downsizing in the capital value of the aid program and a focus on shorter term economic diplomacy outcomes alongside longer-term development outcomes.

When it was launched in 2011, the EP was valued at AUD 500 million, a sum that peaked at AUD 524 million following an amendment in late 2013. By June 2016 the EP was valued at AUD 368.8 million, a total reduction of AUD 155.2 million. Conversely, the fiscal position of MoEC improved significantly over the course of the EP. At the time of the EP's formulation in 2010, the Indonesian education budget was IDR 225.2 trillion<sup>6</sup>. By 2014, this had risen to IDR 368.9 trillion<sup>7 xii</sup>.

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<sup>6</sup> Roughly AUD 28.7 billion at June 2010 exchange rates.

<sup>7</sup> Roughly AUD 32.8 billion at June 2014 exchange rates.

### 3 Achievements

Table 2, below, presents headline achievements for each of the four components with respect to identified and agreed targets. These targets were identified early on in the life of the EP (Original target). Some were identified later on in the life of the EP (Revised target) as a result of reduced budget or delays to implementation. Table 3 presents a series of additional achievements that were not identified as specific targets, but were realised during implementation, thereby adding to the overall value proposition of the EP.

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- i The core set of published resources includes Annual Partnership Performance Reports (2011-2016), EP component Baseline and Endline Evaluation Study Reports, Annual Progress Reports and Final Progress Reports compiled by EP implementing partners. A public repository of key documents can be found on DFAT's website.
  - ii See <http://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm> (accessed 24 November 2016)
  - iii See <http://www.acdp-indonesia.org/en/home/> (accessed 24 November 2016)
  - iv AusAID (2010). *Australia's Education Partnership with Indonesia*, p. 20
  - v AusAID (2010). *Australia's Education Partnership with Indonesia*, p. 20
  - vi AusAID (2010). *Australia's Education Partnership with Indonesia*, p. 3.
  - vii [http://www.pendanaan.bappenas.go.id/index.php?option=com\\_content&view=article&id=22](http://www.pendanaan.bappenas.go.id/index.php?option=com_content&view=article&id=22)
  - viii <http://dfat.gov.au/about-us/publications/Documents/2014-14-std-time-series-table-5.xlsx> (accessed 24 November 2016)
  - ix <http://dfat.gov.au/news/media-releases/Pages/2010-11-international-development-assistance-budget.aspx> (accessed 24 November 2016)
  - x CSAS (2010). *Annual financial performance report 2009: annual review of Indonesian education sector financing*, p. 8.
  - xi CSAS (2011). *Annual financial performance report 2010: annual review of Indonesian education sector financing*, p. vi.
  - xii See <http://www.anggaran.depkeu.go.id/dja/athumbs/apbn/PENDIDIKAN.pdf> (accessed 24 November 2016)

**Table 2: EP Target-related Achievements by Component**

Component	Indicators	Design Target 2011 <sup>(a)</sup>	PMF Target 2013 <sup>(b)</sup>	Revised Target 2015	Achievements		
					Result <sup>(f)</sup>	% PMF target	% revised target
C 1	Construction of new junior secondary schools (JSS)	2,000	1,334	1,155 <sup>(c)</sup>	1,106 <sup>(g)</sup>	83%	96%
	Number of new Junior Secondary Education (JSE) places created		178,080	160,000 <sup>(c)</sup>	149,664 <sup>(g)</sup>	84%	94%
C 2	Number of supervisors trained in Supervisor Professional Development (SPD)	293,000	12,000	4,036 <sup>(d)</sup>	3,587	30%	89%
	Number of principals participating in at least one Unit of Learning (UoL)		60,000	21,689 <sup>(d)</sup>	17,775	30%	82%
C 3	Number of madrasah targeted in accreditation preparation	1,500	1,500	1,500 <sup>(e)</sup>	1,500	100%	100%
	Number of madrasah accredited at a minimum of 'B'		1,350	1,350 <sup>(e)</sup>	1,442	107%	107%
C 4	Main analytical and capacity development activities completed by mid-2016		67	54	38	57%	70% <sup>(h)</sup>

Notes:

(a) See AusAID (2010). *Australia's Education Partnership with Indonesia, A Contribution to the Government of Indonesia's ESSP*, p. 40.

(b) See POM (2013). *Education Partnership - Performance Milestone Framework, Annex II*.

(c) See Amendment No 2 of the Grant Agreement relating to Junior Secondary School Construction and Expansion through AEPI (a contribution to the GoI ESSP) between the Commonwealth of Australia and the Government of the Republic of Indonesia. DFAT Agreement 60472.

(d) See POM (2016). *Annual Partnership Performance Report 2015*.

(e) No revision from design or PMF target.

(f) See POM (2016). *Annual Partnership Performance Report 2015*, unless otherwise indicated.

(g) Updated as at 24 June 2016 (Jihad Saad, pers. comm.).

(h) The approval of an extension for the ACDP through until mid-2017 means that this figure represents progress against the target at the time of writing.

(i) Estimates for attendance of 35 events held up until June 2016. Echelon 1 and 2 are equivalent to Director General and Director level appointments in the Indonesian civil service.

**Table 3: EP Achievements**

Achievements	
C 1	<b>Development of highly detailed and illustrated multi-media set of school construction guidelines.</b> Guidelines were adopted by MoEC and provide a valuable resource for future expansion plans of the senior secondary sector. The C1 Complaints Handling System (CHS) was also transferred to MoEC for the effective future monitoring of school construction activities. <sup>(a)</sup>
	<b>Substantial improvements to MoEC systems for new school site selection.</b> Improvements in database management and the development of more robust verification mechanisms provide a valuable means of addressing data discrepancies between central and district levels. <sup>(b)</sup>
C 2	<b>Approximately 630,000 members of school management teams were involved in 3-4 day training on School Operational Funds management.</b> The training was carried out in around 11,000 sites across Indonesia and saw the distribution of 670,000 resource packages. <sup>(c)</sup>
	<b>During 2015-2016, MoEC (central) funded the replication of the ProDEP model in 39 additional districts at an approximate value of AUD 15 million and a total of 374 districts financed the implementation of the Principal Preparation Program (PPP).</b> Select modules from ProDEP were also adopted by MoEC for the 2016 'Learning Principal/Teacher/Supervisor' professional development initiative. <sup>(d)</sup>
	<b>3,676 school and community representatives from 749 schools participated in New School Induction Program (NSIP) workshops.</b> Pre and post-test scores showed very significant levels of learning occurred in all workshops. <sup>(e)</sup>
C 3	<b>93% of all targeted madrasah attained accreditation rankings of A or B.</b> This substantially exceeded MoRA 2010-2014 Renstra targets for 50% of madrasah to be accredited at B level. <sup>(f)</sup>
	<b>C3 sub-national implementing partners delivered 11,456 training sessions to targeted madrasah.</b> These 1,500 madrasah received an additional 42,510 individual visits by C3 mentors to assist in preparation for accreditation. <sup>(g)</sup>

	AUD 4 million in additional GoI funding support was generated for madrasah targeted for C3 assistance. Over AUD 1 million was generated from district government sources. A modified version of the C3 accreditation model was also employed by MoRA for replication activities for 3,927 additional madrasah at a cost of approximately AUD 18 million. <b>Estimates for the total value of funds generated both by C3 activities or related to C3 activities was AUD 24,099,240, a figure equivalent to approximately two thirds of the value of the investment.</b> <sup>(h)</sup>
C4	<b>Between 2011 and June 2016, ACDP held 277 events that involved a total of over 11,000 participants.</b> <sup>(i)</sup> This included 293 Echelon 1 and 795 Echelon 2 GoI senior officials. Outreach activities included the innovative communication fora – <i>Kopi Darat</i> and <i>Bidik Jitu</i> <sup>(j)</sup> - to disseminate and advocate ACDP research outputs.
	<b>Provision of rapid response support to PASKA</b> (MoEC Centre for Policy Analysis and Synchronisation). Support consisted of seminars, collaborative development of policy papers/briefs, and support for development and dissemination of district reporting on education indicators.
POM	<b>Demonstrable impact of EP Performance, Oversight and Monitoring (POM) facility on Implementing Partner processes that contributed to the improved effectiveness of EP spend.</b> Notable contributions included improvements to new school site selection systems, the production of a ministerial regulation to strengthen the role of Madrasah Development Centres as drivers of quality improvement in the Islamic education system, and a more agile research and outreach agenda within the ACDP.

Notes:

- (a) POM (2016). *Annual Partnership Performance Report 2015*.
- (b) POM (2016). *Annual Partnership Performance Report 2015*.
- (c) Shaeffer, S. (2013). *BOS Training: Its Implementation, Impact, and Implications for the Development of Indonesia's Education System*.
- (d) POM (2016). *Annual Partnership Performance Report 2015*.
- (e) SSQ (2016). *School Systems and Quality: Annual Progress Report*.
- (f) SSQ (2016). *School Systems and Quality: Annual Progress Report*.
- (g) POM (2016). *Annual Partnership Performance Report 2015*.
- (h) POM (2016). *Madrasah External Funding Study*. Annex.
- (i) POM (2016). *Annual Partnership Performance Report 2015*.
- (j) *Kopi Darat* resulted in over 600 national media articles while *Bidik Jitu* reaches around 10 million listeners, around 6,000 live viewers, and around 50,000 likes on Facebook.

## 4 Performance

### 4.1 Introduction

This chapter first provides an overview of the performance assessment frameworks designed and used on the EP. It then examines the performance of the four individual components, before considering who benefitted from the EP and the extent to which the partnership influenced GoI expenditure.

### 4.2 Overview of EP performance assessment frameworks

The design of the EP indicated that Australia's assistance would be assessed (i) at the ESSP program level and (ii) at EP component level.

#### 4.2.1 ESSP program-level assessment

GoA, the EU and GoI adopted a sub-set of the 120-target Renstra framework as the basis for tracking progress of the ESSP. This subset of indicators was called the ESSP Joint Results Framework (JRF). The JRF allowed tracking of progress and acted as the basis for the release of EU budget support. Performance against the JRF was reported annually in the ESSP Results Framework Report<sup>8</sup> which provided key performance benchmarks for assessment by the Governance Oversight Group (GOG)<sup>xiii</sup>.

While GoA made an important contribution towards the realisation of targets contained within the JRF, investments made under the EP did not exclusively determine JRF outcomes. As such, outcomes listed in ESSP Joint Result Framework Reports do not provide an accurate reflection of the performance of specific investments made by GoA. For the purposes of this ICR, it is necessary to review EP performance against the framework specifically devised for this purpose.

#### 4.2.2 EP-component level assessment

An independent Performance Oversight and Monitoring (POM) team was appointed to “provide rigorous monitoring of Australian fund flows, including by tracking program outputs and assessing the impact of each component to ensure that Australia's AUD 500 million investment [in the EP] was protected and accountable”<sup>xiv</sup>.

The POM was mandated to establish a comprehensive performance management system that would identify the outputs and expected end of partnership outcomes (EOPOs) to be delivered under each component. The EOPOs were defined as ‘the highest level of change over which the EP had significant influence’<sup>xv</sup> and their attainment was causally linked to the attainment of a series of lower order End of Component Outcomes (EOCOs). This model was known as the EP Logic Architecture (see Annex I) and it provided the framework against which performance was assessed over the life of the EP.

EP performance at all levels of the logic architecture was assessed quantitatively and qualitatively and analysis was based upon the internationally recognised OECD DAC criteria for evaluating development assistance<sup>xvi</sup>. Performance reports were aggregated annually into EP *Annual Partnership Performance Reports*<sup>9</sup> and presented to the Embassy and, through the Embassy, to GoI and Implementing Partners.

The following subsections provide a summary of component performance against the DAC criteria. Ratings for each of the components for the years 2013-2015 – as determined in the *Annual Partnership Performance Report* of the time – are attached as Annex II.

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<sup>8</sup> See *Education Sector Support Program Results Framework Reports* 2011, 2012, 2013, 2014 and 2015.

<sup>9</sup> See *Education Partnership Annual Partnership Performance Reports* 2011, 2012, 2013, 2014 and 2015 at <http://dfat.gov.au/geo/indonesia/development-assistance/Pages/human-development-in-indonesia.aspx>

## 4.3 Component 1: School Construction

### 4.3.1 Summary of performance against DAC criteria

- C1 experienced declining relevance against evolving GoI policy priorities and changes to the Australian embassy's engagement strategy for the sector.
- C1 achieved impressive levels of efficiency with continual improvement to systems for the identification and construction of new schools.
- C1 attained its EOPO but concerns over the capacity of districts to adequately resource schools may compromise overall impact.
- C1 transferred a valuable set of tools and systems for ongoing GoI programs of school construction and expansion and the high quality of school construction will contribute to the sustainability of infrastructure.

### 4.3.2 Introduction

Through the EP, the GoA sought to support MoEC to build up to 1,155<sup>10</sup> new junior secondary schools (USBs) and one-roof junior secondary schools (SATAPs), with a view to creating up to 160,000 new student places between 2011 and 2016<sup>xvii</sup>. The resulting increase in available student places in participating districts was expected to lead to an increase in enrolment in Junior Secondary Education (JSE) in participating districts (see Annex I). The supply of new JSE places was expected to provide (prospective) learners with improved physical access to JSE. The closer proximity of schools to households was also expected to reduce financial barriers to enrolment (costs of student transportation and/or lodging) and therefore enable continued and improved participation<sup>xviii</sup>. Within participating districts, the investment was expected to have an impact on JSE enrolment and retention rates, and rates of transition of students from primary to junior secondary school.

The GoA sought to focus its EP investment on districts with low junior secondary enrolment rates<sup>11</sup>. In doing so, it aimed to make a contribution to the GoI target of increasing the percentage of districts with a JSE Gross Enrolment Rate (GER) of 90% or greater, to 85% by 2014 from 75% in 2011<sup>xix</sup>. It also expected to assist GoI to deliver on its 2010-14 Renstra targets by improving access to nine years of basic education for boys and girls, and children with physical disabilities, in un-served and under-served areas of the country<sup>xx</sup>.

C1 was delivered through a combination of technical assistance and budget support to MoEC. It represented the largest investment of the four components at a cost of AUD 179.3 million, or 49% of the EP's revised value. Delivery commenced in August 2011 and will conclude in January 2017. C1 undertook routine internal<sup>12</sup> and annual external assessments<sup>13</sup> of construction quality. POM undertook evaluation studies in 2013 (baseline) and 2015 (endline).

### 4.3.3 Relevance

Somewhat inevitably, over time, the relevance of C1 declined for both governments as investments in school construction and other GoI access-related initiatives successfully reduced the percentage of children

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<sup>10</sup> The original target was 'up to 2,000 schools'. The figure was revised downward in 2013, largely on the basis of unit cost increases.

<sup>11</sup> Districts with low junior secondary enrolment were initially defined as districts with a JSE-GER of <90%. In response to a request from MoEC, this was subsequently revised in 2013 to <95%.

<sup>12</sup> Through the Managing Contractor-appointed School Systems and Quality team financed by GoA to support MoEC's implementation of C1.

<sup>13</sup> The Embassy commissioned annual external assessments to obtain an independent appraisal of both construction quality and the effectiveness of construction quality assurance systems.

not enrolled in JSE. For GoA specifically, the relevance of large, WiPs-based aid modalities also declined in the face of its desire to move its sectoral support towards more agile and technical assistance-based forms of assistance. At the operational level, C1's *internal* relevance (i.e. its design) was constrained by commitments that restricted GoA investments to increasing the supply of schools as the sole means of addressing JSE access issues. These commitments impeded C1's ability to adjust and diversify its range of activities as evidence became available that a combination of supply-side *and* demand-side initiatives was a potentially more effective means of increasing access to JSE.

#### 4.3.4 Efficiency

C1 built on well-established GoI school construction systems that were carried-over from AusAID's AIBEP program (2005-2011). EP Annual Partnership Performance Reports showed year-on-year improvements in the selection of school sites, the monitoring of school construction, and to systems designed for the prevention, detection, and management of fraud and non-compliance issues<sup>xxi</sup>. These improvements resulted in better quality schools being built in more appropriate locations, and reduced fiduciary risk. As of November 4, 2016<sup>xxii</sup>, only 16 of the 1,155 schools remained incomplete. Of these, 13 from the final construction cycle were reported to be over 95% complete. Of the three incomplete schools from earlier cycles, two had been handed over to district authorities and maintenance work on the final one was nearing completion. Given the substantial challenges involved in the construction of schools in remote parts of Indonesia, this was a considerable achievement and a very strong outcome.

#### 4.3.5 Effectiveness

The *EOPO 1 Endline Evaluation Study* (2015) indicated that C1 attained the EOPO of increasing enrolment rates in junior secondary education at the district level. The 1.6% increase in enrolment in districts supported by C1 represented *new students* brought into JSE as opposed to students transferring from existing schools<sup>14</sup>. It is probable that improvements to school site selection processes that took effect from the second year of the program will increase the impact of new schools on district enrolment rates. While C1 has created almost 150,000 new school places, enrolment figures (i.e. places occupied) will not be available until 2019 by which time all schools will have been operating for a full three years<sup>15</sup>.

#### 4.3.6 Impact

At the school level, EP-funded facilities were regarded by Indonesian stakeholders and by the Embassy's independent assessor<sup>16</sup> as being of a high construction standard<sup>xxiii</sup>. This is important, as well-constructed schools are more likely to remain functional for their expected lifetime, thereby reducing the maintenance burden for communities, schools and district governments<sup>17</sup>. This point does not, however, speak to other key issues that have a significant impact on education quality or student learning outcomes in those schools. Data from the *EOPO 1 Endline Evaluation Study* indicate that EP schools performed poorly against national figures for teacher expertise and experience, and exhibited staffing patterns typical of districts

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<sup>14</sup> The EOPO 1 evaluation drew its sample from districts that participated in the first year of the program, i.e. Cycle 1 or the 2012 construction round. Evaluation findings did not represent an assessment of conditions under subsequent cycles due to the evolving nature of C1 delivery mechanisms.

<sup>15</sup> New schools open the three levels of JSE sequentially. Hence, schools from Cycle 4 that do not commence operations until the 2017 school year will not have a full cohort of classes (7-9) until 2019.

<sup>16</sup> See Alexander & Lloyd Group, AEPI – Independent Monitoring of School Construction Technical Evaluation Mission 27 October – 10 November 2014 Back To Office Report, 02 December 2014, Annex 3, unnumbered final page: "In the opinion of the IC the community construction observed in the 15 schools can be considered best practice and represents excellent value for money to the Australian Taxpayer".

<sup>17</sup> Whilst not statistically representative, respondents from the four districts visited as part of the ICR fieldwork were unanimous in their view that EP-funded schools exhibited a much higher quality of construction than comparable non-EP funded state schools.



with chronic teacher distribution issues (i.e. low weekly workloads, high proportions of casual appointments). At a systems level, enrolment data indicate that the EP may have contributed to a proliferation of small schools, which could exacerbate inefficiencies in the allocation of teaching and management resources and the associated effects on the quality of services provided.

#### 4.3.7 Sustainability

The community-based construction model and good quality control mechanisms ensured a high degree of sustainability for the physical infrastructure. Moreover, data from GoI and the *EOPO 1 Endline Evaluation Study* show positive growth in student enrolments, although trends from the AIBEP school population indicate that this is likely to plateau after all three grades are fully operational<sup>xxiv</sup>. MoEC has adopted various C1 quality control systems, such as Field Monitors, visual construction guideline manuals, and improved site selection systems. The current focus on 12 years' universal education offers an opportunity for even greater sustainability through the sharing of lessons and utilisation of C1 tools and systems for senior secondary education (SSE) expansion.

#### 4.3.8 Value for Money

The decision to deliver C1 through government systems was made for reasons of cost-consciousness. However, the anticipated economic benefit of the option was not realised due to under-capacity in the partner system which required a substantial reconfiguration of the C1 budget in 2012 to finance technical assistance support services. Ultimately, this reconfiguration provided strong value for money in that it greatly assisted in supporting the attainment of program outcomes.

C1 promoted and achieved commendable levels of transparency and accountability for GA-financed activities in a field (i.e. that of infrastructure) that is vulnerable to the misuse of funding. Whilst effectiveness was somewhat limited (by excluding district governments from financing arrangements and thereby limiting 'buy-in' at this level), it was an appropriate compromise between GoA fiduciary responsibility and development ambition. Overall, C1 represented good value for money. Despite a reduction in the number of schools constructed, the investment in school infrastructure provided GoA with a strong tangible imprint on the Indonesian education sector.

### 4.4 Component 2: School and District Management

#### 4.4.1 Summary of performance against DAC criteria

- C2 was relevant to GoI policy commitments and the needs of end beneficiaries but the core activity (ProDEP) was over-ambitious in terms of time and resourcing available under the EP.
- C2 delivered satisfactory results against a revised performance assessment framework (efficiency) and was strongly regarded by end-users, but was unable to generate the critical mass required to effect change at a district level.
- C2 was constrained by a number of considerable changes to the policy, political and institutional landscape of both governments, all of which limited ProDEP's relevance, effectiveness and impact.
- C2 may generate long-term benefits but these will accrue from the continuation or adaptation of discrete elements of ProDEP, not via take-up of the integrated system developed with EP support

#### 4.4.2 Introduction

C2 consisted of a series of investments in the domain of education staff professional development. It was the second largest component of the EP, accounting for 29% of the revised value of the partnership

investment (AUD 106.4million). In terms of the initial funding formula for this package of investments, the flagship program was *Professional Development for Education Personnel* or ProDEP. ProDEP sought to improve the management of schools and madrasah in participating districts by supporting the establishment of a national system of professional development that would enable principals to apply their improved professional competencies. In addition to the core program of continuous professional development (CPD) for principals, ProDEP also included components on Supervisor Professional Development (SPD), Human Resource Management and Development (HRMD), Strategic Planning and Financial Management (SP&FM), and the Principal Preparation Program (PPP). An additional Principal Performance Improvement Program (PPIP) was piloted in 2015<sup>18</sup>.

From 2012 to 2014 C2, in collaboration with C1, also implemented the New School Induction Program (NSIP). The NSIP was designed to support effective school-based management in newly built C1 schools by building the capacity of key stakeholder groups to manage and maintain assets, to handle School Operational Grants (*Bantuan Operasional Sekolah* or BOS funds), to practice school accounting, and to work with the community<sup>19</sup>. In 2011, C2 also oversaw a one-off training for approximately 650,000 members of school management teams in the use of BOS funds.

#### 4.4.3 Relevance

C2 investments were conceived firmly in line with MoEC policy<sup>20</sup> and were supported by a strong body of international evidence regarding the importance of school management and leadership as a driver of education quality improvement<sup>xxv</sup>. In the case of ProDEP, however, evolving political and policy priorities, delays to the implementation of the Grant Agreement (GA), and disruptions caused by ministerial restructuring following the 2014 Indonesian election saw MoEC's commitment to the initiative wane. For DFAT, the aspirations of ProDEP remained in line with the ambitions outlined in the *Strategy for Australia's aid investment in education 2015 – 2020*<sup>xxvi</sup>. However, from 2014 onwards, the Working in Partner Systems (WiPS) modality used to deliver financial support to ProDEP was increasingly at odds with DFAT's commitment to a new, more agile TA-led aid paradigm. Delays to the commencement of GA-funded activities inevitably drew a cautionary response from GoA, for whom the future viability of ProDEP was compromised by limited measurable outputs and the absence of a clear financing strategy beyond the timeframe of the EP. The latter issue was compromised by the low relevance of ProDEP for district governments (who receive approximately two thirds of the Indonesian education budget).

#### 4.4.4 Efficiency

The BOS training and NSIP elements of C2 exhibited strong efficiency, most likely because they adopted previously tested models and were rolled out as one-shot training activities that conformed strongly to standard GoI practices. The flagship ProDEP program, by contrast, generated limited outputs, at least when considered in light of the targets set in the 2013 GA (see Table 2). The GA for ProDEP was not signed until mid-2013, two years after the EP commenced. Roll-out of the program was then delayed until October 2014 because the nominated training entities were assigned by MoEC to assist in the implementation of a new national curriculum. Implementation in 2015 was delayed by restructuring activity within MoEC. Notwithstanding the effect of the challenging operating environment, ProDEP trained 3,587 supervisors and 17,775 principals by the end of the EP, approximately 89% and 82% respectively of the *revised* targets

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<sup>18</sup> This new component sought to improve the capacities of under-performing principals.

<sup>19</sup> Persons trained under NSIP include supervisors, principals, teachers, treasurers and school committees (see *NSIP Evaluation Report*, 2014).

<sup>20</sup> Thereby supporting the implementation of Ministerial Decrees No. 13/2007 on the *Standards for School / Madrasah Principals* and No. 28/2010 on the *Appointment of Teachers as Principals at Schools / Madrasah*.

set by Gol and DFAT in late 2015. Contrary to original expectations, no GA-financed implementation occurred in 2016.

#### 4.4.5 Effectiveness

Following budget revisions in 2014, the intended midline/endline evaluation study for C2 was not undertaken. As such, the extent to which improvement in education officials' professional competencies contributed to improvements in school/madrasah management is largely unknown. Even so, it is recognised that, while insufficient numbers of principals were trained to create the expected changes at district-level (see Annex I), the *technical foundations* of the ProDEP model are such that it *could* make a significant contribution to the improved performance of principals and ultimately to the quality of school and madrasah management<sup>xxvii</sup>. The results of the ProDEP Performance Assessment Framework (PAF) survey conducted in 2015 indicated as much, with 84% of principals stating that they frequently conducted a range of activities related to ProDEP learning units undertaken in late 2014<sup>21</sup>. There were signs in the latter half of the EP that ProDEP was seen as something worthy of continued investment: in 2015-16 MoEC financed the 'replication' of ProDEP in 39 non-participating districts. However, this positive response must be counter-balanced by the probable effects of ProDEP's declining relevance to key MoEC personnel. While elements of ProDEP have gained traction (see Section 4.4.4), it appears unlikely that ProDEP will be sustained as an integrated, coherent system for tailored and continuous professional development, giving rise to significant question marks about the EP's contribution to any subsequent changes to the quality of school/madrasah management in Indonesia after 2016.

#### 4.4.6 Impact

As it stands, it is more probable that *elements* of ProDEP, and not the system itself, will generate long-term benefits. Despite the short implementation period – a total of 10 months from 2014 to 2015 – the program exhibited some short-term impact within MoEC. The Directorate General for Teacher and Education Personnel has signalled an intention to adopt the ProDEP On-Line Learning (OLL) delivery mechanism for a new principal CPD program that will additionally utilise an unspecified number of ProDEP modules<sup>22</sup>. For MoRA, ProDEP had only very limited impact. Targets for the participation of MoRA personnel in ProDEP were not met in 2014 and 2015 and the ministry has signalled its intention to proceed with its own model of CPD for principals in the Islamic education sector. There is no evidence to date of districts allocating funds for the financing of ProDEP (CPD and SPD), either through co-financing arrangements with the central ministry or independently.

#### 4.4.7 Sustainability

Despite MoEC's support for the extension of ProDEP activities beyond the EP (e.g. see the replication in 39 districts in 2015-16), GoA investments in ProDEP are unlikely to produce sustainable outcomes due to the absence of a clear financing strategy. MoEC officials have stated that district-level financing is crucial for the future implementation of ProDEP. Districts, by contrast, view ProDEP as a donor/nationally funded program, with key district level stakeholders (e.g. Heads of District Education Offices) having little to no direct involvement in its implementation. This apparent design oversight, which was recognised at an early stage, should have been proactively managed during implementation.

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<sup>21</sup> SSQ (2015). *National System for the Professional Development for Education Personnel: Performance Assessment Framework Evaluation Report*. Supervisor competency was also assessed to have improved.

<sup>22</sup> *Kepala Sekolah Pembelajaran*.

#### 4.4.8 Value for Money

The value proposition of C2, or more specifically ProDEP, declined over the course of the EP. Initially valued at AUD 134 million, the final value of the ProDEP Grant Agreement (GA) was AUD 38 million, of which only AUD 31 million was spent. With this reduction to the value of the GA, the economy of operating through government systems was lost as the cost of technical assistance services to support the development of ProDEP rose in both real and proportional terms.

Reductions to the ProDEP GA did satisfy other VFM criteria related to the appropriate management of financial risk. However, the scale of reductions to the GA ultimately compromised the ability of the activity to generate sufficient impact to ensure the sustainability of the investment. The VFM realised by C2 primarily resided in the array of innovative strategies and technical products that were developed to support the strengthening of principal and educational personnel competencies.

### 4.5 Component 3: Islamic School Accreditation

#### 4.5.1 Summary of performance against DAC criteria

- C3 remained highly relevant within the EP and demonstrated the advantages of smaller, strategic investments.
- C3 exhibited strong efficiency in the delivery of services that led directly to the accreditation of madrasah.
- C3 reflected the value of establishing a presence at a sub-national level in order to attain goals related to the strengthening of systems at the district level (effectiveness and impact).
- C3 displayed evidence that it was strengthening systems that will support improvements to the quality of madrasah service provision over the longer term (sustainability)

#### 4.5.2 Introduction

C3 was designed to support MoRA to meet its 2010-2014 *Renstra* targets for the accreditation of madrasah and to support the development of madrasah quality improvement systems more generally. The program represented an ongoing commitment by GoA to Indonesia's Islamic education sector that had commenced under AusAID's earlier Learning Assistance Program for Islamic Schools (LAPIS).

C3 was distinct from C1 and C2 in that it was located outside of the main counterpart ministry of MoEC, was delivered as a project by a Managing Contractor, and targeted assistance to the private education sector. It was also a comparatively small part of the EP investment, with the AUD 37 million investment representing only ten percent of the revised EP budget (see Table 1). C3 provided conditional block grants of AUD 10,000 to 1,500 primary and junior secondary private madrasah for the purposes of preparing them for institutional accreditation. C3 was housed in the central MoRA ministry, but operated through a network of Sub-National Implementation Partners (SNIPs) in targeted provinces.

#### 4.5.3 Relevance

The EP investment in the madrasah sector was well-aligned with MoRA's *Renstra* ambition to boost the accreditation of private madrasah. AusAID's decision to continue with investments in the private Islamic education sector was likewise highly relevant to equity and poverty alleviation development agendas, as private madrasah account for a significant percentage<sup>23</sup> of Indonesian students enrolled at the primary and

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<sup>23</sup> Madrasah account for an estimated 13.9% of schools at the elementary level and 30.5% at the junior secondary level (see ACDP-021 (2014). *Special Report on the Formulation of Renstra Directorate General Islamic Education*, p. 19.)

junior secondary levels and frequently provide services in remote and underserved areas. The relevance of the investment remained strong for the duration of the EP, partly due to the Embassy's confidence in the comparatively small fiduciary risk associated with a direct delivery modality and the visibility and political good-will generated by investments in the Islamic education sub-sector.

#### 4.5.4 Efficiency

C3 exhibited strong efficiency for the duration of the EP. Targets for madrasah accreditation were met in a timely fashion and performance against indicators established in the 2013 Performance Milestone Framework (PMF) was strong (see Table 2). The allocation of block grants proceeded smoothly and the acquittal of grants by recipient madrasah was carefully monitored by the Managing Contractor in accordance with guidelines. The initial reluctance of C3 to strengthen MoRA systems to support madrasah quality improvement beyond the end of the partnership was addressed from 2014 onwards via a reallocation of project resources towards policy reform activities and reflected a good level of responsiveness to performance monitoring information.

#### 4.5.5 Effectiveness

C3's accreditation-focused support to 1,500 madrasah was unlikely to generate district-level impact due to the small footprint of the program both nationally and within targeted districts themselves<sup>24</sup>. In the final two years of the program, however, significant measures were taken to mitigate this limitation. Most notably, C3 supported MoRA in the drafting of a regulation to expand and strengthen the role of provincial-level Madrasah Development Centres (MDCs). C3's engagement of these agencies as Implementing Partners for the final two cycles of the madrasah accreditation was an astute move that greatly strengthened sub-national systems. The new regulation provided MDCs with routine funding for the first time, enabling them to provide ongoing support for quality improvement activities in the madrasah sector.

#### 4.5.6 Impact

Steady annual improvement in the performance of C3 against the DAC criterion for *Impact* reflected an increasing degree of MoRA buy-in for C3 activities and the uptake of C3 models by non-ministry actors, such as the Al-Maarif Foundation. In 2014 and 2015, MoRA financed a modified replication of the C3 accreditation model for an additional 3,153 madrasah nationwide. The Al-Maarif Foundation of Central Java employed C3 modules for quality improvement activities in an additional 2,000 madrasah. Although the uptake of C3 materials or quality improvement approaches was typically partial in nature, it nonetheless significantly expanded the impact of the program beyond the relatively small number of institutions targeted for direct assistance.

C3 additionally demonstrated considerable success in the identification and generation of alternative funding for madrasah quality improvement. AUD 1,282,000 was generated from community and private sector sources for C3-assisted madrasah. MoRA (central) contributed AUD 2,945,455 along with a further AUD 1,091,505 in district government funding. In total, over AUD 6 million was generated to support quality improvement in madrasah targeted by C3.

#### 4.5.7 Sustainability

C3's sustainability performance was subject to critical comment in POM's initial APPRs due to the traditional 'project' design of the intervention (see Annex II). The block grant model employed by the EP was too expensive for MoRA to finance and was generally regarded as too comprehensive for the sector's needs. From 2014 onwards, MoRA's commitment to replication activities and support for the improvement

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<sup>24</sup> Current MORA figures (EMIS 2015-16 data) list 41,494 primary and junior secondary madrasah in Indonesia, more than 90% of which are private. As a proportion of this figure, C3 directly supported just over 3% of the sub-sector.

of sub-national systems for madrasah quality improvement significantly boosted the likelihood that C3 investments would be carried forward beyond the end of the EP. In 2014-15 MoRA committed approximately AUD 17 million for a modified program of C3 replication in over 3,000 madrasah. Nonetheless, by the time of component closure in December 2015 key figures within MoRA had not committed to proposed sustainability agendas, most notably that which was presented in the 2015 DFAT-commissioned *Strategy to Develop a Continuous Program Madrasah Quality Improvement: The Grand Design*.

An AUD 10 million reduction in the C3 budget early in the life of the EP did not affect the capacity of Implementing Partners to meet accreditation targets. The adjusted budget was well-proportioned to enable the Implementing Partner to carry out activities at a high level of efficiency, whilst also stimulating the GoI partner (MoRA) to direct significant levels of internal funding to support the expansion of those activities.

#### 4.5.8 Value for Money

The manner in which MoRA opted to simplify C3 modules and reduce grant sums for replication activities does speak to a certain inefficiency in the development of technical products that are not considered ‘fit for purpose’ by the partner institution. Likewise, analysis of program impact indicated that Block Grant expenditure on madrasah infrastructure may have been more effective if exclusively directed towards training support.

The C3 investment placed a relatively low burden upon DFAT’s own limited managerial resources. Stakeholders were aided by a comparatively stable policy environment in MoRA, but more so by a delivery modality that removed the risks inherent in financing activities through GoI systems.

## 4.6 Component 4: Analytical Capacity and Development Partnership

### 4.6.1 Summary of performance against DAC criteria

- C4 was relevant to GoI needs and aligned with DFAT’s development policies and priorities.
- C4 performance was constrained by persistent concerns about the efficiency of its operations.
- C4 delivered a handful of tangible policy results at national and provincial level, in part because of its evolving operating style and ambitions from 2014-15 (impact).
- C4 might have delivered additional systemic benefits should its long-term intent and legacy have been determined.

### 4.6.2 Introduction

C4 sought to promote the use of evidence in the development and implementation of education sector policies, plans and budgets. It does so through the activities of the Analytical and Capacity Development Partnership (ACDP): a facility that seeks to “promote education sector-wide policy research and dialogue”<sup>xxviii</sup>. The ACDP responds to requests made by relevant GoI ministries, most notably Bappenas, MoEC and MoRA. It does so through two types of activities<sup>xxix</sup>:

- The delivery of demand-driven research and technical support, e.g. technical studies, reviews and assessments<sup>25</sup>; technical papers and briefs<sup>26</sup>; and training<sup>27</sup>.
- The organisation of technical meetings, focus group discussions and workshops at the request of GoI stakeholders<sup>28</sup>.

Participating decision-makers are expected to utilise ACDP analytical work in relevant policy, planning and budgeting processes and then incorporate ACDP evidence in relevant education sector policies, regulation, plans and budgets.

At a cost of AUD 20 million for the 78-month period from January 2011 to June 2017, the Embassy's amended contribution to C4 of the EP accounted for just over 5% of the EP budget (2015 – see Table 1)<sup>29</sup>. In addition to POM's routine performance oversight and its iterative evaluation of ACDP in 2014-16, ACDP was subject to an EC and DFAT-financed Mid-Term Review in October 2014 and an EC-financed Results-orientated Monitoring (ROM) mission in September 2016.

#### 4.6.3 Relevance

C4 displayed high external relevance for both governments. The notion of evidence-informed policy and planning remained in line with GoI policy needs and was consistent with DFAT's growing interest in supporting Knowledge-to-Policy (K2P) measures. C4's relevance grew from 2011 to 2016 *because* of the changes to the political, institutional and policy environments within which it operated. For example, Indonesia's Minister of Education in 2015-16, who was seen by many as a champion of evidence-informed decision-making, regarded ACDP as an important supplier of policy-relevant research and analysis. For DFAT, ACDP was increasingly regarded as a vehicle to improve political access, to generate political capital, and to support the emergence of evidence-informed policy and programs in the Indonesian education sector.

The internal relevance of the ACDP was constrained by a design that was primarily focused on the production of knowledge. Activities to support the dissemination of this knowledge or advocacy for key findings were not prescribed as Secretariat functions. From 2014, this internal relevance improved as the Secretariat sought to add greater value by moving beyond a role centred largely on knowledge production (see Sections 4.6.4 and 4.6.5, below).

#### 4.6.4 Efficiency

The ACDP made a conscious effort from 2014-15 to diversify its product offering from the large-scale studies that characterised much of its first three years of operation. Nonetheless, concern about the efficiency of ACDP's operations and the associated impacts on the utility of its deliverables persisted for much of its lifetime<sup>xxx</sup>. These problems were compounded in 2014-15 by the turnover of key staff within GoI and the protracted nature of discussions concerning an extension of DFAT and EC support to the ACDP

<sup>25</sup> For example, *Teacher Absenteeism Study* (ACDP 011); *Overview of the Islamic Education Sector* (ACDP 021); *Rural and Remote Area Education Strategic Planning for Tanah Papua* (ACDP 039); and *Evaluation of Principals Preparation Program* (ACDP 042).

<sup>26</sup> For example, Policy Briefs on *Teacher Absenteeism in Indonesia*, *University-Government-Industry Partnership for Economic Development in Indonesia* and *Gender Equality in Education in Indonesia*.

<sup>27</sup> For example, policy analysis support to MoEC's new Center for Policy Analysis and Synchronisation (*Pusat Analisis dan Sinkronisasi Kebijakan* or PASKA) and *Capacity Building for Evaluation of Education Policies, Strategies and Programs through Overseas Course and Workshop* (ACDP 037).

<sup>28</sup> For example, *Support to Textbook Development* (ACDP 013A).

<sup>29</sup> EC financing amounts to EUR 25m.

into 2016-17. This ultimately delayed the approval of ACDP's workplan for 2015 and prevented the ADB from awarding contracts in timely order<sup>xxx1</sup>.

#### 4.6.5 Effectiveness

Attendant to the early onset of concerns about the ACDP's efficiency were worries about the lack of consensus or clarity about the ACDP's objectives. These focused on the extent to which the ACDP should be an evidence *provider* as compared to being a *facilitator* of evidence-informed decision-making. From 2014-15 the ACDP exhibited flexibility and diversity in terms of its activities and product offerings, and improved its communication and dissemination of research findings. This evolution in operating style paid dividends. POM's iterative evaluation of 2014-16 found high levels of uptake and use on two of the five sampled studies, with signs of emerging uptake in at least one other case<sup>30</sup>. In the two most successful cases, the ACDP actively supported so-called Knowledge-to-Policy processes. By contrast, the evaluation also found an association between instances of less evidence uptake and 'detached' study design and implementation.

#### 4.6.6 Impact

With the ACDP's effectiveness improving over time so did the prospects for impact. For example, critical evidence contained in the *Madrasah Financing Study (2011-12)* could help to create space for informed discussion about the need for improved Madrasah financing models, not least with the rejuvenation of interest in the issue from 2015-16. Equally the return on the USD 819,450 invested in the *Support to Centre for Assessment (Puspendik) (ACDP 029)* could be significant should MoEC introduce improved assessment frameworks which improve student learning outcomes. Overall, should research processes reflect prevailing interests, incentives and motivations and should evidence be provided at the right time, in the right format, and to the right people, there remains tremendous potential for ACDP activities to deliver long-term benefits<sup>xxxii</sup>.

#### 4.6.7 Sustainability

As has been noted in POM's APPRs since 2014, there is no clear indication of what, if any, institutional benefits the ACDP wishes to sustain and how that may be achieved during the remaining phase of operations to June 2017. Whilst institutional sustainability was not foreseen within the design of the ACDP, the lack of clarity about any expected institutional legacy represents a missed opportunity to generate a better return on the USD 40-45 million investment<sup>31</sup>. While sustained benefits *may* accrue there is a sense in some quarters that the prospects for institutional change have rather been left to chance and, should that be the case, opportunities may have been missed.

#### 4.6.8 Value for Money

The nature of the C4 investment and the absence of dedicated VFM analysis renders it difficult to form a clear assessment of ACDP's VFM proposition. Policy influence is a notoriously difficult development objective to quantify.

As such, the value proposition of the ACDP is better assessed in terms of its efficiency rather than effectiveness. In this regard, C4 was the exception to the EP rule, as it was the efficiency of the program

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<sup>30</sup> Namely *Support to the Education Sector Review* (March 2013 – June 2015) and *Support to Rural and Remote Education Papua* (September 2012 – September 2014). Emerging uptake in the case of the *Madrasah Financing Study* (November 2011 – October 2012).

<sup>31</sup> Each donor provides funding in their own currency and so the total funds available will depend on exchange rate variations.



that was most frequently criticised. The primary reason for this was the lengthy procurement process for the commissioning of studies.

The management of the ACDP by a multilateral partner seemingly curtailed the extent to which DFAT was able to steer activities along a path that better satisfied VFM principals. While the facility made up ground in the final third of its lifetime and recorded some impressive ‘outputs’ in terms of the communication of findings and instances of policy engagement with key stakeholders, no clear consensus was ever arrived at in terms of how best to capture the return on the DFAT, EU and GoI investment in ACDP and to assess the extent to which it met associated expectations.

## 4.7 Cross-component issues

While designed, contracted and managed as four distinct components, the EP was conceived as Australia’s unified contribution to the Education Sector Support Program. As such, it is appropriate to step back from the component-level stories to consider if the EP, as a whole, reached those it ultimately sought to support and the extent to which Australia’s investment ‘leveraged’ investment from GoI sources.

### 4.7.1 The EP’s beneficiaries

The EP was foremost designed as a strategy to reduce poverty and improve equity. The design of the partnership also specified a range of activities to be undertaken to support GoA social inclusion agendas. Positioned as ‘cross-cutting themes’, gender equity and disability support initiatives were designed to be component specific. MoEC school designs utilised in C1 were modified to include infrastructure facilities for children with disabilities, such as ramps and disabled toilets. Social inclusion modules were developed for C2 and C3 training materials, and gender equity requirements were a feature of selection processes for training activities. However, the absence of a robust social inclusion framework and specialist staff to assist in the mainstreaming of social inclusion agendas weakened the overall impact of individual component activities.

From 2014 onwards, as DFAT released a series of policies that moved gender and disability from the position of ‘cross-cutting themes’ to a core feature of all relevant aid activities, the Embassy sought to respond appropriately. A social inclusion advisor was appointed in 2015 to oversee a range of *ad hoc* initiatives across Components 1-3. The gender balance for training activities in the final cycle of C3 improved to a ratio of 54% female and 46% male, as opposed to a component average of 65% male and 35% female<sup>xxxiii</sup>. C1 developed a detailed technical memorandum to construction guidelines that clearly illustrated the design elements of ramps, toilets and grab bars for disabled persons<sup>xxxiv</sup>, and a pilot program for inclusive education in madrasah was implemented in five provinces<sup>xxxv</sup>.

As a strategy to address poverty and improve equity, the EP consistently provided benefits to the ultimate end-users of services, albeit with a reduction in the overall number of those ultimate beneficiaries. The program was generally effective in reaching school children in underserved and remote areas, with enrolment rates increasing most sharply for students from poor families. The C2 mode of professional development was highly regarded by those school principals and other educational staff that participated in activities, and BOS training rolled-put under C2 reached an impressive 650,000 people. Selection processes for the identification of private madrasah for Block Grant support under C3 were well-designed to ensure that the neediest eligible institutions were provided with assistance.

The EP was less effective at building the capacity of district-level stakeholders. School construction effectively limited the role of district education offices to that of a signatory. The implementation of C2 activities was similarly coordinated and funded from the centre and implemented via deconcentrated

rather than decentralised agencies<sup>32</sup>. This approach reduced the fiduciary and delivery risks from a GoA perspective but the trade-off was that construction and training activities had little impact upon the planning or usage of district education budgets that account for two thirds of annual sector expenditure. As such, the key role<sup>xxxvi</sup> that the EP envisaged for provincial and district stakeholders was not realised.

#### 4.7.2 The EP's influence on Gol expenditure

The Indonesian government is constitutionally mandated to allocate a minimum of 20% of the national budget to education. This allocation is made at two levels: funds allocated to the central level (MoEC, MoRA, other ministries and institutions: 35%) and funds allocated to the district level (65%)<sup>xxxvii</sup>. MoRA is a centralised ministry, hence all allocations for the support of Islamic education are part of the central spend<sup>33</sup>.

By design, EP influence over Gol spend was strongest at central level. Grant agreements for C1 and C2 were between GoA and Gol's MoF. Technical support units for C1, C2, and C3 were located within central ministries and membership of governance bodies was limited to senior ministry officials. The influence over Gol spend at this level may be assessed in terms of tangible influence (i.e. the unlocking of new or additional Gol/external funds) and intangible influence (e.g. technical improvements that may result in the improved efficiency of Gol spend).

In the case of the former, MoEC spent approximately AUD 15 million of its own budget to support ProDEP replication activities in 29 districts in 2015 and 2016, a sum that was roughly 50% of the revised GA figure. Over 2013-2016, MoRA allocated AUD 17.1 million to support non-targeted madrasah using the 'C3 model', equivalent to 47% of the revised GoA investment in C3. Matching funding was not forthcoming for C1 as the purpose of the GA in this case was to enable the reallocation of school construction funds to other MoEC priorities.

In the case of the latter, C1 support to MoEC improved processes for site selection and construction quality assurance and can thus improve spend efficiency. And the greatest gains could be made from the Embassy's investment in C4, particularly should ACDP evidence be used to influence policy and ultimately trigger behavioural change that ushers in new budgetary commitments or improvements to the delivery of current Gol expenditure. Ultimately, the types of behavioural change stimulated by EP activities and the influence of technical products upon partners systems are often 'slow burners' that resist short-term assessment. C4 investments may be cases in point.

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<sup>32</sup> Namely the *Lembaga Penjaminan Mutu Pendidikan* (LPMP - Educational Quality Assurance Council) and *Pusat Pengembangan dan Pemberdayaan Pendidik dan Tenaga Kependidikan* (P4TK - Centre for Development and Empowerment of Teacher and Education Personnel) which are physically located in provinces.

<sup>33</sup> For a good overview of the system, see ACDP (2013). *ACDP 003: Main Report Madrasah Education Financing in Indonesia*, p. 14.

## 5 Analysis

### 5.1 Introduction

Section 4 described the performance of Components 1-4 with respect to the OECD DAC criteria for evaluating development assistance. In this section, the performance story is examined with respect to:

- the EP's governance arrangements;
- the EP's management arrangements;
- the EP's synergies with other initiatives; and
- the EP's value for money proposition.

### 5.2 Governance arrangements

The EP design proposed an elaborate governance structure with five oversight groups: four TOGs and a GOG as the peak body. Over time it became apparent that the quarterly schedule for TOG meetings may have been unrealistic and unwarranted, especially given the multiple demands placed upon key post-holders, the frequent engagement and dialogue between EP managers and their GoI counterparts, and the reality that Australia's financial contribution, though significant in financial terms, constituted only around 0.2%<sup>xxxviii</sup> of Indonesia's national education budget. The result was that only about 30% of TOG meetings were held with the frequency of meetings tailing off as the EP neared its end. As such, joint governance aspirations were only partially met, reinforcing the perception that the Embassy retained full management control of the partnership, with GoI responsible for a blend of institutional and implementing functions.

All the same, it was apparent that AusAID and DFAT leadership teams sought to apply direction to the EP that was appropriate to the prevailing aid climate in Canberra. It is also apparent that Australian leadership sought to engage their Indonesian counterparts and vice versa. The need for open and transparent dialogue was most prevalent in 2014-15 as both institutional and implementing partners sought to interpret Australia's new aid policy and adapt to shifting domestic priorities. Institutional partners were tasked with the difficult job of interpreting new policies and undertaking institutional restructuring; implementing partners were tasked with making relevant adjustments to activities and ways of working; and all parties were required to respond to the general sense of uncertainty about expectations and intentions. It could be argued that the partnership approach and the strong formal governance system designed for the EP was tailor-made for such a turbulent period. Ironically, however, the time for maximum inter-government engagement coincided with the period in which there was a downturn in the frequency of formal governance meetings, eroding the platform for raising and resolving key strategic matters.

### 5.3 Management arrangements

#### 5.3.1 Results-based management

Whilst a clearly defined logic architecture was agreed to in 2011-12 (see Annex I) along with a clear set of performance targets in 2014<sup>34</sup>, these did not necessarily engender a culture of results-based management, particularly insofar as the EP's high-level aspirations were concerned. Rather, EP management placed considerable emphasis on the timely delivery of contracted deliverables. Management decisions were therefore typically driven by prescriptive commitments to the attainment of quantifiable output-level targets over and above the pursuit of systemic change or the likely accrual of sustained benefits. This culture of transactional management allowed for efficient delivery across much of the partnership, enabled funds to be spent with minimal loss and allowed the partnership to attain highly creditable results in terms of schools built, madrasah accredited, persons trained, etc. (see Sections 3 and 4).

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<sup>34</sup> With the development of the Education Partnership Performance Milestone Framework.

This transactional orientation, which is strongly justified from an accountability perspective, came at the expense of a focus on higher results, namely system strengthening and systemic change. The rigid nature of the EP design allied to a propensity to focus on fiduciary risk, contract management, and compliance meant that EP management and governance did not always demonstrate the required levels of flexibility, innovation and adaptability required to proactively pursue the EOPOs and the creation of lasting benefit.

### 5.3.2 Performance management

With the EP being Australia's largest ever bilateral aid program and with aid effectiveness and rising aid budgets being key features of the aid environment at the time of design in 2010, it was both prudent and progressive for AusAID to appoint a quasi-independent body (i.e. POM) to establish and oversee a performance management system for the partnership. The creation of POM and the establishment of the TOGs and the GOG, therefore, provided the enabling environment for evidence-based decision-making, or more realistically, for evidence-*informed* decision-making to occur within the EP. Moreover, the establishment of these bodies was a clear signal that decisions were to be taken in a transparent and collegiate way and be informed by credible performance evidence.

The extent to which evidence was used to inform decision-making varied between the two institutional partners, between components and between the different levels of program implementation. Where positive examples exist, they were generally accompanied by the timely provision of credible evidence, the presence of a trusted relationship between the evidence provider and the decision-maker, and an appetite to improve EP performance. More broadly, the Embassy was effective in applying evidence from past experience, drawing on a base of evidence from AIBEP and LAPIS and thereby avoiding methods and approaches that had not been successful in the past. For example, revisions to site selection in C1 drew on a body of evidence from AIBEP regarding weaknesses in existing systems; accreditation activities piloted under LAPIS informed the design and implementation of C3; and AIBEP's whole school and whole-of-district development programs informed both ProDEP and NSIP.

Nonetheless, while the EP performance management system, coupled with the presence of POM, the TOGs and the GOG, offered a platform and framework for evidence-informed decisions to be taken, key opportunities were missed. For example, well-documented risks associated with the C2 investment went somewhat unheeded. Concerns that were consistently raised about the efficiency of ACDP's operations and the lack of clarity about its objectives remained largely unaddressed for much of the EP's lifetime.

In addition, the timeliness of decision-making – evidence-informed or otherwise – is possibly equally as important as the need for credible evidence to inform decision-making processes. For example, the Embassy's decision in 2014 to broaden C3's focus was correct, as was its decision in late 2015 to reverse its earlier position to end support to the construction of Cycle 4 schools in June 2016. However, the decisions could have been taken earlier to everyone's benefit. Certainly funding decisions, made in response to GoA aid program budget cuts, should have been communicated earlier to limit their effect on GoI<sup>35</sup>.

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<sup>35</sup> The degree, timing and frequency of budget changes varied across the components. A decision was taken to reduce the C1 Grant by AUD 60m in early 2015. The decision was taken prior to the 2015 national budget (*Anggaran Pendapatan dan Belanja Negara - APBN*), which allowed senior GoI officials to amend financial allocations with little effect on individual and unit spending targets. By contrast, DFAT's allocation to C2 was revised several times in 2015, with the last change occurring after finalisation of the national budget amendment (APBN-P). This placed senior MoEC officials in an uncomfortable situation as they remained committed to expenditure targets recorded in the amended budget.

### 5.3.3 Risk management

The EP utilised requisite risk tracking systems and managed and mitigated fraud and corruption-related threats in an appropriate manner<sup>36</sup>. In line with fiduciary expectations at design stage, a comprehensive program of EP financial audits and compliance reviews were commissioned, with emphasis placed on those Australian funds that were managed through partner government systems (i.e. the WiPS approach). With the reformulation of GoA's overseas aid framework in 2014, WiPS-based expenditure was subjected to intensified risk analysis<sup>37</sup>, reflecting the greater degree of risk consciousness during the latter half of the partnership. To that extent, DFAT's appointment of a short-term Procurement Advisor (who reported directly to DFAT) and its conscious efforts in 2015 to scale back its financial commitment to C1 and C2 – in terms of value and duration – were consistent with the direction provided in its revised aid framework.

In total, 107<sup>38</sup> Suspicion of Fraud reports (SFRs), which were submitted to the Embassy and duly forwarded to Canberra, were considered serious enough to merit further action by the appropriate authorities in Canberra. Whilst this is a substantial number of cases, it was not unexpected given the decision to channel funds through partner government systems and the inherent fiduciary risks associated with, for example, community-based construction models. In essence, the assumption of the original WiPS Assessment – that working in government systems poses greater fiduciary risk than expenditure through Managing Contractors – held true and the risk management processes and approach adopted by the Embassy were therefore appropriate and justified.

## 5.4 Synergies with other initiatives

### 5.4.1 Coherence

The EP component investments only worked together to a degree, perhaps signalling a lack of clarity or consensus as to the extent to which the EP represented a basket of complementary and mutually-reinforcing investments vis-à-vis a portfolio of separate initiatives packaged and managed under the umbrella of 'the EP'. Nonetheless, certain measures were taken to improve coherence. For example, the C1 school construction model predated the EP by five years and, as such, it was not intrinsically designed to work with other components. Even so, C2 implemented two dedicated activities that added value to the school construction program in the short to medium-term. The first of these was the AUD13 million NSIP for schools constructed in the first two cycles of C1 (with the expectation that GoI would fund and deliver for cycles three and four). In 2013, C2 also provided training to 88 districts with low GER in order to strengthen their capacity to identify needs and successfully forward proposals for new school construction<sup>xxxix 39</sup>.

The design of ProDEP as an initiative that sought to bridge the MoEC and MoRA education systems was an ambitious undertaking. While MoRA staff were successfully drawn into ProDEP, the target of a 15% participation rate in ProDEP activities was not met. Ultimately, the fact that MoRA opted for the

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<sup>36</sup> Nevertheless, the MTR of the ACDP scored its risk management a 'Red'. It noted that the "MTR is not aware of an ACDP risk register and has not seen risks reported in the six monthly progress reports" (p.25).

<sup>37</sup> This was in line with policy. For example, see DFAT (2015). *Making performance count: enhancing the accountability and effectiveness of Australian aid*.

<sup>38</sup> The 107 cases are broken down as follows: Component 1 = 93; Component 2 (ProDEP and NSIP) = 11; Component 3 = 3.

<sup>39</sup> Eighty-four districts subsequently "expressed their intentions to submit a total of 399 school proposals to MoEC for building 197 SATAP and 202 USB schools". See SSQ (2013). *SSQ Annual report 2013*, p. 10.

formulation of its own professional development agenda suggests that the design required a far more rigorous assessment of the political-institutional constraints to cooperation between the two ministries.

#### 5.4.2 Coordination

While the managers and implementers of the EP maintained *informal* dialogue with individual personnel in relevant donor-financed programs<sup>40</sup>, greater conscious effort was made to identify and, where possible, coordinate with relevant GoI initiatives. The effort generated mixed success. For example, the EP's investment in school construction coincided with GoI's investment in its student assistance cash transfer scheme - the *Bantuan Siswa Miskin* (BSM)<sup>41</sup>. As a demand-side initiative, the BSM scheme represented a means of addressing barriers to junior secondary participation that are resistant to supply-side solutions (e.g. school construction). However, any form of coordination between C1 and BSM (including the possible reallocation of funds from school construction to improving the effectiveness of BSM) was impractical given the high level political commitment to EP school construction targets and a model that 'signed over' schools to districts at a point prior to actual student enrolment when questions of student eligibility for BSM support commence.

The flexibility of C3's delivery modality allowed component stakeholders to both better respond to opportunities in the political-institutional landscape and to 'work with the grain' where this might improve the chances of higher-order objectives being realised. For instance, C3 was very successful in establishing a strategic working relationship with the National Accreditation Agency (BAN-S/M). School-madrasah accreditation is a significant GoI investment in school quality that provides periodic assessment of institutional compliance with National Education Standards. The dividends derived from the C3-BAN-S/M relationship – specifically, the attention granted by BAN-S/M to the assessment of C3-supported madrasah – were a credit to the ability of component managers to 'work politically'. Significant in this respect was the investment in time and resources at the provincial level, an outcome that is attributable to a design that included the presence of sub-national implementation partners in each of the component target provinces.

### 5.5 Overall Value for Money

The pursuit of value for money is a key element of DFAT's strategic objectives. As a consequence, in 2014, DFAT developed eight Value for Money Principles<sup>42</sup> to guide decision making and maximise the impact of its investments (although the emergence of VFM as a cross-cutting issue was first recognised by the EP in 2012<sup>42</sup>). The eight principles are grouped into the '4Es': Economy, Efficiency, Effectiveness and Ethics. A detailed analysis against each of the eight principles is provided in Annex III.

The analysis in the annex reinforces much of the commentary made earlier in this report. On balance, the EP represented satisfactory value for money for the Australian tax-payer. In particular, the EP performed

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<sup>40</sup> Including the EU-financed Minimum Service Standards (MSS) program, the USAID-financed Prioritizing Reform Innovation and Opportunities for Reaching Indonesia's Teachers, Administrators and Students (PRIORITAS) initiative and the DFAT-financed Australia Indonesia Partnership for Decentralisation (AIPD) and Local Governance and Infrastructure for Communities in Aceh (LOGICA) programs.

<sup>41</sup> The program was re-branded as the *Kartu Indonesia Pintar* (KIP) program in 2014. It is a means-tested cash transfer scheme which seeks to increase basic education participation by offsetting ancillary schooling costs such as transport and uniforms.

<sup>42</sup> POM prepared a VFM Options Paper to guide VFM analysis in January/February 2014 and DFAT Jakarta prepared a draft Position Paper on VFM within the EP in August 2014. It was agreed in June 2016 that the VFM commentary in the ICR would speak to DFAT's eight VFM principles.

well with respect to the DFAT VFM principles relating to Economy and Efficiency, but less so with respect to Effectiveness and Ethics.

DFAT and its implementing partners scrutinized programming costs on a regular basis and adhered to DFAT's Adviser Remuneration Framework (ARF) and ADB's procurement guidelines as appropriate (*VFM Principle #1: Cost consciousness*). DFAT employed and encouraged competitive processes for the selection of contractors and service providers, with the exception of the direct appointment of the ADB to manage C4 (*VFM Principle #2: Encouraging competition*). The EP design created a strong environment for evidence-informed decision-making to occur although some key opportunities were missed (*VFM Principle #3: Evidence-based decision-making*). Organisational systems were proportional to capacity and need, and were calibrated to maximise efficiency (*VFM Principle #4: Proportionality*).

Whilst performance and risk were both assessed effectively, their management was conservative (*VFM Principle #5: Performance and risk management*). Similarly, transactional management was prioritised over strategic or transformational engagement (*VFM Principle #6: Results focus*), and the programmatic design of the EP did not lend itself to experimentation and innovation (*VFM Principle #7: Experimentation and innovation*). The comprehensive formal governance structure promoted accountability and transparency (*VFM Principle #8*), but, over time, the role and importance of the TOG and GOG structures declined and, with them, the concept of 'partnership'.

## 6 Conclusions

### 6.1 Performance against DAC criteria

1. **The EP investment was highly relevant; it was well suited to the needs and policy commitments of the Indonesian education sector.** The objectives that informed the design of the EP – improved access to basic education in underserved and/or remote areas, improved service delivery, and more evidence-informed policy – remained aligned with the policies and priorities of the two governments and the needs of beneficiaries.
2. **The EP was implemented with increasing efficiency; Implementing Partners performed well with respect to revised output targets.** A results-based management approach ensured that Implementing Partners prioritised the delivery of contracted deliverables. Internal systems for the monitoring of progress and spending were strong. Implementing Partners were generally responsive to program oversight and management recommendations in relation to matters of investment efficiency.
3. **The EP was effective with respect to the attainment of higher order outcomes, with the exception of C2.** Delays to the commencement of GA-financed C2 activities meant that insufficient numbers of personnel were trained to generate the anticipated effects across participating districts. By contrast, school construction activities had a positive impact upon JSE enrolment rates in participating districts, madrasah service provision in targeted districts has improved both directly (institutional accreditation) and indirectly (strengthening of oversight mechanisms), and ACDP evidence has been incorporated into several policy documents at national and provincial level.
4. **The long-term impact of the EP largely accrued to the direct beneficiaries of the investment.** The EP has or will generate positive long-term effects for the *individual stakeholders* who have secured direct benefit from the investments: the transferees and new enrollees who may ultimately complete JSE and transition to SSE; the principals trained in 2014-16 who may continue to apply the new skills and knowledge; the 1,500 targeted madrasah with improved service quality and capacity; and the decision-makers who may make use of evidence provided by ACDP. Nonetheless, on the balance of available evidence the EP did not amass sufficient change at an *institutional level* to support scaling up beyond those beneficiaries.
5. **There is limited evidence that the necessary frameworks and commitments are in place to sustain EP systems after the completion of DFAT funding.** The EP was successful in terms of the development and transfer of various *technical products* that will sustain benefits for partners. Nonetheless, to date there is only limited evidence of partners adopting and financing the systems implemented in and developed by the EP.

### 6.2 Performance against key design attributes

1. **EP investments were most efficient where activities operated within the realities of partner systems.** Greatest traction was secured where investments sought to work ‘with the grain’ and respond to emerging political and policy interests. Activities that sought to reshape the system, such as the development of a national system of professional development, combined management of primary and junior secondary schools, or activities that sought the integration of secular and Islamic education systems, produced more marginal returns.



2. **The EP successfully targeted poorer beneficiaries, but the lack of an explicit strategy to address gender and disability-related issues compromised its social inclusion credentials.** The appointment of a Social Inclusion Advisor to support Components 1-3 led to the implementation of a number of well received social inclusion activities. However, in line with GoA policy, the partnership would have benefited from a more explicit social inclusion mandate and associated strategy to which all components and managers were expected to contribute, thereby improving the ‘social inclusion dividend’ from the investment.
3. **Contrary to design objectives to strengthen capacity at the sub-national level, the EP typically worked *in* districts, rather than *with* districts.** The EP design reflected a scenario that has been termed ‘the missing middle’ in GoA education aid programs – a focus on engagement at central and school level but an absence of engagement at the district government level. This was contrary to the realities of decentralised decision-making in much of Indonesia’s education system. The EP provided infrastructure and support services *to* districts, irrespective of whether this represented the best solution available or the potential long-term implications.

### 6.3 Management and Governance

1. **GoA – AusAID, then DFAT – managed the EP appropriately and in line with the prevailing aid climate.** The EP was designed (2010) and implemented for three years (2011-13) in an aid climate that was characterised by increasing budgets and a commitment to aid and development effectiveness. In 2014-15, EP management correctly identified the expected and actual changes to GoA’s policy and institutional priorities. The decisions to increase scrutiny of WiPS-based expenditure, to reduce Australia’s financial commitment to C1 and C2, and to cancel EPOS were correct and defensible.
2. **The comprehensive governance framework developed for the EP did not operate as anticipated.** Critical program-related risks were granted insufficient attention at a governance level to allow for their mitigation. For example, risks to the sustainability of ProDEP (e.g. in terms of its affordability and future financing options) and long-standing concerns about the efficiency and sustainability of DFAT’s investment in ACDP called for governance as well as management intervention but these issues remained unresolved.
3. **The design of the EP recognized the importance of performance management to the success of the investment.** Once established, the POM model and the associated EP Performance Management System allowed for timely information and advice relating to program performance to be provided to EP managers. However, the absence of a mechanism for such advice to be presented at a senior governance level limited the utilization of recommendations
4. **Australia’s revised AUD 368.8m investment in the EP represented satisfactory value for money for both governments.** Whilst most End of Partnership Outcomes were achieved, concerns about the prospects for long-term impact and sustainability necessarily limit the EP’s VFM proposition, at least in developmental terms. In relation to DFAT’s published Value for Money Principles, the EP performed well with respect to Economy and Efficiency, but less so with respect to Effectiveness and Ethics.

## **7 Lessons: Looking Forward**

### **Working Politically**

A commitment to think and to work politically for the fulfilment of both development and foreign policy-related objectives requires the clear articulation of what ‘working politically’ means in practice, coupled with experienced personnel to provide leadership, management and strategic engagement throughout the life of an investment. In the Indonesian education sector, in particular, this means a clear understanding of ambitions in relation to activities at the central and district levels, and the appraisal of opportunities and constraints.

### **Influencing Policy**

The extent to which donors may influence policy decisions that support development outcomes may be strengthened by strategic consideration of where financing options reside. New initiatives may benefit from an appropriate balance of engagement with functional government units that offer the flexibility to develop and trial new initiatives, and engagement with structural government units that control the budgetary resources for implementation.

### **Welcoming Risk**

Risk management frameworks must address challenges in the implementation of programs (i.e. operational issues) as well as challenges to the design of investments (i.e. substantial changes in the political-institutional context or key indicators). The size of the EP investment enabled managers to respond to contextual changes by revising key indicator targets downwards whilst remaining within the parameters of the original program design. Such a response may not be feasible for smaller investments that operate closer to the threshold required to stimulate Gol buy-in and create sufficient development impact.

### **Targeting Beneficiaries**

Social inclusion-related dividends do not occur by chance. For optimal results, a social inclusion strategy should be an integral element of program design that is sufficiently flexible for adaptation to a range of contexts. DFAT’s current twin-track approach offers opportunities for both gender and disability work that the EP struggled to realise.

### **Resourcing Appropriately**

Operating successfully in the new aid paradigm requires an abundance of skills that few teams, let alone individuals, possess. Development teams need to satisfy compliance and accountability demands whilst engaging in high level dialogue with technicians, bureaucrats and politicians. Staffing profiles suited to the delivery of programs delivered in a traditional donor-recipient environment must evolve to meet both the demands and expectations implied by a more ‘mature’ aid relationship.

### **Choosing Partners**

Different types of implementing partner (e.g. multilaterals, managing contractors, NGOs) will offer donors and their partners different value propositions. As such, thought must always be given to what is expected of a partner; if the parties’ interests, motivations and incentives are duly aligned; how the implementing partner might best be managed; and what is needed (e.g. in terms of personnel) to satisfactorily manage the contract and relationship.

### **Designing and Adapting to meet Existing Capacity**

The various technical products developed and delivered under the EP were of a very high quality and based on international best-practices. However, the fragmented nature of GoI take-up for many of those products (e.g. training modules) suggests that they may have been over-engineered for Indonesian needs and/or the capacity of recipient systems.

### **Maximizing the Use of Performance Information**

The use of an independent, full-time Performance Oversight and Monitoring (POM) team was a progressive, proportionate response to the demand for performance data to inform decision-making. The impact of the POM upon the management of the EP justified its cost (less than 5% of the revised EP budget) and the model can be adapted for further use, particularly on large-value, complex development initiatives.

### **Value for Money**

Greatest VFM dividends are generated where investments are managed to deliver optimal effectiveness, impact and sustainability. As such, while a commitment to improving economy (or cost) and efficiency is consistent with GoA policy and should not be devalued, managers must maintain the right balance of effort and attention between the different 'Es' and manage to an investment's potential.

## 8 Recommendations

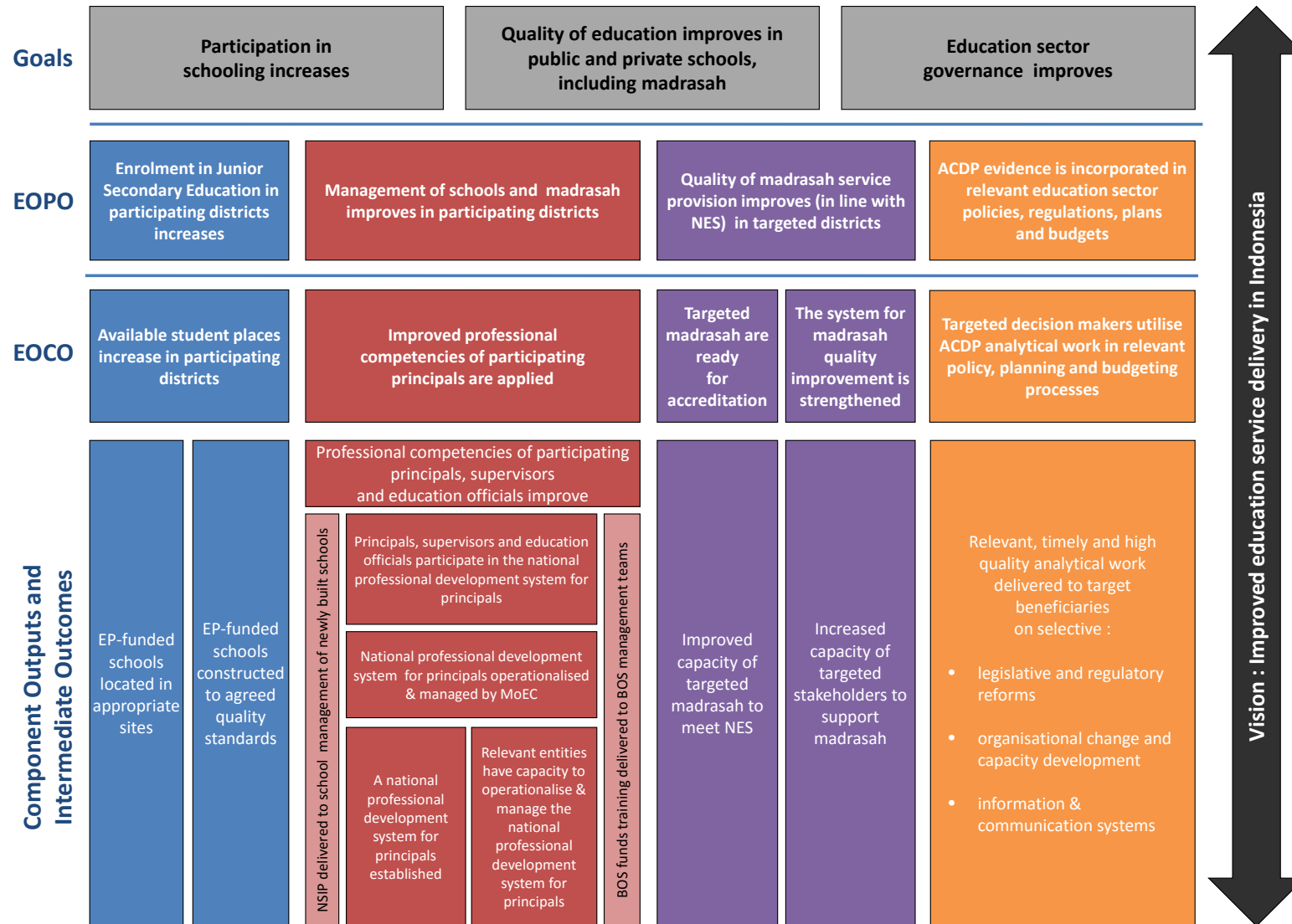
1. DFAT should retain focus on the higher order outcomes of their investments. Whilst robust management at output level is important, management should promote flexibility and imagination during implementation in order to maintain relevance and to maximise the chances of securing higher level achievements.
2. DFAT should resource its staffing in line with the demands of the new aid environment and upskill current staff in broader development skills such as public diplomacy, strategic engagement and private sector development.
3. DFAT should capitalise upon the broader range of development skills on offer in their less traditional partners (the private sector and non-government actors) and, in so doing, promote a more holistic and innovative approach to managing development.
4. DFAT should ensure that its risk management practices place sufficient attention on the opportunities and constraints posed by changes in the political-institutional environment within which programs are implemented such that the impact, relevance and sustainability of Australian investments can be maximised.
5. DFAT should consider reviewing and, where required, updating the governance arrangements to its aid programs to better reflect the maturing of government-to-government relationships, to take advantage of regular performance information, and to promote responsive and adaptive management.
6. DFAT should manage their investments to secure benefits for less advantaged or marginalised groups in line with stated policy. Where an investment (or activity) does not have an explicit social inclusion focus, the relevant partner should be required to justify that exclusion.

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- xiii AusAID (2010). *Australia's Education Partnership with Indonesia*, p. 44.
- xiv AusAID (2010). *Australia's Education Partnership with Indonesia*, p. 41.
- xv ASMF, p. 3.
- xvi See <http://www.oecd.org/dac/evaluation/dacriteriaforevaluatingdevelopmentassistance.htm> (accessed 12 October 2016).
- xvii DFAT (2015). Amendment No 2 of the Grant Agreement relating to Junior Secondary School Construction and Expansion through AEPI (a contribution to the Gol ESSP) between the Commonwealth of Australia and the Government of the Republic of Indonesia. DFAT Agreement 60472.
- xviii AusAID, *The Education Partnership Theory of Change (Draft)*.
- xix An Agreement for Grant Financing Junior Secondary School Construction and Expansion through Australia's Education Partnership with Indonesia. A contribution to the Government of Indonesia's Education Sector Support Program, Schedule 1. AusAID Agreement No. 60472.
- xx An Agreement for Grant Financing Junior Secondary School Construction and Expansion through Australia's Education Partnership with Indonesia. A contribution to the Government of Indonesia's Education Sector Support Program, Schedule 1. AusAID Agreement No. 60472.
- xxi See <http://dfat.gov.au/geo/indonesia/development-assistance/Pages/human-development-in-indonesia.aspx> (accessed 12 October 2016)
- xxii SSQ Component 1 (2016). SSQ C1 Update - 4 November 2016.
- xxiii Alexander & Lloyd Group, AEPI – Independent Monitoring of School Construction Technical Evaluation Mission 27 October – 10 November 2014 Back To Office Report, 02 December 2014.
- xxiv POM (2015). *2014 AIBEP Schools Survey*.
- xxv See Caldwell, B. (2014). *Thematic Literature Review for Component 2*. POM.
- xxvi See <http://dfat.gov.au/about-us/publications/Pages/strategy-for-australias-aid-investments-in-education-2015-2020.aspx> (accessed 12 October 2016).
- xxvii See Caldwell, B. (2014). *Thematic Literature Review for Component 2*. POM.
- xxviii ACDP, *Six Monthly Progress Report, Mid-2014, September 2014* (Revision), p.1.
- xxix Education Sector – Analytical and Capacity Development Partnership Indonesia. Mid-term Review.
- xxx see the APPRs of 2013-15 and the MTR of 2014
- xxxi POM (2016). *Annual Partnership Performance Report 2015*, p. 58.
- xxxii POM (2016). *Annual Partnership Performance Report 2015*, p. 63.
- xxxiii SSQ (2015). *School Systems and Quality Annual Progress Report, 2015*, p. 25.
- xxxiv SSQ (2015). *School Systems and Quality Annual Progress Report, 2015*, p. 14.
- xxxv SSQ (2016). *Modelling Inclusive Education in Madrasah: Pilot Evaluation*.
- xxxvi AusAID (2010). *Australia's Education Partnership with Indonesia*, p. 28.
- xxxvii MoF (2016). *Nota Keuangan Beserta Anggaran Pendapatan dan Belanja Negara Perubahan – Tahun Anggaran 2016*, §II pp. 4-22.
- xxxviii See <http://www.kemenkeu.go.id/sites/default/files/Subkatalogdata/UU%20APBN%20TA%202016%-20lengkap.pdf>
- xxxix SSQ (2013). *Annual Progress Report 2013*, p. 10.
- xl See <http://dfat.gov.au/aid/who-we-work-with/value-for-money-principles/Pages/value-for-money-principles.aspx> (accessed 11 October 2016).

# Annexes



## Annex I: EP Logic Architecture (updated March 2014 version)



## Annex II: EP Component APPR Ratings

### Ratings by Year

DAC Criterion	C1 Score			C2 Score			C3 Score			C4 Score			Mean EP Score		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Relevance	4	3	3	5	5	4	4	5	6	4	4	5	4.25	4.25	4.50
Efficiency	5	6	5	3	5	3	5	4	5	3	3	3	4.00	4.50	4.00
Effectiveness	3	4	5	TE	3	3	4	4	5	4	4	5	3.66	3.75	4.50
Impact	TE	4	4	TE	4	3	TE	3	4	TE	3	4	TE	3.50	3.75
Sustain.	4	4	5	3	4	4	2	3	4	4	2	2	3.25	3.25	3.75

*Source: EP Annual Partnership Performance Reports for 2013-15*



## Rating Scale

Rating scale	
Less than satisfactory	Satisfactory
1: Very poor; does not satisfy criteria in any major area	4: Adequate; on balance satisfies criteria; does not fail in any major area
2: Poor; does not satisfy criteria in several major areas	5: Good; satisfies criteria in almost all areas
3: Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area	6: Very good; satisfies criteria in all areas
TE: Too early to rate <sup>xli</sup>	

## Annex III: Assessment of the EP against DFAT's eight VFM principles<sup>xlii</sup>

### VFM Principle #1: Cost consciousness

*Definition: requires DFAT to seek reasonable opportunities to reduce costs at every level of operations and to scrutinise programing costs to ensure the most cost-effective options are pursued.*

DFAT and its implementing partners scrutinized programming costs on a regular basis (e.g. on submission of monthly invoices and quarterly and annual reports and work plans). ACDP's MTR<sup>xliii</sup> of October 2014 scored ACDP a 'Green'<sup>43</sup> in terms of its monitoring, controlling and accurate forecasting of program costs<sup>xliv</sup>, concluding that "the ACDP secretariat and the ADB is operating in a cost-conscious manner"<sup>xlv</sup>. Where possible, DFAT and its partners also actively sought to reduce costs during implementation (e.g. through scrutiny of procurement proposals; consideration of alternative delivery options; adherence to the Adviser Remuneration Framework - ARF). To that extent, the EP was conscious of cost. Nevertheless, the capping of unit costs had some adverse effects. For example, the sharp decline in the value of the AUD in 2014/15 created several instances where implementing partners were unable to attract international expertise within the bounds of the ARF. Even in the case of the ADB-managed ACDP (which issued USD contracts), the MTR noted that "in some instances, ACDP has not been able to meet the fee rates demanded by international experts"<sup>xlvi</sup>. Both cases serve as a reminder that cost-consciousness does not, in itself, create VFM dividends.

The relatively inflexible, delivery mechanisms that were selected at design stage served to limit opportunities to pursue more cost-effective delivery options, options that are often present in a facility modality. Moreover, it is unclear if explicit attention was given to estimating – quantifying and/or monetarising – benefits in relation to costs at planning stage, e.g. to see how much it was worth investing in particular areas or to determine if there might be more cost-effective means to achieve particular outcomes. Indeed, the gradual reduction in the number of schools to be built in C1 – from "around 2000"<sup>xlvii</sup> at design stage to 1,155 by 2015-16 – suggests questionable quality assurance at the point of design, e.g. in terms of projecting inevitable unit cost inflation. As such and by way of example, since the ultimate objective of C1 was to increase enrolment (rather than to create new school places) there may well have been a more cost-effective way of reaching the objective.

### VFM Principle #2: Encouraging competition

*Definition: requires DFAT to compare competing methods and partners and to select the option that offers the optimal mix of costs and benefits.*

DFAT employed competitive processes for the selection of Managing Contractors to act as Implementing Partners for SSQ (C1-3), POM and EPOS, and encouraged competition in the selection of contractors for activities funded under grant agreements. The exception to this rule was the direct appointment of the ADB for the management of C4<sup>44</sup>. In spite of the advantages offered by the ADB for this role, the direct appointment of a multilateral agency as an implementing partner proved restrictive. DFAT, as the *de facto* manager of the EP, was comfortable providing explicit direction to

<sup>43</sup> Green is defined in the MTR as "likely to be achieving VFM".

<sup>44</sup> This direct appointment was made on the basis of the ADB's "experience in education sector analysis and dialogue and related policy-led budget support; its ability to deliver through a delegated management model; and its willingness to provide additional funding (USD 2.2m in grants) to the sector" (AusAID (2010). *Australia's Education Partnership with Indonesia*, p. 33).

Implementing Partners selected through competitive tender arrangements but was less effective in securing remedial action from the multilateral partner (e.g. the protracted concerns about ADB's procurement mechanisms and the long delay in appointing an M&E Specialist to the ACDP).

Governed as they were by the Commonwealth Procurement Rules (CPR), the Managing Contractors routinely considered and compared delivery options and service providers. They appear to have used the ARF appropriately, with the necessary submission of procurement proposals offering DFAT the opportunity to ensure that costs and benefits had been considered and the optimal mix selected. The ADB, which was not bound by the CPR, adhered to ADB policies and procedures for selecting, contracting and monitoring of consultants as specified in *The Guidelines on the Use of Consultants by the Asian Development Bank and Its Borrowers* (2010). Even so, the MTR of ACDP in October 2014 pointed to a "poor procurement mechanism [that did] not generate healthy competition"<sup>45</sup> and went on to express concern about timely delivery<sup>46</sup>. The ADB subsequently 'refreshed' the composition of the shortlisted consortia for the Indefinite Delivery Contracts and sought to identify more agile ways to procure individual consultants.

Where expenditure was governed by the Grant Agreements, procurement was guided by agreed procedures manuals that emphasised the use of value for money procurement principles and adherence to competitive procurement processes. Performance was subjected to independent financial audit and compliance review in accordance with the standards issued by the International Auditing and Assurance Board (IAASB) and the Indonesian Institute of Certified Public Accountants (IICPA). With respect to C1, the audits found that applying competitive principles in remote locations was challenging given the paucity of recognised suppliers. With regards to procurement in C2, the 2014 audits found that, although improvements could be made with respect to effective procurement practices, the majority of Eligible Entities applied the principle of competitiveness.

### **VFM Principle #3: Evidence-based decision-making**

*Definition: requires systematic, structured and rational approaches to decision making, framed around logical arguments informed by accurate analysis.*

The creation of POM, the TOGs and the GOG offered an enabling environment for evidence-based decision-making, or more realistically, for evidence-*informed* decision-making to occur within the EP. Moreover, the establishment of these bodies was a clear signal that decisions were to be taken in a transparent and collegiate way and be based on the accumulation of credible performance evidence. (also see VFM Principle #5, below).

Perhaps inevitably, the extent to which evidence was used to inform decision-making varied between the two institutional partners, between components and between different levels of program implementation. Where positive examples exist, they were generally accompanied by the timely provision of credible evidence, the presence of trusted relationship between the evidence provider and the decision-maker, and an appetite to improve EP performance. In the case of C1, for example,

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<sup>45</sup> The MTR scored procurement red/amber, noting that the number of contractors had declined from eight to five and that two contractors have carried out over 80% of the ACDP work at the time of the MTR.

<sup>46</sup> These risks had been identified in the 2010 design document: "The ADB has acknowledged Australia's and Indonesia's concerns over timely procurement of technical assistance. As a result, procurement will occur in Jakarta to ensure it is flexible and responsive to Indonesia's needs" (p33).

partners took informed decisions about school site selection and the Complaints Handling System which ultimately contributed to continuous improvement and organisational learning. Equally, C3's better targeting of unaccredited madrasah from Cycle 2 reflected improved understanding of the superior value addition it could offer should it focus its energy on madrasah previously overlooked by BAN-S/M. More broadly, DFAT was effective in applying evidence from past experience, drawing on a base of evidence from AIBEP and LAPIS and thereby avoiding methods and approaches that had not been successful in the past. For example, revisions to site selection in C1 drew on a body of evidence from AIBEP on the need for more accurate new school planning; accreditation activities piloted under LAPIS informed the design and implementation of C3; and AIBEP's whole school and whole-of-district development programs informed both ProDEP and NSIP.

Nonetheless, while the EP performance management system, coupled with the presence of POM, the TOGs and the GOG, offered a platform and framework for evidence-informed decision to be taken, key opportunities were missed. The concerns about the efficiency of ACDP's operations and the lack of clarity about its objectives – identified in the APPRs of 2013 and 2014 and the ACDP MTR of 2014 – persisted for much of 2014/15. Evidence-informed decisions which improve the efficiency or delivery of investments, though laudable, are somewhat inconsequential so long as more strategic issues pertaining to the ongoing relevance and probable impact and sustainability of investments are insufficiently addressed. The failure to address the risks associated with C2 investment that were first raised in 2013 (and which were subsequently realised) is a case in point.

This gives rise to a final observation: while it is important that evidence is utilised to inform program management, the *timeliness of decision-making* is possibly equally as important as the need for credible evidence to inform decision-making processes. For example, DFAT's decision to broaden C3's focus was correct, as was its decision in late 2015 to reverse its earlier position to end support to the construction of Cycle 4 schools in June 2016. However, the decisions could have been taken earlier to everyone's benefit. Certainly funding decisions, made in response to GoA aid program budget cuts, should have been prioritised to limit their effect on Gol.

#### **VFM Principle #4: Proportionality**

*Definition: requires that organisational systems are proportional to the capacity and need to manage results and/or deliver better outcomes and be calibrated to maximise efficiency.*

No significant inefficiencies and duplication were evident during the EP, and the decision to disband EPOS in June 2015 so as to bring external communications and public outreach 'back in house' (i.e. within the Embassy) was both consistent with DFAT's policy thrust and justifiable from a VFM perspective. DFAT's business processes, policies and systems were implemented with a sound understanding of transaction costs, and, insofar as the Implementing Partners were concerned, organisational systems and resourcing levels were proportional to the work to be delivered.

DFAT responded well to the institutional and policy changes occurring from 2014 onwards that saw the Basic Education Unit provided with considerably fewer resources to manage the EP<sup>47</sup>. Whilst the reduction in resourcing profile was made in preparation for the management of a smaller Forward Program, the much smaller team was still required to manage the EP for a period of around eighteen

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<sup>47</sup> Basic Education Unit total staff numbers reduced from nineteen to nine from June 2014 to December 2015 (POM (2015). *Annual Partnership Performance Report 2015*, p.77).

months. Following the integration of AusAID in late 2013, the changes to the staffing profile saw much of the EP's institutional memory and technical expertise residing within Implementing Partners. DFAT's judicious use of Implementing Partners to appoint short-term or intermittent advisors in 2015 produced timely input on matters that spoke strongly to the maximization of existing EP investments and the promotion of a collegial whole-of-program approach.

## **VFM Principle #5: Performance and risk management**

### ***Performance management***

*Definition: requires that contracts, other investments and programs be continuously reviewed for quality to ensure that they are meeting their objectives and delivering maximum impact.*

With the EP being Australia's largest ever bilateral aid program and with aid effectiveness and rising aid budgets being key features of the aid environment at the time of design in 2010, it was both prudent and progressive for AusAID (as it was then) to appoint a quasi-independent body (i.e. POM) to establish and oversee a performance management system for the partnership. The EP generated a considerable amount of information concerning its performance to which institutional partners had access. POM collected that information, merged it with its own data and synthesised, analysed and presented it in a form that was accessible and usable, most notably in a series of *Annual Partnership Performance Reports* that captured an assessment of performance to date and presented practical recommendations that, if implemented, could help deliver maximum impact. In so doing, the EP's performance management system, of which POM was a part, provided opportunity to support the decision-making processes of the EP management. Even so, the potential to instigate measures that could make incremental improvements to EP performance was somewhat underexploited, with opportunities to improve the EP's value proposition sometimes missed (see Section VFM Principle #3, above).

### ***Risk management***

*Definition: requires that comprehensive integrity risk systems are established to prevent fraud and corruption and that consideration of risk be coupled with risk appetite, recognising that effective investments require decision makers to engage with risk in order to maximise results.*

The EP utilised requisite risk tracking systems and managed and mitigated fraud and corruption-related threats in an appropriate manner<sup>48</sup>. In line with fiduciary expectations at design stage, a comprehensive program of EP financial audits and compliance reviews were commissioned, with emphasis placed on those Australian funds that were managed through partner government systems (i.e. the WiPS approach). With the reformulation of GoA's overseas aid framework in 2014, WiPS-based expenditure was subjected to intensified risk analysis<sup>49</sup>, reflecting the reduced appetite for risk during the latter half of the partnership. To that extent, DFAT's appointment of a short-term Procurement Advisor (who reported directly to DFAT) and its conscious efforts in 2015 to scale back

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<sup>48</sup> Nevertheless, the MTR of the ACDP scored its risk management a 'Red'. It noted that the "MTR is not aware of an ACDP risk register and has not seen risks reported in the six monthly progress reports". (ACDP (2015). *Education Sector – Analytical and Capacity Development Partnership Indonesia. Mid-term Review*, p. 25.)

<sup>49</sup> This was in line with policy. For example, see DFAT (2015). *Making performance count: enhancing the accountability and effectiveness of Australian aid*.

its financial commitment to C1 and C2 – in terms of value and duration – were consistent with the direction provided in its revised aid framework.

In total, 107 Suspicion of Fraud reports (SFRs), which were submitted to the Embassy and were forwarded to Canberra, were considered serious enough to merit further action by authorities in Canberra. In essence, the assumption of the original WiPS Assessment – that working in government systems poses greater fiduciary risk than expenditure through Managing Contractors – held true and the risk management processes and approach adopted by DFAT were appropriate and justified.

While robust approaches to risk management were implemented at an operational level, there is less evidence that development-oriented risks were mitigated against and managed by the EP managers. This is unsurprising in that DFAT's accountability requirements require staff to focus on – prioritise – matters pertaining to contract management, fiduciary risk and compliance. As such, insufficient attention was paid to the management of risks (and opportunities) that arose due to the evolving political and institutional landscape of the Indonesian education system and, as a consequence, how these could impact the higher-order development ambitions of the EP.

### **VFM Principle #6: Results focus**

*Definition: requires that clearly identified objectives and performance targets are established to facilitate a strong results orientation.*

Whilst a clearly-defined logic architecture was agreed in Year One and performance targets emerged in Year Three<sup>50</sup>, these did not necessarily engender a strong results orientation. From the outset, DFAT's Basic Education Unit placed considerable emphasis on the timely delivery of contracted deliverables. Management decisions were therefore typically driven by prescriptive commitments to the attainment of quantifiable output-level targets over and above the pursuit of systemic change or the likely accrual of sustained benefits. This culture of transactional management persisted for much of the EP and allowed for efficient delivery across much of the partnership, enabled funds to be spent with minimal loss and allowed the partnership to attain highly creditable results in terms of schools built, madrasah accredited, persons trained, etc.

This transactional orientation, which is strongly justified from an accountability perspective, came at the expense of a focus on higher results, namely system strengthening and systemic change. The rigid nature of the EP design allied to a propensity to focus on fiduciary risk, contract management, and compliance meant that EP management and governance did not always demonstrate the appropriate levels of flexibility, innovation and adaptability required to proactively pursue the EOPOs and the creation of lasting benefit.

### **VFM Principle #7: Experimentation and innovation**

*Definition: requires creative and flexible approaches to the design and delivery of contracts, investments and programs which can be fostered through the trialling of experimental and innovative mechanisms.*

The EP design featured a number of technical innovations. The flagship school building program showcased an innovative community-based construction model, and C2 sought to roll-out a bespoke

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<sup>50</sup> With the development of the Performance Milestone Framework.

national system of CPD via a trial and error methodology based on pilot activities. Even so, the programmatic design of the EP did not lend itself to the trialling of experimental and innovative mechanisms. This prescriptive was perhaps as a consequence of the aid environment at its time predating as it did DFAT's current interest in innovation and private sector engagement.

Nonetheless, there were pockets of innovation. In regard to site selection in C1, efficiency gains were realised via the better use of ICT, with freely available Google-Map technology used to more accurately identify suitable sites. Equally, the ongoing development of a database for processing new school proposals was enhanced by the inclusion of MoEC education statistics in order to improve the speed and clarity of the site selection process. Elsewhere in the EP, C3 deliberately experimented with a range of different sub-national implementing partner organisations in order to determine which ones provided the best means of both delivering services and sustaining them.

### **VFM Principle #8: Accountability and transparency**

*Definition: requires that DFAT be held accountable both by taxpayers and by intended targets and beneficiaries for delivering results and that DFAT hold partners accountable and demand transparency at all levels to facilitate honest dialogue about the overall impact of investments.*

To promote transparency and accountability, the EP design proposed a governance structure with five oversight groups: four TOGs and a GOG. Over time it became apparent that the quarterly schedule for TOG meetings may have been unrealistic and unwarranted, especially given the multiple demands placed upon key post-holders, the frequent engagement and dialogue between EP managers and their GoI counterparts, and the reality that Australia's financial contribution, though significant in financial terms, constituted around 0.2%<sup>xlviii</sup> of Indonesia's national education budget. The result was that only around 30% of TOG meetings were held, the frequency of meetings tailed off as the EP neared its end, and joint governance aspirations were only partially met. The limited commitment to formal governance structures reinforced the perception that DFAT retained full management control of the EP, with GoI taking a blend of institutional and implementing functions.

All the same, it is apparent that AusAID and DFAT leadership teams sought to apply direction to the EP that was appropriate to the prevailing aid climate in Canberra. It is also apparent that Australian leadership sought to engage their counterparts in Indonesia. The need for transparency and honest dialogue was most prevalent in 2014-15 as both institutional and implementing partners sought to interpret Australia's new aid policy and Indonesia's education policy evolution. Institutional partners were tasked with the difficult job of interpreting new policies and undertaking institutional restructuring, implementing partners were tasked with making relevant adjustments to activities and ways of working, and all parties were required to respond to the general sense of uncertainty about expectations and intentions. It could be argued that that the partnership approach and the strong formal governance system designed for the EP was tailor-made for this situation. Ironically, however, the time for maximum inter-government engagement coincided with the period in which there was a downturn in the frequency of formal governance meetings eroding the platform for resolving key strategic matters.

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- xlii See <http://dfat.gov.au/aid/who-we-work-with/value-for-money-principles/Pages/value-for-money-principles.aspx> (accessed 25 November 2016).
- xliii See <http://dfat.gov.au/geo/indonesia/development-assistance/Pages/human-development-in-indonesia.aspx> (accessed 24 November 2016)
- xliv ACE (2014). *Education Sector – Analytical and Capacity Development Partnership Indonesia. Mid-term Review*, p.24.
- xlv ACE (2014). *Education Sector – Analytical and Capacity Development Partnership Indonesia. Mid-term Review*, p.24.
- xlvi ACE (2014). *Education Sector – Analytical and Capacity Development Partnership Indonesia. Mid-term Review*, p.23.
- xlvii AusAID (2010). *Australia’s Education Partnership with Indonesia*, p. 23.
- xlviii See <http://www.kemenkeu.go.id/sites/default/files/Subkatalogdata/UU%20APBN%20TA%202016%-20lengkap.pdf>