



**Government of
Indonesia TNP2K and
AusAID Indonesia**

**Poverty Reduction
Support Facility
(PRSF):
Independent Progress
Review (IPR)**

**Final report
5th April 2013**

**Steve Ashley, theIDLgroup
Francesca Bastagli, ODI
and
Gatot Widayanto**

Table of Contents

Acknowledgements	iv
Executive Summary	v
1. Introduction	1
2. Program performance	8
3. PRSF Implementation and strategic issues.....	22
4. Lessons learned.....	48
5. Conclusions.....	49
6. Recommendations.....	50
Annex 1: Terms of Reference (cross-referenced to report sections)	60
Annex 2: People met.....	69
Annex 3: Summary of case studies	71
Annex 4: Detail on TNP2K/PRSF activities and outputs	75

Acknowledgements

This review could not have been completed effectively without the assistance and support of many people.

We would like to thank the management of TNP2K, in particular Bapak Bambang Widiyanto and Bapak Suahasil Nazara for the really very generous amount of time they allocated to talking to us. We know they are both exceedingly busy people and yet they both met with us repeatedly, and without the understanding we gained from these meetings we could not have reached the conclusions we have with the confidence we have in them. We appreciate their openness and willingness to discuss ideas, both positive and negative. We also thank greatly all the many other TNP2K staff, who contributed greatly to our understanding and analysis.

The PRSF Secretariat team also made time for several long discussions with the IPR team which we found very helpful initially to be briefed on issues but later on to discuss emerging findings. Again the openness of these interactions was very notable, and we thank the team for that, in particular Patrick, Peter, Abdurrahman, Supriyono, Surya and JC, but also others met.

The logistical support provided by PRSF was also exceptional and assisted the review greatly – in terms of the room provided for the duration of the review, the transport, ongoing problem-solving, arranging of meetings, and also the complete and very smooth arrangement and management of our field visit. Thanks for all that excellent effort, we very much appreciate it.

Finally AusAID supported the team from start to finish in many ways ... firstly for bringing us together for this most interesting of jobs, for which we are very pleased to have had the opportunity; for also meeting regularly with us and providing ongoing opportunities to share their understanding and allow us to float our emerging findings; and also for accompanying us on our field visit, where we learned much. So we thank Bernie, Rachael, Jurist, Thomas, Patricia, Scott and Fiona for all their excellent efforts.

We wish you all the very best for the future, and some of us look forward to working with you again very soon!

Steve Ashley
Francesca Bastagli
Gatot Widayanto

18th February 2013

Executive Summary

ES1. The review

The Independent Progress Review of the Poverty Reduction Support Facility was conducted through a visit to Indonesia between 13th January and 1st February 2013. The team comprised three people, as follows:

- Steve Ashley, monitoring and evaluation (M&E) specialist and team leader, from theIDLgroup, a UK-based consulting company;
- Francesca Bastagli, social protection specialist, from ODI in the UK; and
- Gatot Widayanto, management specialist, a freelance consultant.

The IPR was a strategic review, rather than an implementation or activity review. Three key questions were asked:

- Is the PRSF on-track to achieve its expected outcomes?
- How effective are the TNP2K, PRSF and AusAID management arrangements?
- What lessons can we learn to inform remaining program time, and a possible scale-up of Australian support?

The scope of the review was defined by what the PRSF, as a funding facility, has funded, applying the principle that the review should assess what has been achieved with Australian funds. This means that the review scope was wider than the PRSF Secretariat, but was not as wide as the whole TNP2K, and also included non-TNP2K support provided by PRSF, through the 'AusAID window'.

The IPR has identified five key contextual drivers of PRSF and TNP2K decision-making, which are important elements of understanding what has been done. These are:

1. Indonesian political history and the weakness of evidence-based policy making.
2. The time-bound nature of TNP2K.
3. The TNP2K Secretariat is a very young government organisation which has only existed for a little over 2 years.
4. The highly political space for PRSF due to closeness to the Vice President and access to Cabinet members through the TNP2K.
5. Uncertainty over funding from AusAID.

ES2. PRSF achievements to date

The PRSF has achieved an enormous amount in the short time it has been in existence. It has established an office, staffed it to a high level, established management systems, developed a degree of clarity on what it is meant to do, has worked out modalities for how to do it, has developed good relations with key stakeholders, and has managed an upscale of both financial flows and staffing far in excess of that originally envisaged. This is all reflected in a very good Contractor Performance Assessment completed by AusAID.

TNP2K/PRSF has launched a variety of activities on many different topics that reflect the priorities of the Vice President, TNP2K ministers and Government of Indonesia (GOI) poverty reduction efforts. Such activities have already generated useful outputs and promise to continue to generate relevant evidence as the activities progress over the next few months.

TNP2K/PRSF is also considered to have an important initiation and knowledge-brokerage role. Some of these activities are difficult to capture in written form but are taking place in practice.

TNP2K/PRSF activities are already being used for national reform. This is the case of the UDB, which is supplying data for the extraction of beneficiary lists of national programs. More recently-launched activities also promise to generate information that could be used to inform national policy.

Whether this policy-influencing and support trend continues and is strengthened over time depends crucially on the ability of TNP2K/PRSF to:

- secure the sustainability and continuity of outputs (e.g. in the case of the unified database (UDB), updating information and coordinating with other data sources);
- strengthen communication and coordination with other institutions including line ministries and local governments; and
- ensure that evidence produced is high quality and consolidated and communicated in a clear and transparent format to a variety of stakeholders.

At this stage, existing evidence does not permit the assessment of TNP2K/PRSF's contribution to the poverty reduction effectiveness of programs. Results arising from TNP2K/PRSF activities currently being implemented should yield information in the near future on which policy design and implementation alternatives promote poverty reduction.

ES3. PRSF implementation and strategic issues

The IPR identified 10 issues that arise through examination of PRSF performance to date, where there is potential for improvement. All fall into the three general categories of strategy, management and systems, which give an indication of where effort will be needed to address them. They are:

1. Strategy.
2. Management and accountability.
3. Institutional arrangements.
4. Institutionalisation and sustainability.
5. Change management.
6. Learning.
7. Quality control.
8. Communication.
9. Managing transition.

10. AusAID window.

3.1 On strategy

The IPR finds that there are five key aspects of strategy requiring attention by PRSF, as discussed in more detail in section 3.1.

- That there would be many gains from addressing the gap in TNP2K/PRSF functional strategy that would enhance the potential achievements of PRSF.
- That the lack of application of a coherent and consistent framework for the various strategic planning activities in PRSF/TNP2K constrains joined up strategic thinking and therefore program effectiveness.
- That the lack of clarity and quality in PRSF's internal strategic planning, as represented by the M&E framework approved by AusAID, has contributed to many of the other management problems observed by the IPR and should be revised going forward.
- That the narrowing of TNP2K focus as 2014 draws near is within the framework of the agreement between GOI and AusAID but is not sufficient if AusAID's desire is to support the wider debate on establishment of a comprehensive social protection framework in Indonesia.
- That greater conceptual and strategic justification should be applied to new proposals for reforms or pilots, before getting into the detail of the quality of design.

3.2 On management and accountability

In practice PRSF has been seen by both TNP2K and PRSF Secretariat as an administrative support unit, whose role is to support TNP2K activities, but not to engage heavily in technical aspects of this work, which is considered to be the role of the policy working groups and TNP2K management team.

In the view of the IPR this is a more limited role than envisaged in the GRM scope of services. However it is consistent with the current balance of staffing and skills in the GRM PRSF Secretariat, which is predominantly administrative in nature.

As a result of the working arrangement that has been reached, lines of accountability for work conducted under PRSF are unclear. The IPR is clear that the administrative functions of PRSF are being relatively effectively managed and have appropriate systems to manage them (although see section 3.2.3), but is less clear that the same applies to the technical work conducted under PRSF.

Moreover there is an ongoing and sometimes heated debate in PRSF/TNP2K over what is an appropriate role for both PRSF and AusAID in management and accountability arrangements. Clearly some work needs to be done to resolve these issues so that everyone is clear on agreed systems that provide PRSF and TNP2K what they need.

Key systems requiring attention following this IPR are discussed in detail in section 3.1 to 3.9, and include the following:

- strategy;

-
- management and accountability;
 - institutional arrangements;
 - institutionalisation and sustainability;
 - change management;
 - learning;
 - quality control;
 - communication; and
 - managing transition.

3.3 On institutional arrangements

The management structure for PRSF and TNP2K is complex and yet not particularly effective in dealing with some of the more challenging issues they face, as discussed in section 3.3. While financial and administrative management appears secure, technical systems management is less so. All partners feel the need for rationalisation of the core management structures and functions.

Furthermore the PRSF Steering Committee has not been effective at playing the important role envisaged for it in the original design, and is not acting as an effective higher level accountability mechanism for PRSF. It would benefit from a full review including to its mandate, management, membership, and authority.

3.4 On Institutionalisation and sustainability

If policy reform is to be sustainable it must institutionalise change in the formal and informal rules that determine how business is done. This includes legislation, mandates and formal policy, but also guidance, common practice and shared understandings.

The same argument applies to the introduction of new working practices, or processes, such as evidence-based policy making (see Section 2.2 on Evidence-Based Policy Making, or EBPM). If these are to be retained in future, these must also be institutionalised in the formal and informal rules that determine people's behaviours in organisations.

At present this perspective appears not to influence much of the decision-making in TNP2K, and is certainly secondary in practice to the drive for quick results before 2014. There are many examples where short-term delivery-oriented decisions are being taken rather than longer-term sustainability-oriented decisions.

3.5 On change management

In the view of the IPR, there is much room for improvement on change management in PRSF and TNP2K, and this would lead to greater chances of success of both TNP2K's influencing activities and also the likelihood of sustainable adoption of the substance and process of what TNP2K is advocating. It is our view that a more thoughtful, strategic and informed change management approach is needed, and that this would be more effective at bringing along stakeholders willingly.

3.6 On learning

There are few of the formal mechanisms for learning and sharing within the PRSF/TNP2K that would be required if it was to be considered a learning organisation. The culture at present is not one of sharing, questioning, thinking, learning, using information.

Equally, there are few formal systems to ensure that learning is systematically used to enhance program performance. Given the complexity of what is being attempted, and the challenging context in which it is taking place, the IPR suggest that all opportunities to reflect on what is and is not working, and how it might be improved, should be taken. But this requires solid systems to ensure this is well-planned and effective.

3.7 On quality control

Quality control systems for PRSF are currently under review, and this issue has stirred some strong feelings within the TNP2K team, some of whom have questioned the role that AusAID should play in scrutinising government decision-making, in a government program.

The view of the IPR on this is clear, and can be summarised as follows:

- there is a clear need for transparency and accountability in the dealings of the PRSF and the results it achieves through the use of its funds;
- this is a reasonable expectation both externally – so as to be able to justify the value for money of Australian funds – but also internally, to ensure that everyone is held accountable for doing the best job possible as part of routine performance management;
- there is an issue which must be addressed sensitively and in a way which balances legitimate concerns for a) program effectiveness, b) Indonesian government ownership and sovereignty, and c) ensuring Australian money funds quality work; and
- although this has become something of a contested issue for PRSF, the IPR believes that reasonable discussion between all parties will swiftly allow a mutually-agreeable and beneficial solution to be reached, in the context of building systems to enhance PRSF performance as discussed in section 3.2.

3.8 On communication

Communication is an issue which potentially touches all parts of TNP2K activities, and has the potential to play a central role in enhancement of TNP2K performance. This goes well beyond a simple notion of communication as sharing knowledge, in a public relations sense. In the view of the IPR it will be very important to get a rounded and strategic view of how communication fits in to TNP2K, and can proactively maximise its role in contributing to TNP2K's objectives. We do not yet feel this point has been reached, and the communication and knowledge management (KM) team will require support to reach that point.

Central to this shift will be a clear conceptualisation by the communication and KM team, but also others in TNP2K, of the:

- role of communication in reform efforts;

- needs for information arising from TNP2K advocacy and influencing;
- role of communication in change management; and
- link between communication and efforts to sharpen the learning cycle in TNP2K.

3.9 On managing transition

In the view of the IPR the current approach adopted by the TNP2K and PRSF together is unlikely to lead to fully embedded reform across the areas they are currently working on. There may be some permanent change, and hopefully the recommendations of this IPR will help steer progress in that direction, but we believe it likely that many of the attempted reforms will be only incompletely embedded by end 2014.

The implication is that if this issue is not addressed, there remains the potential for some hard-won progress arising from TNP2K effort to date to be lost post-2014, which is in no-one's interest. It is therefore advisable for TNP2K/PRSF to soon begin thinking about and planning how to bridge progress made under TNP2K and what follows.

3.10 On the AusAID window

The IPR finds that the AusAID window has funded some good work, but that it is currently an ad hoc mechanism which is not firmly tied to clear development objectives. Addressing this issue would raise the potential for it to have meaningful impact.

ES4. Lessons Learned

A number of lessons are extracted in section 4 of the report, including:

- the importance of strategic planning;
- the need for more positive management from AusAID;
- the importance of getting management and accountability arrangements right for ensuring quality;
- the challenges of growing a new organisation rapidly and the need for management capacity to address this;
- the importance of learning;
- the importance of transparency, documentation and communication;
- the critical importance of planning for sustainable impact, even in a context where rapid delivery is a priority; and
- the importance of technical excellence even in a political context.

ES5. Conclusions

Placement of TNP2K, as a Commission, parallel to the formal bureaucratic structure has caused some tensions. But this is worthwhile in the short term, if:

- results in practice compensate for that, and
- there is a pathway for building on TNP2K's short-term achievements.

We have seen in this IPR that TNP2K, and the PRSF that supports it, have many areas where improvements are needed. But this should not overshadow the fact that it has achieved much.

It is the view of the IPR that the ‘initiator of policy change’ role played by TNP2K has been an effective one, and is a much needed role for which a position somewhat outside the mainstream bureaucracy is a positive advantage. TNP2K/PRSF has also made important contributions in terms of knowledge generation and reform piloting. These achievements are documented in detail in section 2.1 While we cannot know the counterfactual, we do know – as discussed in paragraph 23 and in section 2 – that TNP2K has added value compared with how systems have functioned in the past. We feel that these achievements are unlikely to have happened (to the same extent, at least) without TNP2K, and without AusAID’s support to TNP2K through the PRSF

We therefore conclude that at this stage the ends have justified the means, and that, for AusAID, investment in PRSF has potential to contribute to the overall aim of addressing poverty in Indonesia.

Nevertheless there is a need for definitive change at this point if that investment is to prove worthwhile in the longer run, and to have a good chance of contributing to the higher level objectives of TNP2K. We feel that a business as usual approach adopted at this stage will not lead to an adequately successful outcome by 2014; the changes recommended in this IPR will need to be acted upon for that to happen.


So, returning to the key question posed by this strategic review in section 1.1, is the PRSF on-track to achieve its expected outcomes?

This is a little harder to answer definitively than is desirable, largely because the expected outcomes have not been clearly and effectively defined, as mentioned in section 2.1.

We can therefore look at this question in two ways:

- If we are assessing the program according to the three objectives defined in the PRSF M&E framework, and approved by AusAID, then yes the PRSF is largely on-track according to the analysis presented in section 2.2.3, in which progress is demonstrated on each of the three key outcomes. Or at least it has potential to be on-track if key constraints to further progress can be overcome. However we have critiqued those objectives and their suitability as the PRSF’s objectives, in section 3.1.3.
- If we assess PRSF according to its original objectives, as defined in the PRSF design document, then it is not on-track – as described in section 3.1.4. This is because of the narrowing of the original broader focus as 2014 has neared. However it was agreed that these original objectives for PRSF were in need of change, and so this too is not a faultless basis on which to assess progress.

In making this assessment we must also not forget the positive achievements of the PRSF in a difficult environment, and the important opportunities for political influence that have been supported by PRSF and which have rarely been available previously in Indonesia. We



conclude that the program is on-track if we accept the logic of the narrowing of focus to accommodate the political cycle and the significance of 2014.

But we must also be clear that this logic is a political one, rather than a technical one. From an AusAID perspective, if what is wanted is a vehicle to support wider reform of social assistance and poverty policy in Indonesia, then PRSF support to TNP2K only addresses that ambition in part.

ES6. Recommendations

The IPR provides a number of recommendations to address each of the ten implementation and strategic issues identified, which are presented in section six of the main report.

Government of Indonesia TNP2K / AusAID Indonesia

Independent Progress Review (IPR) of the Poverty Reduction Support Facility (PRSF)

April 2013

1. Introduction

1.1 The review

1. The Independent Progress Review of the Poverty Reduction Support Facility was conducted through a visit to Indonesia between 13th January and 1st February 2013. The team comprised three people, as follows:

- Steve Ashley, M&E specialist and team leader, from theIDLgroup, a UK-based consulting company.
- Francesca Bastagli, social protection specialist, from ODI in the UK.
- Gatot Widayanto, management specialist, a freelance consultant.

2. The IPR was a strategic review, rather than an implementation or activity review. Three key questions were asked:

- Is the PRSF on-track to achieve its expected outcomes?
- How effective are the TNP2K, PRSF and AusAID management arrangements?
- What lessons can we learn to inform remaining program time, and a possible scale-up of Australian support?

3. The review included the following elements:

- preparation and reading prior to the start of the review, including liaison with AusAID and the IPR and PRSF teams on planning;
- extensive, repeat, discussions with the PRSF program team in Jakarta;
- extensive, repeat, discussions with the TNP2K management team and staff in Jakarta;
- discussions with key government stakeholders in Jakarta including from BAPPENAS, the Coordinating Ministry of People's Welfare, and the Ministry of Social Affairs;
- extensive discussions with AusAID Indonesia staff, and also their panel experts Nick Freeland and Stephen Kidd;
- discussions with other stakeholders in Jakarta, including World Bank and USAID;
- discussions with recipients of PRSF funds through the 'AusAID window';

- a three-day visit to Sleman and Semarang districts, in central Java, to meet district Bupatis, Bappeda, Line Ministries, other local government representatives, and community beneficiaries; and
 - a debrief of preliminary findings at AusAID Jakarta on 1st February 2013.
4. The IPR Terms of Reference are included as annex 1, and the list of people met is at annex 2.
5. The approach to the review was characterised as follows:
- understand PRSF achievements and difficulties experienced with the program to date;
 - reflect on program strategic direction with a view to enhancing likelihood of program success;
 - propose measures to be implemented in the coming year and beyond which will enhance program performance and the likelihood of the program achieving its objectives; and
 - discuss with PRSF, TNP2K and 'AusAID window' project representatives to develop a shared analysis of issues, with a forward-looking focus on identification of solutions rather than problems.
6. The scope of the review was defined by what the PRSF, as a funding facility, has funded, applying the principle that the review should assess what has been achieved with Australian funds. This means that the review scope was wider than the PRSF Secretariat, but was not as wide as the whole TNP2K, and also included non-TNP2K support provided by PRSF, through the 'AusAID window'.

1.2 This report

7. This report records the assessment of the review team, based on the requirements of the Terms of Reference (TORs). It assesses the performance of the program in terms of what it has achieved compared with what it was planned to achieve, discusses a number of issues arising through a consideration of program strategy and implementation, and then proposes some recommendations. It does this in the following sections, following this introduction and background:

- **Section 2** runs through the program performance in terms of its achievements at Activity, Output and Outcome levels and quality, including an assessment of this performance in relation to evidence-based policy good practice;
- **Section 3** discusses a number of strategic and implementation issues with implications for the future PRSF approach;
- **Section 4** pulls together some lessons from PRSF implementation to date;
- **Section 5** provides some overall conclusions from the review;
- **Section 6** outlines a series of recommendations for the PRSF; and

- **Section 7** outlines next steps for how to take forward the report's recommendations.

1.3 TNP2K

8. Having recovered from the 1998 East Asia economic crisis and successfully weathered a series of natural and economic shocks, Indonesia is making a major commitment to reduce poverty and to develop national programs for social protection. In support of that effort, an inter-ministerial National Team for Accelerating Poverty Reduction (TNP2K) was established through a presidential regulation, *Perpres* No. 15/2010, on Accelerating Poverty Reduction. TNP2K, led by the Vice President, plays a key role in designing and overseeing social assistance and poverty reduction programs while consolidating, simplifying and improving the efficiency of existing programs. Although the *Perpres* that establishes TNP2K is not time-limited, it is widely assumed that the future of TNP2K depends on re-election of the current incumbents in late 2014, and so the future of TNP2K can not at this stage be planned for.

9. The oversight and coordination of poverty and social protection programs was moved from the Coordinating Ministry of Social Welfare to TNP2K, within the office of the Vice President, in 2010. The main tasks are to improve the quality of policy advice for poverty programs and hence contribute to an acceleration of poverty reduction in Indonesia. The specific objectives of TNP2K are:

- a) Developing poverty alleviation policies and programs;
- b) Creating a synergy through synchronisation, harmonisation and integration of poverty alleviation programs within Ministries/agencies; and
- c) Supervising and controlling poverty alleviation programs and activities (*Perpres* unofficial English translation, p5).

10. The structure of TNP2K has three basic sets of units, or departments, within TNP2K: the policy formulation working groups, the task forces and the secretariat. In addition there is a PRSF Steering Committee and its attached technical groups and secretariats.

11. The Policy Formulation Working Groups are the core units of TNP2K. They consist of the three poverty reduction clusters (social assistance, community driven empowerment and small and medium enterprises (SMEs)) plus a special group for the development of a unified database on poverty, a health social assistance group, an advocacy working group, and a monitoring and evaluation unit. Their purpose is to provide policy advice to the Executive Secretary of TNP2K and hence to the Vice President's Office. To formulate policy advice the working groups can commission analysis, reviews, and evaluations of particular topics which can be funded by the PRSF.

12. Only one Taskforce, for Cluster one (social assistance), is located at TNP2K and supported by PRSF. Cluster 2 Taskforce is located in the Coordinating Ministry for People's Welfare and Cluster 3 Taskforce under the Ministry for Economic Affairs. Their task is to link the policy advice produced by the working groups with the

relevant line agencies or local governments and help them convert the advice into operational programs.

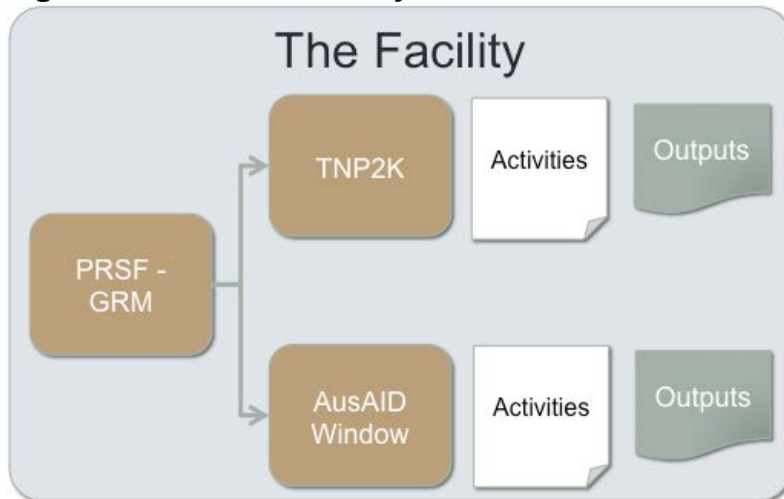
13. The Secretariat Support within TNP2K is quite extensive and involves both traditional secretariat activities such as logistic and personnel support to TNP2K as well as important coordination roles with national and regional agencies. Specifically the secretariat is tasked to:

- coordinate with the provincial and district poverty teams and promote the work of TNP2K at the regional level;
- coordinate with government and non-government organisations, including the private sector and state-owned companies (BUMN) on their poverty reduction support;
- maintain the database of poverty reduction programs supported by the government (including by sectoral ministries);
- maintain the database of poverty reduction programs supported by the non-government organisations;
- maintain complaint handling mechanisms; and
- strategic communications and external relations for poverty reduction programs.

1.4 The PRSF Program

14. PRSF was set up primarily as a support facility for TNP2K, to support the operations, strategy, plans and actions of its host institution, TNP2K. In addition, PRSF also has other functions under the AusAID window which has two channels, a) AusAID directed support for projects or activities and/or personnel which do not fall under TNP2K and b) administrative and sometimes project support for a variety of PNPM staff in three different ministries/agencies falling outside of TNP2K. PRSF is therefore both attached to the structure of TNP2K for the majority of its work, but is also independent of TNP2K and not tied to any one government agency for the AusAID windows (approximately 21% of PRSF disbursements to activities), see figure 1.

Figure 1: The PRSF facility structure



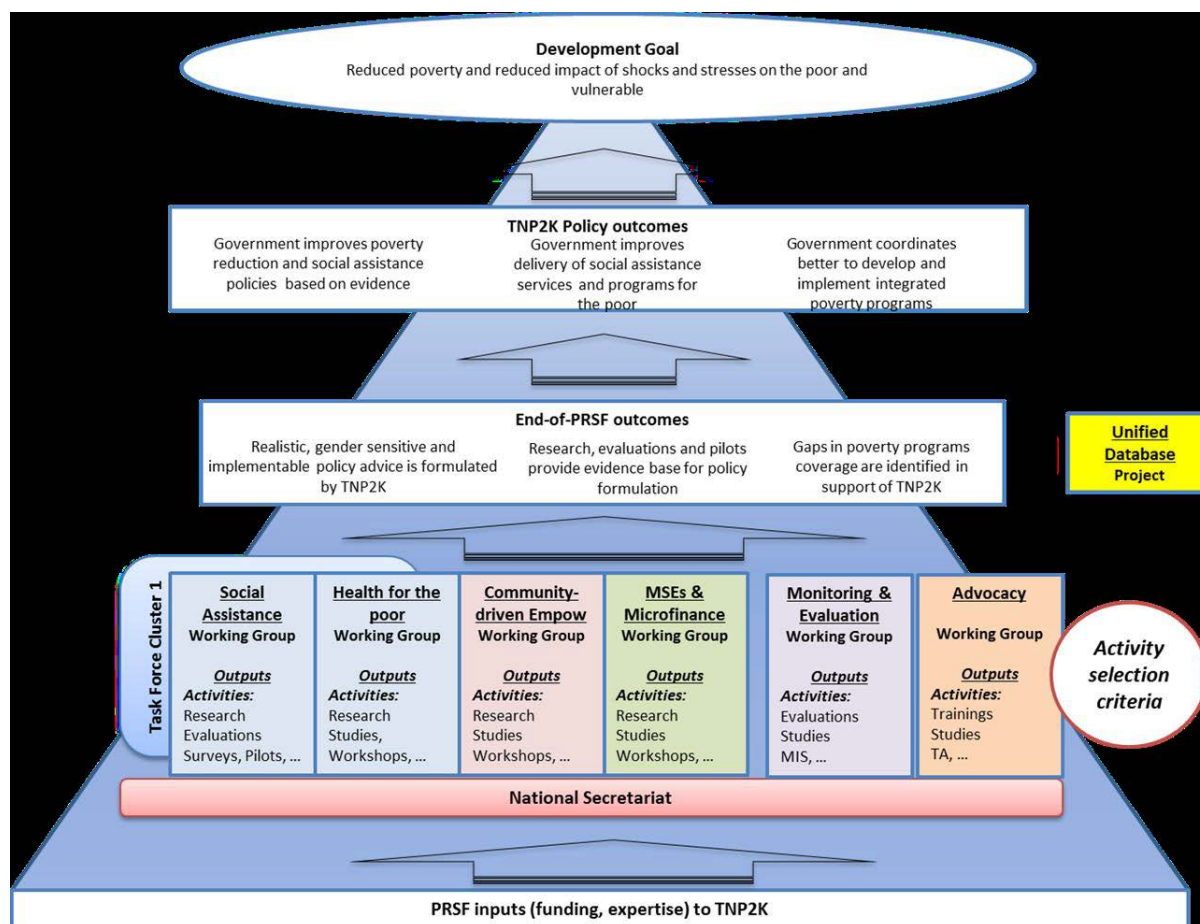
15. In the original design, and as expressed in the Scope of Services, PRSF did not have its own set of outcomes: PRSF outcomes were identical to those of TNP2K (see long term and interim outcomes in Scope of Services clause 2.17). The success or failure of PRSF was therefore tied totally to that of TNP2K, regardless of the success or failure of the support given to them or given through the two AusAID windows. Hence the need to ask the question - 'what authority or influence can a support facility wield over the outcomes of another institution (TNP2K) which they are supporting?' The answer is both complex and variable according to the different aspects of support being provided.

16. In order to clarify the accountability of PRSF towards the achievement of definable targets, and to show its supportive role to that of TNP2K, PRSF re-defined its end-of-Facility outcomes during the Evaluability Assessment and development of the M&E Plan. The revised PRSF end-of-Facility outcomes are:

- realistic, gender sensitive, and implementable policy advice is used by TNP2K to directly influence program decisions;
- evaluations and pilots provide evidence base for policy formulation; and
- gaps in poverty reduction programs coverage are identified and acted upon.

17. The relationship between PRSF and TNP2K outcomes is shown below in Figure 2 – also shown in the M&E Plan which was approved by AusAID in April 2012.

Figure 2: PRSF intervention logic



18. PRSF started in July 2011, with an initial estimated annual activity budget of \$4.35 million. During the first month of operations, PRSF was instructed to disburse \$14 million in the first year of operations (July 2011-July 2012). Effectively this entailed expending during the first year of operations \$12.75 million, or 85% of the total activity budget that was originally planned for a three and a half year period. Due to unavoidable delays in the first contract amendment, this sudden expansion of project activities had to be undertaken with existing core resources. The contract amendment was finally agreed in mid-June 2012 and further staff were quickly hired to ease the work load.

19. The pressure during this first year of operations was not just that of financial disbursement. There was a very real political need for TNP2K to quickly gear-up to meet their highly ambitious targets before the end of 2014. To do so, they had to quickly engage in a research agenda which would produce sufficient evidence to warrant piloting new interventions or to fine-tune existing interventions which would both better target and better serve the very poor.

20. The combination of the political imperative to deliver and the pressure to disburse meant that PRSF had to concentrate on supporting the immediate needs of the two key institutions of TNP2K and AusAID, which was to ensure the delivery of quick results. This effectively meant that TNP2K had limited time for proper strategizing or planning and similarly PRSF had limited time to prepare for the

sudden expansion of activities that resulted. PRSF succeeded in achieving the targets for disbursement, with \$13.8 million of the allocated \$14 million disbursed and 20 activities procured by June 2012 – largely achieved with a staffing structure and operational system designed to deliver a third of that volume of work.

21. The current restriction on cash flow (hence disbursement) and also on PRSF's financial ability to contract beyond our current budget has allowed PRSF some time and space to refine its operational and quality control systems to match the volume and complexity of work now being undertaken. It has also allowed time for PRSF to support TNP2K in the production of strategy papers per working group which will aid the future planning of PRSF workloads.

1.5 Understanding the TNP2K context

22. An important element of conducting a review is to understand the context in which the reviewed program takes place, so as to understand more deeply what was done and why. Without this understanding, it is very hard for a review to meaningfully understand what represents satisfactory progress, since context influences so many decisions in development programming.

23. The IPR has identified five key contextual drivers of PRSF and TNP2K decision-making, which are important elements of understanding what has been done. These are:

- Indonesian political history. Indonesia is a relatively young democracy in which openness and debate has not always been a feature. In particular the civil service has long been powerful and operated in a top-down manner. Thus the introduction of evidence-based policy making is a major departure from the past, and would be expected to be correspondingly more challenging.
- The time-bound nature of TNP2K means that there is an unusual degree of pressure for results, which would not normally be the case in a reform program such as this.
- The TNP2K Secretariat is a very young government organisation which has only existed for a little over two years. All young organisations have difficult periods, and given the complexity of this one and its support arrangements, and also its rapid growth, some teething problems are to be expected.
- The closeness to the Vice President and access to Cabinet members through the TNP2K means that the work supported by PRSF takes place in a highly political space which requires a different management style than a more technically-oriented program of work.
- Funding from AusAID is very significant as a proportion of TNP2K's overall funding and is much appreciated. However it has in the last year been uncertain, with a scaled-up budget being proposed but then having not materialised, amidst much uncertainty. This has made activity planning very difficult within PRSF and the wider TNP2K, and several planned activities have been postponed.

2. Program performance

24. This section provides a summary of the main achievements of the PRSF/TNP2K since its initial implementation, in July 2011, and the date of this review, January 2013. Achievements are grouped around three categories: activity, output and outcome level. The section also examines the role of TNP2K/PRSF in evidence-based policy making and the extent to which its own activities are part of EBPM practices with the objective of identifying departures and lessons learned.

25. The section takes stock of achievements in terms of their number and type – e.g. how many activities were completed? What type of activities were undertaken (e.g. surveys, reviews, impact evaluations etc.)? It also reflects on issues of quality based on activity monitoring and review documents shared with the IPR team.

26. The assessment of progress made is complicated by the absence of a single clear written M&E framework of adequate quality, as will be further discussed in section 3.1. This poses a challenge to identifying the precise objectives and to assessing progress made to date. Reaching an answer to ‘is the PRSF/TNP2K on track in achieving its intended outcomes?’ presupposes a clear agreement on what the organisation’s precise targets and intended outcomes are, and where they should be at this stage of the PRSF, and this information does not exist.

27. In the absence of a single specific, agreed and documented list of intended outcomes, targets and milestones, this review refers to the outcomes mentioned in the IPR TORs and in the re-defined PRSF M&E Plan as described in section 1.4, paragraph 16. It also takes into account what TNP2K/PRSF staff reported to be intended outcomes during interviews conducted in Jakarta in January 2013. Staff agreed that the two main TNP2K/PRSF objectives are: to improve the effectiveness of GOI poverty reduction efforts and to promote EBPM in Indonesia. Staff also framed discussions on the organisation’s legacy around these same objectives and expressed hope that TNP2K/PRSF will, by 2014, have contributed to both progress towards poverty reduction and the establishment of evidence-based policy making practices.

28. Outcomes are considered with respect to those outlined by the IPR TORs¹ and are:

- a) realistic, gender sensitive and implementable policy advice is formulated by TNP2K;
- b) research, evaluations and pilots provide evidence base for policy formulation; and
- c) gaps in poverty reduction programs coverage are identified in support of TNP2K.

29. These outcomes are in support of TNP2K’s policy outcomes:

¹ But note our comments on these statements in section 3.1.2, paragraph 98 and 3.1.3, paras 105 and 106.

- a) government develops poverty reduction and social assistance policy based on evidence;
- b) government improves delivery of social assistance services and programs for the poor;
- c) government coordinates better to develop and implement integrated poverty reduction programs.

2.1 PRSF Achievements to date

2.2.1 Activity level

30. The first comment under this section is the reflection that the PRSF has achieved an enormous amount in the short time it has been in existence. It has established an office, staffed it to a high level, established management systems, developed a degree of clarity on what it is meant to do, has worked out modalities for how to do it, has developed good relations with key stakeholders, and has managed an upscale of both financial flows and staffing far in excess of that originally envisaged. This is all reflected in the very good Contractor Performance Assessment that is discussed further in section 3. The majority of issues discussed in this report arise from the subsequent phase of PRSF's development, and concern what was actually done following those early successes.

31. The PRSF has supported 16 sets of activities under the Facilities Steering Committee (FSC) and 5 activities under the AusAID window projects. Annex 4a includes a list of the activities and information on their status, type, outputs, resulting policy advice, up-take and policy/programmatic change to date (January 2013).

32. The list includes a broad range of activities including data collection, database construction and management, desk-based review studies, qualitative studies of perceptions of policy and policy implementation and impact, policy impact evaluations and pilots. Activity aims include:

- collecting new data (through new surveys – e.g. IFLS and the PKH nutrition baseline survey - and adding new questions to existing surveys – e.g. to SUSENAS);
- improving data collection instruments (e.g. PPLS, SUSENAS, management information systems (MIS));
- database management, data consolidation processes and data use (e.g. UDB, MIS, grievance mechanism);
- generating new evidence on social protection policy design and implementation (e.g. for the major social assistance programs);
- reviewing and generating evidence on vulnerable groups at a high risk of exclusion (e.g. the elderly and people with disabilities);
- providing training and knowledge-exchange opportunities for TNP2K/PRSF staff and staff from line ministries and other partners; and

- piloting programs with the aim of encouraging full scale-up and national adoption of reform (e.g. scholarships for the poor and the conditional cash transfer program).

33. This list highlights the number and variety of types of activities and topics covered by TNP2K over the 18-month period.

34. According to the PRSF Quarterly Progress Reports July-September 2012 and October-December 2012, a total of 68 PRSF-supported workshops were held between July 2011 and December 2012. These included 42 workshops in Indonesia and 26 overseas, and both training and knowledge exchange activities. Workshops covered most topics addressed by TNP2K/PRSF, with an emphasis on social assistance and targeting.

35. Several of these workshops brought together public officials and representatives of different organisations, acting as an important component of efforts to enhance information exchange and coordination among different actors. Interviewees at line ministries who participated in study tours abroad also reported that such visits were an important learning opportunity and had been extremely useful in providing new ideas on how to address common challenges.

36. Beyond the number and type of activities undertaken, the issue of quality of activities was addressed by the review. It considered activity proposal documents and information on activity implementation.

37. The review of project or activity proposals finds considerable variation in the degree of clarity, depth and planning of the proposals. Proposals vary in the level of detail they provide on the specific questions addressed, methods employed, implementation arrangements, planned outputs and expected outcomes. In some cases this information is limited, particularly regarding the motivation for the choice of a particular method and the implications for findings (for instance as concerns sample selection). . Other proposals provide more detailed information, including on methodology adopted and why, monitoring efforts including the list of indicators for which data will be collected, and specific outputs.

38. With regards to activity implementation, the review found that activities encountered varying degrees of challenges during implementation. While all implementation challenges can contain lessons for future pilots or policy decisions, it is important to identify the origin of the challenge and specifically, to differentiate between those that arise from poor planning and coordination and those that arise from unexpected developments or were reasonably hard to predict. Instances that fall under the first case have implications for the activity design phase and proposal document.

39. An example is provided by the first scholarships for the poor pilot (*Bantuan Siswa Miskin*, or BSM). The low take-up of cards (around 20% of the target group of children) can be considered an unsuccessful attempt to use the UDB. TNP2K/PRSF monitoring efforts and commissioned reviews have found that this result was at least partly due to poor planning and communication with relevant stakeholders. While some lessons may be learned from the implementation challenges encountered, as

a result of poor planning, the pilot has, on specific program design and delivery details, generated limited information relevant to potential scale-up. It seems that this may have been at least partly acknowledged in the design of the second BSM pilot and steps to address planning and coordination shortcomings of the first pilot have been addressed.

2.2.2 Output level

40. TNP2K/PRSF outputs² include written documents and databases.

41. One major output is the UDB, a micro-database of information on the poorest 40% of Indonesia's population. It provides a unique source of information on the poor and vulnerable and potentially a precious tool for policy design and planning purposes as well as for policy implementation for example with regards to identifying beneficiaries. The Vice President has requested that the UDB is used for the main social protection programs, including *Raskin* (rice subsidy for the poor), PKH, BSM and *Jamkesmas* (health fee waivers for the poor) and, as described above, is currently being used to provide beneficiary lists for *Raskin* and for pilots of PKH and BSM.

42. TNP2K/PRSF's written outputs in the form of roadmaps, research reports, policy briefs and brochures used for program implementation are reported in annex 4b. This list provides an indication of the variety of topics covered and of outputs produced over the 18-month period under review.

43. The review of the written outputs highlights that although all TNP2K/PRSF areas of work are covered, most outputs completed fall under Cluster 1, followed by outputs by the UDB unit, reflecting the emphasis on these areas in the earlier stages of TNP2K/PRSF operation.

44. It also finds that the majority of outputs are in the form of analytical or research work (studies of programs, including evaluations, and of well-being and vulnerable groups), followed by documents on program monitoring and delivery and database management. Broader strategy papers and sector-wide or policy roadmaps are smaller in number.

45. Similarly, policy briefs summarising the main policy implications arising from research are still limited in number. This is partly the result of the stage of TNP2K/PRSF activities. Many of these have yet to be completed and to generate policy implications (only 4 activities were listed as completed at the time of this IPR, see Annex 4, Table a) of this report on TNP2K/PRSF outputs). At the same time, the IPR finds that among the outputs produced so far, while some include a section on policy implications, others do not and policy considerations need to be extracted by the reader. This suggests that continued and increased attention should be paid to ensuring that the policy implications arising from all TNP2K/PRSF activities are made explicit and easily accessible.

2.2.3 Outcome level

² Although note our comments in section 3.1.2 and 3.1.3 on the definition of outputs.

46. As stated in paragraph 16, the PRSF's end of program outcomes are identified as: gender sensitive and implementable advice is formulated by TNP2K; evidence is generated for policy formulation; and gaps in policy coverage are identified.

47. The IPR draws information on progress towards TNP2K/PRSF outcomes from a variety of sources, including PRSF outcome monitoring documents, which report on TNP2K/PRSF activities; see for example Table 1 below, drawn from the PRSF Quarterly Progress Report for Q4 2012, and additional information collected during the review. This information is used to assess the performance of TNP2K/PRSF in terms of progress towards outcomes in the sub-sections below. It should be noted that AusAID window activities are not considered in this section since they have their own M&E plans and do not contribute to TNP2K/PRSF outcomes according to the current PRSF M&E framework.

Is gender sensitive and implementable advice formulated by TNP2K?


48. Policy advice has been formulated by TNP2K staff across the different areas of work (e.g. social assistance, community-driven empowerment, microfinance). Advice has been formulated on both broader policy plans (e.g. the PNPM roadmap) and policy implementation details (e.g. targeting and delivery of cash and services), with an emphasis on the latter. The advice has mainly been conveyed through presentations by TNP2K staff to the Vice President and TNP2K Ministers. Advice on specific implementation matters has also been provided to public officials at line ministries and local program administrators – e.g. on the use of UDB for targeting and the recertification of PKH beneficiaries.

49. This review has found the written documentation of policy advice arising from TNP2K limited. Some documents summarise the main findings arising from specific studies. For example, the PRSF Quarterly Progress Reports provide some summary policy implications, as do some policy briefs and individual research reports. However, documents reviewing the evidence and deriving specific policy advice based on such evidence are limited.

50. TNP2K/PRSF staff explained that advice is typically reported in power point presentations to the Vice President and TNP2K Ministers. They also pointed out that the relevant evidence and advice is “in the head” of the Working Group Coordinator and Policy Advisor.

51. Based on the limited available evidence on the policy advice formulated, it appears that some attention has been paid to the gender dimension. According to the PRSF Quarterly Report, in 2012, 33% of TNP2K/PRSF activities addressed gender equality. This may be considered only partly satisfactory against the target of 100% reported in Table 1.

52. TNP2K/PRSF activities that specifically address the gender question and have yielded outputs that directly and primarily address this issue include the sex-disaggregated poverty analysis using the PPLS/UDB, which includes a section on analytical and policy implications arising from the analysis. Another relevant activity



is the Community-Based Monitoring System project funded under the AusAID window (and thus not considered in Table 1), with PEKKA, an organisation with an explicit rights-based mission to meet poor women's practical needs, increase their access to resources, involvement in decision making and to change social perceptions of women's roles and position. Although this specific project is still underway, it promises to generate relevant gender-sensitive policy advice.

Table 1 Progress towards PRSF end-of-facility outcomes (Source: PRSF Quarterly Progress Report, Q4 2012)³

End-of-Facility outcomes	Indicators	Baseline (2011)	Target (2014)	2012	Remarks
EOFO1: Realistic, gender sensitive and implementable policy advice is formulated by TNP2K	% of evidence-based policy research leading directly to recommendations for implementation	0% (2011)	90%	31%	In 2012, several activities have been producing evidence leading to recommendations for implementation (UDB, Grievance, Raskin pilots, PPLS M&E, IFLS).
	% of evidence-based policy research including consideration of gender issues/ disability	0% (2011)	100% / 10%	33% / 22%	In 2012, gender equality has been addressed in a number of activities: BSM pilot, IFLS, PPLS M&E (completed), Elderly, UDB project, Raskin research; Disability has been addressed as well in PPLS M&E, Disability study, UDB project, IFLS.
EOFO2: Research, evaluations and pilots provide evidence base for policy formulation	Number of FSC approved activities completed/on-going	0/6 (2011)	n/a	3 / 15	Several final draft reports have been submitted in September and are pending for final approval.
	% of research findings leading to policy advice	0% (2011)	80%	100%	All activities have led to policy advice
EOFO3: Gaps in poverty programs coverage are identified in support of TNP2K	Number of key poverty programs assessed	1 (2011)	7	5	BSM and Raskin have been evaluated prior designing pilots, as well as Jamkesmas, programs addressing the elderly and people with disability. PNPM impact evaluation and KUR assessment have not been finalized yet. KUR: 1 st part (descriptive) done, but 2 nd part is still in progress.
	% of research feedback (studies, evaluations, etc.) on programs' coverage that have supported policy advice developed by TNP2K	0% (2011)	80%	22%	Mostly Raskin research, the Elderly study, the Disability study, BLT social impact study have raised issues on programs' coverage that have supported policy advice developed by TNP2K

³ Note that this table reports on TNP2K/PRSF progress and does not consider projects funded under the AusAID window.

Does TNP2K generate evidence for policy formulation?

53. TNP2K/PRSF has generated evidence for policy formulation by collecting new data, undertaking or commissioning studies on well-being and vulnerable groups, reviewing existing policy evidence, and piloting programs.

54. It has generated a wealth of evidence on a variety of issues, particularly on:

- Information for program targeting (UDB)
- Program implementation alternatives, including program delivery (e.g. using ID cards) and socialisation.

55. Many of the activities are still underway and promise to generate evidence that will be relevant to informing policy design in the future. In Table 1, the PRSF highlights that in 2012, 3/15 on-going activities had been completed and generated policy evidence. By 2014 it is expected that such activities will have been completed and have generated policy-relevant evidence. To ensure this, regular monitoring and reviews of progress in implementation and outputs are required.

Have gaps in policy coverage been identified?

56. TNP2K/PRSF data management and analysis and other studies have focused on specific vulnerable groups and their coverage by social protection programs. Examples of activities that have helped identify gaps include:

- the UDB;
- the studies on the elderly and on people with disabilities; and
- research on nutrition in response to a concern for a problem that has not been adequately addressed by existing policy.

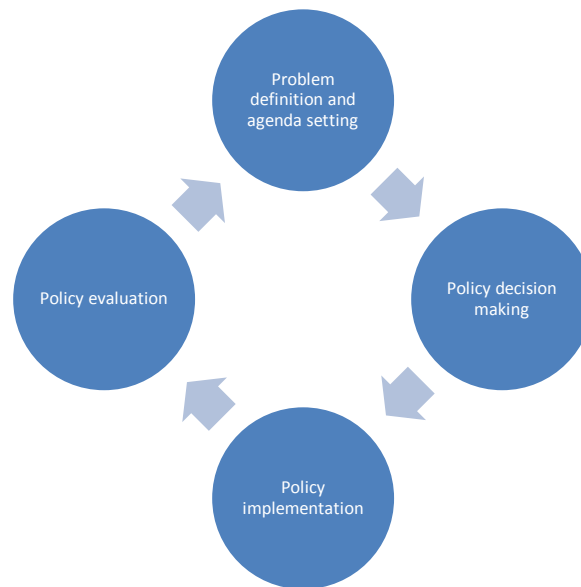
57. According to Table 1, five key poverty programs were assessed in 2012 (out of a target of seven) and 22% of TNP2K/PRSF research has raised issues on program coverage that has supported policy advice developed by TNP2K. This suggests that, against a target of 80% of research feedback on the program's coverage supporting policy advice (see Table 1), TNP2K/PRSF initiatives should maintain their focus on identifying gaps and increase efforts to ensure that findings on coverage gaps are shared with other stakeholders.

2.2 TNP2K/PRSF objectives and evidence-based policymaking

58. Given TNP2K/PRSF's overarching objective of promoting evidence-based policy making (EBPM), this section examines the extent to which activities undertaken by the TNP2K/PRSF itself are contributing to EBPM. It identifies examples of TNP2K/PRSF work that is contributing to such processes and of instances in which gaps or departures from EBPM are observed, to identify lessons learned on what works and what doesn't.

59. In simplified terms, EBPM is made up of four phases that are sequential as evidence collected through policy monitoring and evaluation are fed back into the policymaking process: problem definition and agenda setting, policy decision making, policy implementation and policy evaluation. Figure 3 below provides a stylised representation of EBPM.

Figure 3 Stylised process of evidence-based policy making



60. Two factors are central to facilitating this process: a) the consultation of different stakeholders throughout, and b) the characteristics of the evidence produced, which should be relevant, of good quality, balanced, timely and accessible.

61. **Consultation.** The consultation of different stakeholders ensures a comprehensive representation of issues and higher ownership and buy-in among actors that matter to policy design and implementation. These in turn promote cooperation between different actors, including in the implementation stages of policy making, and improve the likelihood of delivering effective policy. The stakeholders of direct interest to poverty reduction efforts in Indonesia include, in addition to the Vice President's office and the TNP2K, the BAPPENAS and line ministries, public officials at other government levels (e.g. province, district and village), NGOs and think tanks/research centres.

62. **Evidence.** The second essential prerequisite for this process and, more generally, for the use of evidence throughout, concerns the evidence produced itself. Its policy relevance, quality, timeliness and accessibility are central to improving chances that it will be used to inform the policy process.

63. In practice, policy making processes rarely, if ever, follow the stylised sequence of events outlined above. Different stages are influenced by a variety of factors, other than evidence, including political priorities and ideology. Financial resources and disparities between the timing of the policy process and of generating and using evidence also generate constraints and pressures within which policies are formulated and implemented in practice.

64. With these caveats in mind, we examine the ways in which PRSF/TNP2K activities have contributed to EBPM processes – as outlined in the stylised figure – or departed from them with the objective of identifying lessons learned and ways in which shortcomings could be addressed.

2.1.1 Problem identification and agenda setting

65. This follows a predominantly top-down approach. Both documents outlining TNP2K/PRSF work processes and interviewees consistently indicated that the agenda is primarily set by the Vice President, in conjunction with the TNP2K inter-ministerial cabinet, with inputs from TNP2K senior staff, as are the priorities to be addressed. The review found that at the problem identification and agenda-setting stage there is limited consultation and room for inputs by additional stakeholders, other than the TNP2K senior advisors on the policy design and implementation details. This varies somewhat depending on the policy area, but generally TNP2K/PRSF policy priorities are set by the leadership of the national team to accelerate poverty reduction.

66. TNP2K/PRSF is considered to have an important role as initiator of debate and reform. Much of the TNP2K advisers' inputs to the Vice President and the TNP2K ministers concern the details of policy design and implementation. These exchanges mainly take the form of oral presentations in person, with the use of Powerpoint, and are primarily based on what the TNP2K Working Group Coordinator and Policy Advisor deem to be appropriate policy options based on their knowledge of the literature, of international best practice, and on their own research.

67. An example is provided by the emphasis on improving the targeting of existing policies as TNP2K/PRSF's clear policy priority. According to interviews conducted by the IPR, this priority was determined by the TNP2K leadership (Vice President and Ministers). There is no TNP2K/PRSF written evidence of this decision being preceded by a debate on alternative pressing challenges in the field of social protection and poverty reduction programs. Some of the resistance to the targeting practices proposed (and currently implemented as national reforms, such as in *Raskin* – and in pilots, such as with BSM) and related challenges encountered in the implementation of the new targeting practices suggest that greater consultation of a broader variety of stakeholders and the promotion of bottom-up channels of communication during the stages of problem identification and agenda-setting could lead to better coordination and understanding among stakeholders.

2.1.2 Policy decision making

68. TNP2K/PRSF has contributed to decisions on the implementation details of specific policies, primarily as concerns their targeting practices. For instance, by constructing and managing the UDB, it has provided a tool for implementing targeting reform, such as the *Raskin* program. Some of the broader policy reforms which have taken place during the life span of PRSF/TNP2K – such as the reduction of *Raskin* quotas and the expansion of PKH – were agreed by government prior to PRSF/TNP2K operation (although individuals who are now part of PRSF/TNP2K contributed to debates on such reforms prior to the launch of PRSF/TNP2K).

69. More recently, the development of the PNPM Roadmap and the Financial Inclusion Plan provide examples of how tools developed with the assistance of PRSF/TNP2K may influence future policy decision making.

70. As concerns the implementation details of social assistance programs (Cluster 1), PRSF/TNP2K staff explained that policy influencing mainly takes place through meetings with the Vice President and the TNP2K cabinet meetings at which TNP2K senior staff present advice on implementation options. Such advice draws on information from a variety of sources including existing studies or reports and new studies undertaken or commissioned by PRSF/TNP2K.

71. The limited number of PRSF/TNP2K written documents summarising the policy implications arising from the reviews and original studies conducted pose a challenge to identifying the precise advice shared with the Vice President and TNP2K ministers and the extent to which advice was taken into account.

72. The young age of PRSF/TNP2K may explain in part the limited use of evidence arising from PRSF/TNP2K-commissioned studies to inform policy decision-making. For instance, studies exploring the effectiveness of alternative delivery mechanisms in *Raskin* and PKH are still underway and have yet to yield specific policy recommendations.

2.1.3 Policy implementation

73. Depending on the policy considered, policy implementation is the responsibility of a combination of the following stakeholders: line ministries, district and municipal level authorities, village leaders. As such, TNP2K is not directly responsible for implementation. However, it participates in the process in two ways: by generating evidence on specific implementation stages and supporting other actors responsible for program implementation.

74. An example of direct TNP2K/PRSF support to implementing agencies is the support provided to the Ministry of Social Affairs on the recertification process of PKH.

75. A PRSF/TNP2K activity that has had numerous implications for actual policy implementation is the UDB. PRSF/TNP2K produces the lists of beneficiaries used in the *Raskin* national reform and in the PRSF/TNP2K PKH and BSM pilots using the UDB.

76. The adoption of UDB data for identifying beneficiaries has met with mixed reactions by users. At the line ministries, some are accepting the change and demanding additional background information. Others are questioning the appropriateness of the use of this tool for targeting. At the district level and among village heads, questions about the origins of the list and how it compares with their own information collection and management tools are common. Growing numbers of requests for UDB information by a number of different stakeholders suggest increasing interest for this tool and potential for more widespread use.

77. In other areas, PRSF/TNP2K initiatives to pilot implementation measures have encountered challenges that may yield some learning, but have partly also arisen from poor planning and communication with other actors involved in program design and implementation. This is the case of the BSM pilot, discussed above, in paragraph 37.

78. PRSF/TNP2K pilots of specific implementation alternatives – e.g. the BSM targeting mechanism and ID cards and the Raskin ID cards and socialisation techniques – have started to yield some implications for policy, but final results will only begin to be available in late 2013. A crucial issue remains PRSF/TNP2K's capacity to draw on the multiple lessons emerging from the pilots and other studies on policy implementation – including from what has *not* worked – and make the policy implications explicit in a consolidated format for dissemination among stakeholders.

2.1.4 Policy evaluation

79. TNP2K/PRSF activities include efforts to monitor and evaluate existing policies as well as to improve the monitoring and evaluation capacity of line ministries. Monitoring efforts provide precious information on implementation. The evaluations commissioned are generating information on policy impact and what design features facilitate particular outcomes. As Annex 4a shows, several monitoring and evaluation efforts have been supported by TNP2K/PRSF and this alone is a desirable achievement.

80. The IPR found that activity proposals and outputs benefitted from the input of reviewers. Staff interviewed for the IPR explained that in several cases (e.g. BSM pilot 2, PEKKA proposal), the focus, relevance and quality of proposals and outputs was improved by feedback and comments from a review process.

81. At the same time, the IPR finds variations in the requirements of review processes of activities, including the approval and review procedures of activity proposals and outputs. Current practices involve the internal and external reviews of activity outputs but there is still no formally agreed review procedure over the full activity process. This leads to varying degrees of concern around TNP2K/PRSF research relevance and quality. To ensure scientific rigour and standards are met, the TNP2K/PRSF proposal approval process and review of outputs could be standardised and regulated to include peer reviews at both stages – proposal and output – by experts in the field. The authors of proposals and outputs should be required to directly address and respond to the reviewers' comments.

82. Although such requirements may be seen to generate a trade-off with the need for timely evidence, this need not be the case. Given the time pressure under which TNP2K/PRSF operates, the review of activity design and outputs could be designed to minimise time spent on such exercises, while ensuring that constructive and useful feedback is provided.

83. If evidence is to be used, it must be accessible and comprehensible. TNP2K/PRSF performance to date in this area is mixed. Important recent efforts have been made to ensure that information produced is made available in a

comprehensible format. An example includes the on-going activities by the UDB unit to make data available and facilitate the understanding of the sources and processes underlying the data. In the case of other activities, however, it is not clear whether and to what extent research findings are shared and disseminated both internally, among TNP2K/PRSF staff, and externally, to relevant stakeholders.

Again, this may in part reflect the fact that activities are still underway and have not yet produced final outputs for circulation. At the same time, some TNP2K staff interviewed for this review explained that they only had a partial or limited sense of what other working groups were doing and what outputs had been produced. They explained that they would appreciate greater internal information sharing and opportunity to learn about activities undertaken by different groups.

84. Even for the purpose of this review it was not immediately straightforward to collect comprehensive information on all the evidence and outputs generated by TNP2K/PRSF to date. Although PRSF staff provided a list of outputs with the names of staff who hold them, it was not immediately clear how outputs could be openly accessed and who accesses them. This suggests that some additional effort could be made to ensure that information on activities, including outputs produced, are made clearly and readily available to different stakeholders.

85. To further promote the use of evidence in policy making, it is advisable to share it in a format that makes the policy implications arising from research findings explicit. Here too, the IPR finds a mixed record. Some TNP2K/PRSF outputs include a policy implications section or take the form of policy briefings. However, for some research activities, the IPR did not find a respective policy document or section within a document. As explained earlier, this is partly the result of the phase in which TNP2K/PRSF is operating. Many activities are still underway and have not yet generated findings. It is advisable that when results are finalised, they be consolidated in a document section or briefing that discusses policy implications, possibly linking with other activities (such as in the Gender Analysis of Indonesia Poverty Data document, which refers to the PEKKA survey). Lessons learned need to be clearly and transparently documented in writing for sharing.

Table 2 Promoting evidence-based policy making: TNP2K/PRSF experience and lessons learned

Evidence characteristic	Obstacles to EBPM	TNP2K/PRSF performance	Lessons learned
Relevance	Evidence that is irrelevant to policy issues will have limited use in addressing them.	Most activities address questions and gaps in knowledge. The review found general satisfaction in the questions addressed.	Identifying priority agendas for research have benefited from taking into account the findings from previous research and from consultation with stakeholders. The more recent Raskin research, building on the questions identified by earlier TNP2K/PRSF research is an example. It identifies very specific program implementation and delivery alternatives to be tested based on the evidence collected from earlier studies.
Good quality (scientifically)	Poor quality evidence will limit its use. The	On the whole, quality of TNP2K/PRSF activities is	Interviewees for the IPR explained that when reviews were

rigorous)	quality of evidence depends on several factors. Two of these can be directly controlled: The activity review process and the consultation process. Limited consultation and communication jeopardise the implementation of pilots and the potential for pilots to yield relevant lesson-learning.	satisfactory and good. However, there is some variation in the quality of activities which arises from the ad hoc approval and review processes. Poor quality in implementation and thus in learning has also arisen as a result of weak communication and coordination with relevant stakeholders.	commissioned they helped improve activity proposals and outputs. The regular inputs of expert reviewers in the design phase of proposals and in the completion of outputs helps guarantee quality and should be turned into regular practice. Clear and regular communication has led to greater buy-in and cooperation among stakeholder. The case of the UDB, the promotion of its use through efforts to disseminate and assist in specific requests, is an example.
Timely	The policy cycle and research cycle do not typically match, with research cycles often requiring longer timeframes. This creates pressures for studies and pilots to generate evidence in the short run while tackling issues that require longer time to be rigorously addressed.	TNP2K/PRSF's time-bound nature and ambitious objectives enhance the tension between pressure to implement policy in practice and to generate rigorous evidence. Staff interviewed for the IPR explained that in some instances short cuts, in terms of consultation and review, were taken to accelerate implementation.	Activity goals and methods can be designed based on a realistic assessment of what can be conducted in the required timeframe. TNP2K/PRSF must balance the need for fast results for quick policy feedback with the need for more intensive, longer-term study, for rigorous evidence base.
Accessible and comprehensible	If evidence is not accessible it cannot be used. Accessibility alone is however not sufficient, evidence needs to be consolidated and expressed in a clear and concise manner for dissemination, comprehension and use by various stakeholders.	Information sharing and accessibility both within TNP2K/PRSF and for external actors is mixed and depends on the activity. The UDB unit is now promoting the use of data by improving accessibility to the data itself and through an information campaign. It is not clear how widely disseminated other competed outputs have been.	In some cases, weak sharing appears to be the result of the absence of a clear dissemination strategy. The elaboration of a dissemination plan may be advisable and seems to be at least partly addressed by recent efforts by the communication unit. Activities should also lead to a policy implications document that synthesises findings and discusses policy implications.

2.3 Conclusions on progress to date

86. TNP2K/PRSF has launched a variety of activities on many different topics that reflect the priorities of the Vice President, TNP2K Ministers and GOI poverty reduction efforts. Such activities have already generated useful outputs and promise to continue to generate relevant evidence as the activities progress over the next few months.

87. TNP2K/PRSF is also considered to have an important initiation and knowledge-brokerage role. Some of these activities are difficult to capture in written form but are taking place in practice.

88. TNP2K/PRSF activities are already being used for national reform. This is the case of the UDB, which is supplying data for the extraction of beneficiary lists of national programs. More recently-launched activities also promise to generate information that could be used to inform national policy.

89. Whether this policy-influencing and support trend continues and is strengthened over time depends crucially on the ability of TNP2K/PRSF to:

- secure the sustainability and continuity of outputs (e.g. in the case of the UDB, updating information and coordinating with other data sources);
- strengthen communication and coordination with other institutions including line ministries and local governments; and
- ensure that evidence produced is **high quality** and consolidated and communicated in a clear and transparent format to a variety of stakeholders.

90. At this stage, existing evidence does not permit the assessment of TNP2K/PRSF's contribution to the poverty reduction effectiveness of programs. Results arising from TNP2K/PRSF activities currently being implemented should yield information in the near future on which policy design and implementation alternatives promote poverty reduction (see Annex 3). However, to ensure that such evidence is produced and communicated in a comprehensible and relevant manner, a clear discussion on what is meant by 'poverty reduction' and policy 'effectiveness' and how these will be measured is required. The IPR found variations in staff perceptions on what are intended policy outcomes, for instance some mentioned 'improved targeting' as the final intended outcome, while others referred to 'poverty reduction', without an agreed definition on what variable(s) or measure this referred to⁴. As discussed in section 3.1.3, the development of a clear M&E system based on an agreed understanding of the objectives pursued, and the exact intended outcomes and their measures, is required and will permit the future assessment of progress made.

3. PRSF Implementation and strategic issues

91. This section reflects on 10 issues that arise through this review's examination of PRSF performance to date. All fall into the three general categories of **strategy, management and systems**, which give an indication of where effort will be needed to address them. They are:

1. strategy;
2. management and accountability;
3. institutional arrangements;
4. institutionalisation and sustainability;
5. change management;
6. learning;
7. quality control;
8. communication;
9. managing transition; and

⁴ Note that the first outcome is not necessarily associated with the second

10. the AusAID window.

3.1 Strategy

92. Five issues related to strategy are discussed in this section, with the aim of enhancing future program performance.

3.1.1 TNP2K strategy and strategic planning

93. The PRSF is set up to provide support to the wider TNP2K. The effectiveness of the overall strategy of TNP2K that PRSF is supporting is therefore an important determinant of PRSF success.

94. The key reference document for TNP2K is the *Perpres*, which is the original regulation raised by the President which mandates the establishment of TNP2K and defines its roles, responsibilities, structure and so on. The *Perpres* however is largely a visioning document with little specific strategic content, and does not meet the requirement of a strategy document for being clear what is to be achieved, what needs to be done by who to achieve it, and how that will be managed.

95. Other than the *Perpres* there is little on record where TNP2K strategy is defined, discussed, or deepened. There are many documents at lower levels of TNP2K with some elements of strategy, although many of these appear weak, but there is no overall document which defines this for TNP2K as a whole.

96. That is not to say that there is no strategy. The IPR is clear that there are discussions of a strategic nature occurring frequently within TNP2K management, especially in the upper reaches. But while some of this thinking has been presented in Powerpoint presentations to the Vice President, much of it is retained in the minds of very few senior TNP2K managers, and it has not been presented in consolidated form in writing.

97. The key question is whether this matters: is it OK for TNP2K to be managed in such a way that strategy discussion takes place among a small group of senior managers and is not fully recorded? Does this negatively affect TNP2K performance?

98. The IPR team is pragmatic on this issue. It does not believe in absolute terms that programs must necessarily have a clear overarching written strategy, nor that if they do not have one then they should develop one. Our assessment is more nuanced than that; would there be gains from addressing this gap?

99. On reflection our answer is that yes we believe that it does matter, and yes we believe that there would be gains from addressing this gap. This assessment is based on the following advantages that clearer explicit strategy might provide:

- **Scrutiny.** A key advantage of recording strategy and strategic plans is that both logic and expectations are made explicit, and so can be planned, monitored and reviewed as implementation progresses.
- **Internal and external accountability.** Where it is not clear what is intended to be achieved over what time period, it is difficult for program implementers to

hold themselves accountable for achieving desired results. This review is an illustration of that; as discussed in section 2.1 it was hard for this review to assess program performance because there was no plan for what should have been achieved by this point upon which to assess its progress.

- **Systematic learning.** TNP2K and PRSF are founded on the notion that they can make positive changes to policy. Such change requires a process of successful influencing, to ensure that changes are institutionalised. The reality in which these programs operate are therefore difficult and unpredictable, and so learning from implementation is a key potential mechanism to enhance success. Where the nature of success has not been clearly stated, this learning is diminished, especially where systems for learning are not strong (see section 3.6).
- **Management.** Where objectives, strategy and necessary and sufficient actions to achieve them are clear this presents opportunities to ensure resources are managed to deliver the achievements as planned.
- **Improvement.** Where systems for accountability, learning and management are not explicit or strong, opportunities for iterative improvement of program performance may be foregone.
- **Sharing.** A key advantage of a strong explicit strategy and strategic plan is that it can be shared both within and outside the program team, so that all are clear what they should be doing to contribute to which specific objectives. This is particularly important where organisations have undertaken rapid growth, and where management capacity may not have kept up with this growth, as in this case.
- **Justification.** Programs that are readily able to justify their existence and performance find it easier to access funds and justify their existence. A clear strategy and assessment of progress against that strategy is a key element which helps with such justification.

3.1.2 Consistent strategic planning framework

100. A number of documents from PRSF have strategic content, including:

- the PRSF program document;
- other planning documents such as the PRSF M&E Plan;
- specific sub-strategy documents such as the communications, advocacy, cluster 1 Working Group, gender, and UDB strategies; and
- activity templates and proposals.

101. However these documents tend to use a variety of strategic planning frameworks which are not necessary equivalent or compatible, and the use of terms is sometimes loose and weakly defined. For example:

- The PRSF program document uses a framework based on longer term goal, medium term goal, objectives and expected longer term and interim outcomes.
- The PRSF M&E plan uses a framework comprising Development Goal, TNP2K policy outcomes, and end-of-PRSF outcomes, and activities.

- Sub-strategy documents follow a variety of frameworks and structures
 - Advocacy: strategy, objectives, outcomes, activities.
 - Communication: Strategic objectives, implementation strategy guidance, tactics.
 - Cluster 1: TNP2K Goal, Cluster 1 Goal, primary goal, overall objective, specific objective, expected outcomes.
- Activity design refers to contribution to longer term TNP2K/PRSF outcomes, outputs/deliverables, and its proposal template refers to rationale, objectives, outputs and key activities.

102. Two key elements of good strategic planning are a) the ability for logic to be tested, and b) the ability of different plans to be nested together within an overall strategic plan. Where that is the case it is possible to ascertain whether what is proposed is necessary and sufficient to achieve what is expected, ie to assess how results-focused the plan is. This is not possible where incompatible or unclear strategic planning frameworks are used.

103. That is not to say that there is not a lot of good strategic thinking occurring across PRSF; there may well be, and many of the documents reviewed do indeed demonstrate that a lot of thought and experience is being applied.

104. However, given the loose use of frameworks it is difficult within the wider TNP2K and PRSF to assess the quality of strategic planning, and whether it is all necessary and sufficient to help PRSF achieve what it intends to do. When combined with the overall lack of transparency on strategy described in 3.1.1, this constrains confidence that good decisions are being made on resource allocations.

3.1.3 PRSF strategy

105. At design, the expected outcomes of PRSF were equated with those of TNP2K as a whole. It was stated that:

‘Given the facility’s central role in supporting TNP2K, its key objectives align with those of the National Team, which are to:

- Design and oversee a large-scale program of social assistance and poverty reduction
- Consolidate, simplify, and improve the efficiency of existing programs; and
- Identify important but troubled social assistance programs and resolve their implementation problems’ (PRSF design document 3 Dec 2010 p11)

106. Although similar, and perhaps only a function of translation, this is itself an amendment to the original mandate provided to the TNP2K by the *Perpres*, which says the National Team is tasked with:

- d) Developing poverty alleviation policies and programs
- e) Creating a synergy through synchronisation, harmonisation and integration of poverty alleviation programs within Ministries/agencies

- f) Supervising and controlling poverty alleviation programs and activities' (*Perpres* unofficial English translation, p5).

107. During the development of the PRSF M&E plan, it was argued that it made little sense for the Facility to have the same objectives as the wider plan, and so an alternative intervention logic for PRSF was proposed, with the following 'end-of-PRSF outcomes':

- realistic, gender sensitive and implementable policy advice is formulated by TNP2K;
- research, evaluations and pilots provide evidence base for policy formulation; and
- gaps in poverty reduction programs coverage are identified in support to TNP2K.

108. Although this logic was evidently approved by AusAID in its approval of the PRSF M&E Plan, the IPR believes that a wrong turn has been taken on this issue. Yes we agree that the original design document that equated TNP2K and PRSF intervention logics was only partially correct, and that this did need to be changed to bring more clarity to respective roles and deliverables. However we feel that the revised proposal was incorrect, in the following ways:

- It mistakenly defined PRSF as that which is under the manageable control of the PRSF Secretariat. In our view the correct scope should have mirrored that adopted for this IPR – being defined as that on which Australian money has been spent.
- It was only a partial logic in that it focused on outcomes and goal with limited attention to activities, but neglected entirely consideration of the level which might be named Outputs, results or deliverables – i.e. what is achieved as a result of the sum total of activities or, in other words, that which is the responsibility of PRSF managers to deliver. In discussion above in section 2.2, much of what is considered to be outputs are technically-speaking indicators at activity level.
- Some of the proposed 'outcomes' in fact looked to be deliverable by PRSF, and therefore may rather have been 'outputs'.
- The intervention logic is limited to PRSF support to TNP2K, whereas 21% of funds through PRSF have been channelled through the PRSF AusAID window, and so are not covered by this framework.

109. The IPR asks how can Australian support through the Facility be effectively managed, or assessed, if we are unclear on what is meant to be achieved from that support, and what the contractor must deliver to achieve it? We feel that this lack of clarity may have contributed to many of the other symptoms of management problems evident through the IPR review, including:

- lack of a clear focus of activity on what must be achieved by 2014 and how that relates to poverty reduction;
- lack of clarity and agreement on what PRSF must deliver in order for TNP2K to be successful;

- a ‘missing-middle’ between the smaller agenda that PRSF Secretariat takes responsibility for and the larger agenda that Australian funds are used for under TNP2K management, up to the higher level control of the TNP2K Ministerial team;
- weaknesses in systems required to deliver results beyond the manageable control of the PRSF Secretariat; and
- a fragmented M&E system in which key results and key changes are not well defined, measured or used by management to enhance performance.

110. Clearly this is most directly an issue for the current PRSF management team. But it also raises questions about the effectiveness of AusAID’s management of its program.

3.1.4 Evolution of TNP2K objective and focus

111. As described above (section 1.3), the mandate and legal basis for TNP2K is provided in the Presidential regulation, or *Perpres*, which provides for a focus of TNP2K on developing, coordinating and controlling poverty policy and programs.

112. The original agreement between Government of Indonesia and AusAID, as laid out in the PRSF program design document, contains a rather complicated phrasing of the nature of the support and its objectives, but this is based on:

- design and oversee a large-scale program of social assistance and poverty reduction;
- consolidate, simplify, and improve the efficiency of existing programs; and
- Identify important but troubled social assistance programs and resolve their implementation problems.

113. In practice the focus of TNP2K has narrowed significantly from the original *Perpres* and the AusAID agreement, reflecting an assessment of what can be achieved in the time before the next election in late 2014, which is the current focus of TNP2K. It is now focused on short term improvements to the main existing social assistance programs, and PNPM, in Indonesia.

114. In effect the focus is now on bullet three of paragraph 109, with some focus on bullet two, but little on bullet one.

115. In addition this approach raises the question of how will current TNP2K activities contribute to poverty reduction in practice, as mandated by the *Perpres*, by the end of 2014. A key strategy adopted by TNP2K is better targeting of benefits, using the UDB.

116. This requires some analysis: the chain of events between making changes to existing programs, some of which such as *Raskin* are known to be problematic, and poverty reduction in practice may be too long and nuanced to expect major contributions to poverty reduction in a short timeframe from the current set of TNP2K activities. This fact is acknowledged by TNP2K management, who recognise that it is

the wider processes of economic and social development in Indonesia which will be the main drivers of poverty reduction.

117. Nevertheless the current focus is consistent with what was originally mandated, and also with what was agreed that AusAID would fund. Just that the focus is less broad than originally intended. The IPR has not managed to establish the mechanism by which this narrowing was agreed between GOI and AusAID.

118. This may be a pragmatic response from TNP2K given the context in which they are working, and in particular the need to demonstrate results by 2014. However it is clear that TNP2K is not currently acting as the 'big thinker' which is raising, discussing and addressing key questions about the future shape of social assistance in Indonesia and the optimal configuration of policies and programs for maximum poverty reduction.

3.1.5 Nature of activity

119. The key activities under TNP2K supported by PRSF are the research, pilots and reforms aimed at bringing about change to the existing social assistance programs.

120. The IPR gave some thought to the characteristics of each of these, so that we could review PRSF-funded activities with these criteria in mind

121. Pilots tend to include the following criteria:

- partial coverage, either in scale or time
- explicit learning agenda
- aim to improve systems by introducing change to current practice
- intention to apply the lessons in future.

122. Characteristics of policy reform include:

- the concept for the policy change has been proved
- the decision to make the policy change should have happened
- reform is the roll out of that policy change
- the rollout is consistently implemented according to the rules.

123. Despite much trying, the IPR team was unable to fully understand the logic of the choice of which of these approaches was most appropriate in which situations. What was clear was that:

- there is much variability and inconsistency within TNP2K in the way these alternative types of activities are presented and discussed;
- there is sometimes a strategic political rationale for labelling some activities 'reforms' when they have characteristics of pilots; and
- there is a belief that bigger interventions are better – whether considered to be pilots or reforms – although the evidence for this is not clear.

124.

Activities, programs, pilots and reforms

The precise nature of TNP2K/PRSF activities remains unclear, with the terms “pilot” and “reform” sometimes used interchangeably or jointly, denoting a lack of clarity among all partners involved and with implications in terms of strategy and expectations.

For example, the activity proposal title for one of the *Raskin* activities is ‘*Raskin* program reform pilot in Indonesia’. The text that follows in the document is then fairly clear in distinguishing between the reform and the pilots. It justifies the use of a pilot in terms of scale for testing implementation with the objective of program scale-up. However, it does not discuss the potential risks or challenges that an initiative of that scale may entail and the implications for implementation, lesson-learning and programme outcomes.

125. The IPR feels that the choice of type of activity is an important one, and should be made with a clear basis in strategy, and as evidence-based as possible. How this is then communicated is a different issue, and we can understand that there may be times when labelling may be important to program partners. But conceptual and strategic clarity about what activity – at what scale – is proposed, and why, must be a necessary requirement for approval of funds.

3.2 Management and accountability

126. A number of issues related to management and accountability arise during the IPR, and are discussed here in turn.

3.2.1 PRSF management

127. The role of the PRSF management function and its relationship to TNP2K is prescribed in the PRSF design document, specified in the GRM Scope of Services contract with AusAID, and interpreted in the PRSF inception report, and then again in the PRSF M&E plan.

128. The overall understanding is that PRSF provides support to the wider TNP2K, described as follows in the Scope of Services:

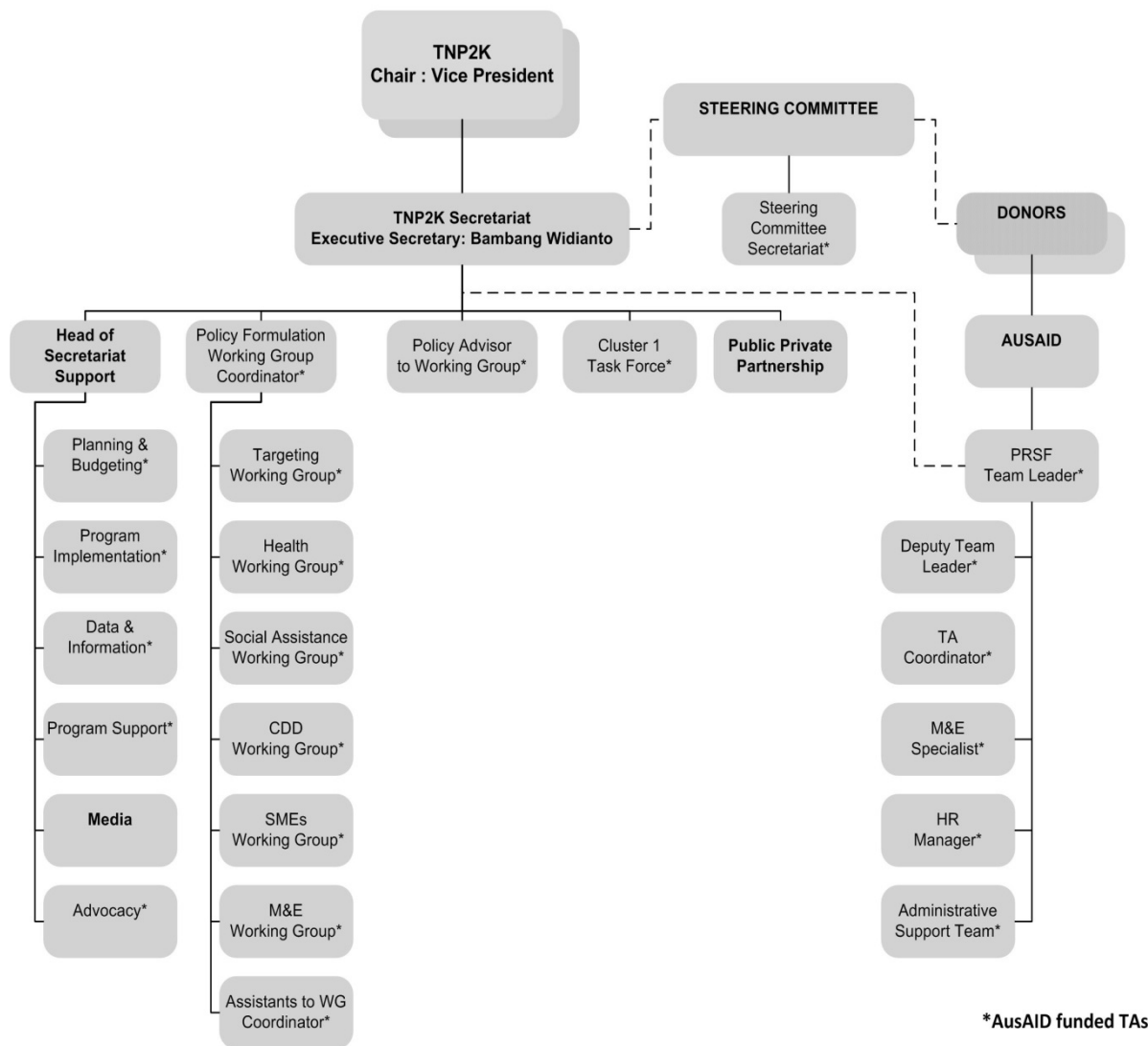
‘The main component of the Facility’s support to the National Team Secretariat will be the establishment of policy formulation working groups. These working groups will act as “internal think tanks” overseeing coordination for poverty reduction programs. They will also develop a national system, including a single database, for targeting assistance to the poor and vulnerable, and a system for monitoring and evaluation.

The Facility will support four main areas of work:

-
- (a) **Assistance to the National Team Secretariat:** Providing support to approximately 60 full-time positions and oversee the technical assistance management including quality of their outputs.
 - (b) **Hiring premises and purchasing equipment:** Conducting all aspects of office management including security, paying office rent and utilities and maintaining equipment.
 - (c) **Activities:** Undertaking various types of work as directed by the Facility Steering Committee (FSC) such as evaluations, pilots, workshops and conferences.
 - (d) **AusAID-commissioned studies and reviews:** Implementing a limited number of AusAID identified priorities without going through the normal FSC process.'

129. The overall structure of TNP2K and where the PRSF fits in is as in figure 4.

Figure 4: Organogram for TNP2K with PRSF



130. The role of PRSF extends across a number of areas within bullet a) in paragraph 125 above, including but not limited to (for example):

- management of the PRSF and overall responsibility for all activities, services and tasks ensuring inclusion of gender, and analysis of gender in Facility at all levels (outcomes, activities etc);
- overseeing detailed design, contracting, supervision and reporting of all Work Plan activities implemented through PRSF;
- the Contractor will communicate with and report to AusAID and the Facility Steering Committee, and/or the National Team, as appropriate on issues regarding activity management, including but not limited to implementation, monitoring, quality assurance, programming and establishment of budgets.

And also (clause 6.11, SoS page 74):

- monitoring the results of agreed activities and strategies and using the findings to further improve the effectiveness of the program, and to inform the Technical Committees and the FSC, and/or the National Team Secretariat as relevant;
- managing the learning function of PRSF thus ensuring that lessons learnt are discussed in appropriate forums to improve the selection, design and delivery of activities and the overall direction of the program;
 - assigning responsibilities to ensure that:
 - (i) all activities, designs and work plans clearly state the performance measures that need to be reported on;
 - (ii) all agreed activities are subject to appropriate quality and performance assessment measures; and,
 - (iii) all reports are completed on time, are concise and to the point and reflect a sound and unbiased assessment of achievement.

131. However in practice PRSF has been seen by both TNP2K and PRSF Secretariat as an administrative support unit, whose role is to support TNP2K activities, but not to engage heavily in technical aspects of this work, which is considered to be the role of the policy working groups and TNP2K management team.

132. In the view of the IPR this is a more limited role than envisaged in the GRM scope of services. However it is consistent with the current balance of staffing and skills in the GRM PRSF Secretariat, which is predominantly administrative in nature.

133. As a result of the working arrangement that has been reached, lines of accountability for work conducted under PRSF are unclear. The IPR is clear that the administrative functions of PRSF are being relatively effectively managed and have appropriate systems to manage them (although see section 3.2.3), but is less clear that the same applies to the technical work conducted under PRSF. Key questions include:

- What are the systems for ensuring full accountability of roles on technical work?
- What are the systems for ensuring quality of technical work undertaken?
- Which position or body takes responsibility for technical work undertaken, and what are the accountability arrangements for them?

134. Moreover there is an ongoing and sometimes heated debate in PRSF/TNP2K over what is an appropriate role for both PRSF and AusAID in management and accountability arrangements. Clearly some work needs to be done to resolve these issues so that everyone is clear on agreed systems that provide PRSF and TNP2K what they need.

3.2.2 PRSF / TNP2K systems

135. As an organisation, PRSF/TNP2K is considered very young with an ambitious target that it has to accomplish in relatively short period of time. In the past 18-months PRSF/TNP2K has achieved a lot (see section 2.1). As a consequence, the focus on systems development has been weaker. Several critical systems are ad hoc, lacking guidance and open to interpretation by TNP2K staff. These include:

- quality control;
- documentation and communication;
- learning; and
- influencing.

136. Weakness or absence of these systems inhibits the effectiveness of both PRSF and wider TNP2K activities.

137. Quality control has emerged as an area that needs attention both for sustainability as well as accountability to the contributing donor. The issue has been addressed in the last steering committee meeting held in October 2012. As this is an important issue the IPR team has decided to discuss it in further detail under Quality Control in section 3.7 of this report.

138. But should we invest in capacity building for a temporary structure? The answer is definitely yes because what we are investing in is EBPM the country is very new with this concept. Irrespective of the temporary nature of TNP2K, EBPM is expected to persist and subsequent steps must be taken to ensure the sustainability of EBPM as one of the main legacies of TNP2K . There is a clear need to develop some systems that are needed now, in the context of the wider review of management and accountability arrangements. This need is widely recognised within both PRSF and wider TNP2K.

3.2.3 PRSF routine management

139. The overall feedback provided on the PRSF Secretariat management role has been overwhelmingly positive, with much of the credit for the achievements of TNP2K to date at least shared with the Facility team who have enabled it. In particular there is great appreciation of the flexibility of the support provided and personal relations appear good.

140. Moreover AusAID contractor performance is formally recorded in the 'Contractor Performance Assessment Framework', in which the AusAID Activity Manager awards the top-score assessment of 'best practice' to GRM for the PRSF.

141. Nevertheless a number of elements of the analysis presented in this IPR report point to deficiencies in PRSF Secretariat management, as follows.

142. **Strategy.** The discussion of PRSF strategy in section 3.1.3 is clear that this is an area where PRSF has under-performed.

143. **Management.** The weaknesses in overall management and accountability described in sections 3.2.1 and 3.2.2 are partly attributable to decisions made by PRSF Secretariat, in discussion with the wider TNP2K, around which issues they were and were not willing to pursue.

144. **Systems.** While administrative systems, as codified in the PRSF operations manual, are generally acceptable, PRSF also shares responsibility for the application of wider technical systems which, as discussed in section 3.2.1, are within its mandate.

145. More specifically, and at a more detailed level, some specific comments have been offered regarding perceived weaknesses in PRSF style and effectiveness. These include:

- the lack of a more proactive approach to addressing many of the more critical issues described in section 3 of this IPR report, many of which have been known to exist for some time;
- an apparent lack of some skills and knowledge on basic management systems that might be expected from an external contractor, such as access to appropriate consultants, and ready availability of relatively standard project management systems;
- rigidity over the issue of a perceived staff cap in the TNP2K Secretariat set at 60 staff whereas AusAID were clear to the IPR team that this was a guideline and could be readily changed; and
- inadequate attention given to the management of PNP technical assistance through the AusAID window, relative to that invested in TNP2K.

146. The IPR is a strategic review and we have not gone into detail on many of these issues to identify culpability and establish sequences of events and why they materialised in the way they did. However the IPR is recommending some major adjustments to the implementation of PRSF, and it is clear that the management input to PRSF provided by GRM will need to be reviewed as part of that process.

3.2.4 AusAID engagement with PRSF

147. As noted elsewhere there have been mutual concerns on the part of both TNP2K and AusAID with the nature of AusAID engagement. These have focused mainly around the issue of quality control and a perception that AusAID have been micromanaging the approval process for PRSF activities. However a number of other issues have arisen during the IPR which are recorded here:

148. **Approval processes.** In a number of respects the AusAID approval processes have suffered from shortcomings:

- the intervention logic approved in the design document is hazy at best – although it is probably adequate to establish vision – and lacks a quality results framework;
- the revision of the PRSF intervention logic approved by AusAID in the M&E Plan is poor quality and should not have been approved in our view;

- in a number of cases AusAID have approved activity proposals when they have retained serious reservations about them. While we understand that the motivation has been to accommodate the time pressures to which TNP2K is subject (as discussed in paragraph 23 above), clearer systems for dealing with such instances would offer better protection to all involved; and
- as discussed in section 2.1, the level of detail and planning of activity proposals varies, with some warranting more clarity and detail, and yet they have been approved without time pressure weighing on AusAID.

149. **Contractor performance management.** In a number of respects better AusAID management of its contractor GRM might have benefitted the PRSF:

- there is an inconsistency between the contractor performance assessment (CPA) framework assessment of GRM performance and much of the feedback provided to the IPR during this review. Our understanding is that the CPA reflects the significant and praiseworthy achievement of PRSF to establish and scale up the program with limited resources, which was indeed very challenging and effectively managed. The more recent commentary reflects the subsequent difficulties in establishing effective technical systems. AusAID have pushed for a more proactive approach from PRSF Secretariat to address many of the issues identified in this review, but have not been successful in achieving a change in behaviour. And yet the desired changes appear consistent with the GRM Scope of Service, and AusAID have not formally raised this issue with GRM headquarters and negotiated for resolution.

150. **Following agreements.** The design document has clear statements on at least three important issues which have not been well-resolved in practice:

- the legitimate role of AusAID in quality control (see section 3.7);
- the requirement for 6-month action planning which has not taken place in practice; and
- regular meetings of the Steering Committee, which has been ineffective in practice, and yet could have played a central oversight role on many of the issues raised in this review (see section 3.3.2).

151. **Funding.** Following agreements in Canberra the amount of funding allocated to PRSF was increased. However in practice this scale-up has yet to be released. While the AusAID Indonesia program has little control over this issue, the uncertainty has caused difficulties for PRSF and TNP2K planning.

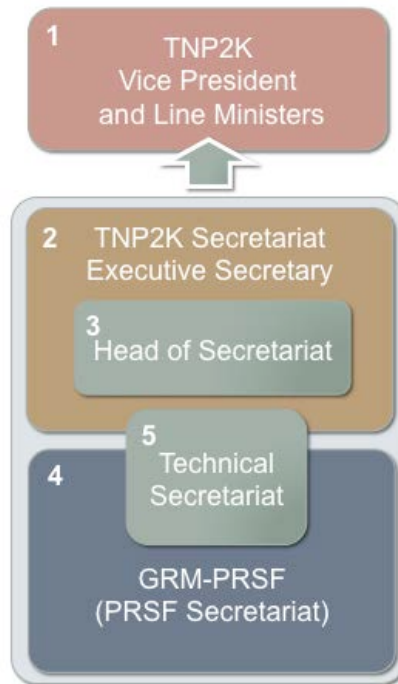
152. In the context of the planned scale-up of funds, attention will need to be given to systems and capacities to ensure AusAID provides quality management support and advice to its program and partners.

3.3 Institutional Arrangements

3.3.1 Management Bodies and Responsibilities

Figure 5: Secretariat roles

Clarity of Secretariat Roles



153. Referring to the above illustration, which is drawn to describe the current practice, TNP2K (box 1), the National Team to Accelerate Poverty Reduction, is made up by the Vice President and line ministers. The team is supported by the TNP2K Secretariat (box 2), headed by an Executive Secretary. Under TNP2K Secretariat there are two major heads with each in charge of the Policy Working Group and Secretariat (box 3) respectively. The GRM-PRSF team or so-called PRSF Secretariat (box 4) serves the whole of TNP2K which includes all activities and programs conducted by TNP2K Secretariat, funded by AusAID. For activities funded by state budget (APBN), channelled through Head of Secretariat (box 3). The Technical Secretariat (box 5) plays a unique role i.e. it mainly supports the Policy Working Group for technical matters related to policymaking.

154. Under current arrangement, it creates confusions among staff, both GRM-PRSF and TNP2K Secretariat, as explained below:

- The use of 'secretariat' as name of unit in various levels in the organisation creates confusion to staff as one may easily say 'secretariat' without mentioning what is it all about. This seems like a simple thing but it may impact bigger thing especially when in some point of time people realize that actually the whole office in Grand Kebon Sirih is TNP2K Secretariat with the exception of GRM-PRSF. If name matters and the whole office has already been named as "TNP2K Secretariat" therefore there should be no other unit using 'secretariat' as name of unit. Box 3 may be titled as 'Administration and

State Budget' as it deals with APBN. Box 4 can be titled as 'PRSF'. Box 5 may be titled as 'Technical Support' or 'Quality Control'. By doing so, it sheds the light of clarity in the use of name and no duplication of name in the facility.

- Lack of communication between Secretariat in the TNP2K Secretariat (box 3) and policymaking groups (Policy Working Group, Task Force) on activities and programs being conducted by TNP2K Secretariat. This results in an inability (because they are uninformed) of Secretariat (box 3) staff in responding queries from their counterparts in other line ministry offices. It's a logical sense that other ministries call the secretariat (box 3) as they all civil servants who in some cases know each other quite well.
- Technical Secretariat was originally created to work for steering committee. As the steering committee meeting was rarely conducted and only met twice in January 2012 and October 2012 it then evolved as a unit that plays unique role: working closely with TNP2K Secretariat in policy design processes while it's under the management of GRM-PRSF as far as reporting line. In practice the unit's main activities are developing terms of references for works or activities to be conducted by Policy Working Groups, perform QA/QC of ongoing activities and provide other technical supports. The unit has little or no space to reject any proposed program as all of the substance is determined by TNP2K Secretariat (policy working group). At present, Technical Secretariat reports to GRM-PRSF Team Leader and Policy Working Group Coordinator (TNP2K Secretariat). This double-boss situation creates confusion.

155. As such, all feel the need for rationalisation of the core management structures and functions. This is particularly important in the context of the systems development recommended by this review.

3.3.2 Steering Committee

156. Originally created as the Facility Steering Committee (FSC), it was intended as the official governance forum for the strategic decision making on the scope and focus of the facility. The main responsibilities are:

- the policy and strategic direction of the program; and
- reviewing and endorsing the Facility workplans and funding proposals.

157. The FSC is intended to meet twice a year and be co-chaired by the representatives of TNP2K and AusAID, and on an ad hoc basis to review and endorse funding proposals. It may also include representatives of international development partners that also contribute to the facility.

158. A complex program such as PRSF needs effective oversight, to ensure reflection, strategic focus and delivery. However the current arrangements are not playing this role effectively, and introduction of this function is an important priority.

159. In practice the Steering Committee has only met twice during the life of PRSF, in January and October 2012.

160. The first meeting was an effective one with key points discussed, agreed and decided to proceed. Key points discussed included:

- the workplan;
- mechanism for prioritisation;
- flexibility over staffing requirements – if there is a need then to move ahead and recruit;
- the need to conduct a separate technical discussion between TNP2K Secretariat and AusAID on Cluster 3 to strategise engagement in private sector development;
- a separate financial discussion to be held between AusAID and PRSF in light of the budget constraints;
- Steering Committee standard operating procedures to be developed to elaborate engagement with other donors; and
- the need to strengthen the status of TNP2K as a research institution, not just providing policy inputs.

161. These are important issues and if they were followed-through consistently would contribute to the Facility reaching its objectives. Unfortunately not all agreed were then implemented consistently until the next steering committee meeting was due.

162. The second FSC conducted in October 2012 did not specifically capture the outstanding issues and/or actions agreed from the previous meeting held in January 2012. Key points discussed were essentially new, including:

- financial upscale;
- funding arrangements, approval process, and quality control process;
- the need for a management committee to discuss detailed management issues; and
- The MAMPU Project and its governance aspects.

163. All key points were important but the meeting did not specifically refer to progress achieved from points agreed at the previous meeting, and in practice there has been only limited follow-up of decisions taken. For example there has been little progress on the multi-donor nature of PRSF, as discussed in the first FSC meeting, and the facility is largely a single donor trust fund under AusAID. USAID's \$700,000 is earmarked only for mobile money within Cluster 3.

164. In conclusion the FSC is clearly not playing the critical role envisaged for it, and is not managing its own transactions effectively; it is clearly in need of reinvigoration. In the light of the relatively serious program shortfalls highlighted in this review, the FSC should have an important future role in line with its mandate. In order to deliver on this role wider changes – for example, to its mandate, management, membership, and authority – may also be needed.

3.4 Institutionalisation and sustainability

165. As discussed in section 1.3, the TNP2K was established as a 'Commission-like' structure, outside the main bureaucracy.

166. This status has conferred some definite advantages, including:

- flexibility and freedom from civil service rules and procedures
- access to the Vice President, which is unusual for a technical program; and
- legitimacy and influencing power related to the closeness and interest of the Vice President and the location in the Vice President's Office.

167. However there have also been some more negative connotations associated with this status, including:

- the parallel nature of the TNP2K apparatus means that harmonisation of mandates, roles and responsibilities are felt by many to have been blurred where previously they were clear;
- although the *Perpres* that establishes TNP2K is not time-limited, it is widely assumed that the future of TNP2K depends on re-election of the current incumbents in late 2014 and so TNP2K is itself assumed to have temporary influence; and
- this has fuelled some resentment among civil servants in other line ministries, related perhaps to issues of turf, and the top down approach adopted by TNP2K.

168. These downsides to TNP2K have the potential to affect the longer term sustainability of TNP2K's results"

- in terms of the **substance of policy reform**, if the rush for results causes short-term thinking then policy change is less likely to be sustainably embedded; and
- in terms of the **process of policy reform**, the desired embedding of evidence-based policy making processes in the business of government will be compromised if process short-cuts are taken to save time.

169. TNP2K, supported by PRSF, is a program aimed at changing – or reforming – policy. But temporary policy change, which reverts back to its earlier state once change effort is discontinued is of little use here; what TNP2K needs to seek is sustainable policy change.

170. If policy reform is to be sustainable it must institutionalise change in the formal and informal rules that determine how business is done. This includes legislation, mandates and formal policy, but also guidance, common practice and shared understandings.

171. The same argument applies to the introduction of new working practices, or processes, such as evidence-based policy making (see Section 2.2 on EBPM). If

these are to be retained in future, these must also be institutionalised in the formal and informal rules that determine people's behaviours in organisations.

172. At present this perspective appears not to influence much of the decision-making in TNP2K, and is certainly secondary in practice to the drive for quick results before 2014. There are many examples where short-term delivery-oriented decisions are being taken rather than longer-term sustainability-oriented decisions.

The short-term delivery and policy effectiveness trade-off: Examples

During a meeting for the IPR at the Ministry of Social Affairs, officials described the process of the PKH pilot reform. They explained that they had proposed to TNP2K greater consultation of local administrators and a more "bottom-up" approach, to improve acceptance and collaboration in PKH reforms. Ministry officials reported that TNP2K advised against adopting this approach. They feel that this may have contributed to some of the confusion and resistance to the proposed changes.

In the case of the BSM pilot 1, documents and interviewees consulted for the IPR indicated that some of the challenges encountered in the implementation of the BSM pilot 1, and that jeopardised the learning potential and effectiveness of the reform, could have been avoided with more careful planning and consultation. The lack of or weak socialisation of the reform, leading to confusion among potential beneficiaries, school teachers and local administrators, is an example. There was agreement among all people consulted that the pilot was designed and approved under high time pressure and that this weakened the planning phase. More careful planning of socialisation could have helped ensure smoother and successful BSM implementation.

173. If the legacy of TNP2K is to be sustainable, efforts will need to be made to ensure any gains are indeed embedded such that they have a chance of being retained after 2014. This will require the balancing of short-term perspectives with something more oriented to the future.

3.5 Change management

174. Policy and program reform require change in many stakeholders, since the change desired by TNP2K covers many different sectors, ministries and agencies, at multiple levels. Change cannot simply be delivered by TNP2K, it requires the adoption of the TNP2K evidence-based approach to implement all the steps required to embed policy change in practice.

175. As such, TNP2K objectives will not be achieved without effective influencing of these key stakeholders so that they play their roles in the system that are required for successful reform. There are many ways in which influencing can be achieved, but the critical fact for PRSF is that it must be a key focus of activity.

176. In practice, as discussed in section 2.2 above, TNP2K has been following a predominantly top down change approach, with limited attention to change management, defined as facilitating key stakeholders to take ownership of the change. This top down approach has relied more on the political influence associated with the Vice President's office than winning arguments with the power of evidence and debate. It raises the question of what is the underlying cause for important stakeholders to change: is it based on rational thinking because they see a case for change, or merely because pressure for change is coming from Vice President's office?

177. The pressure to rush delivery due to the time bound nature of TNP2K sometimes leads to process shortcuts, as discussed in section 2.2 and 3.4. The current mode adopted by TNP2K is one of selling ideas and asking stakeholders to follow. This contrasts with alternative participatory approaches which are more two-way in nature.

178. The result of this is that while current practice seems effective at the top level, in terms of the quality of influencing strategy and engagement at the political level of the National Team including the Vice President and TNP2K Ministers, it has been less so below that. This is where the change management process, with Ministries, local government and other actors, has been weaker.

179. The IPR has seen that there is considerable time and effort applied to interactions with stakeholders across the program and in particular by the Taskforces. But there has been little systematic strategy, learning, reflection and guidance on how best to facilitate reform in practice.

180. In the view of the IPR, there is much room for improvement here, and this would lead to greater chances of success of both TNP2K's influencing activities and also the likelihood of sustainable adoption of the substance and process of what TNP2K is advocating. It is our view that a more thoughtful, strategic and informed change management approach is needed, and that this would be more effective at bringing along stakeholders willingly.

181. A starting point to understand change management is a generic framework, as described in Kotter's eight-step Leading Change model to transform organisations. While this gives an indication of the sorts of issues that a more systematic change management approach may need to consider, it would need to be amended considerably to apply these principles to the current context and so is raised here for illustrative purposes only. The IPR acknowledges that TNP2K may have used some of these steps – but that there is a need to conceptualise and follow them in a more systematic way to ensure ownership of reforms by line ministries.

1. Establish a sense of urgency
2. Form a powerful guiding coalition
3. Create a vision
4. Communicate the vision
5. Empower others to act on the vision
6. Plan for and create short-term wins
7. Consolidate improvements and produce more change

8. Institutionalise new approach

182. The following table describes the steps, actions needed and the pitfalls it may encounter:

Table 3: An introduction to change management

Steps	Actions needed	Possible pitfalls
1. Establish a sense of urgency	<ul style="list-style-type: none"> • Examine the slowing acceleration of poverty rate and the ambitious target to achieve single-digit (8-10%) poverty line. • Convince the need of hard-work as 2014 is just 20-months away. 	<ul style="list-style-type: none"> • Underestimating the difficulty of driving people from their comfort zones – some people have been thinking that poverty is a forever subject and never ending one. • Becoming overwhelmed by risks.
2. Form a powerful guiding coalition	<ul style="list-style-type: none"> • Assemble coordinating as well as implementing ministries with shared commitment and enough power to lead change efforts in their respective ministries. • Encourage to work as a cross-function team working on poverty reduction programs (BSM, <i>Raskin</i>, PKH etc) among TNP2K and other ministries. 	<ul style="list-style-type: none"> • People may have competing commitments with policy reform e.g additional workload and intensified coordination.
3. Create a vision	<ul style="list-style-type: none"> • Create a shared vision to guide the change efforts tied with time-bound nature to reduce poverty in a very short timeframe. • Develop change strategy to realise the shared vision. 	<ul style="list-style-type: none"> • Formulating a vision that is too complicated and hard to understand or vague may create unnecessary confusions.
4. Communicate the vision	<ul style="list-style-type: none"> • Use every vehicle and channel possible to communicate the shared-vision and strategies to achieve it. • Establish new behaviours by the example of the guiding coalition. 	<ul style="list-style-type: none"> • Under-communicating the vision – as some people may think having a vision is not important; the most important thing is just do the work according to the broad mandate.
5. Empower others to act on the vision	<ul style="list-style-type: none"> • Overcome structural barriers that inhibit people to take action. • Encourage risk taking and nonconventional ideas, activities and actions. 	<ul style="list-style-type: none"> • Ignoring the existence of change resisters that may sabotage the process.
6. Plan for and create short-term wins	<ul style="list-style-type: none"> • Define visible performance improvements. • Recognise and reward those who contribute to the improvements. 	<ul style="list-style-type: none"> • Failing to achieve and recognise early successes, or if it's achieved by chance instead of systematic efforts.
7. Consolidate improvements and produce	<ul style="list-style-type: none"> • Reinvigorate the change process with new programs. • Manage resistance through 	<ul style="list-style-type: none"> • Too soon in declaring victory with the first performance improvement.

more change	sufficient socialisation and move on with the change if they still resist – use guiding coalition to overcome.	<ul style="list-style-type: none"> • Allowing resisters to adjust the plan and make the change according to their agenda.
8. Institutionalise new approach	<ul style="list-style-type: none"> • Articulate connections between new behaviours and outputs. • Create succession and sustainability plans consistent with new approach. 	<ul style="list-style-type: none"> • Assigning people who do not believe in the new approach.

183. The fundamental keys to successful change management process are not just following consistently with the systematic approach but also the need to get active **involvement** from the stakeholders and **facilitate them for owning the change**. The TNP2K ‘top-down’ approach should then be transformed into a more facilitative approach with open dialogue and understanding among stakeholders to achieve greater acceptance and ownership by stakeholders, because at the end of the day they will be the ones who will determine implementation post-2014.

3.6 Learning

184. Fundamentally, the ultimate product of TNP2K/PRSF is knowledge in using evidence to support policymaking. This implies placing learning at the centre of activities that TNP2K/PRSF are doing.

185. It is clear from the IPR review process that there is much learning going on, see Section 2.1 on PRSF Achievements. Examples include:

- the considerable activities conducted under the M&E system including formal reporting, spot checks, team debriefs from visits, etc;
- the many studies commissioned by PRSF;
- formal and informal discussions among the policy think tank team;
- the many workshops, seminars and study tours to promote knowledge-exchange and training; and
- establishment of a knowledge management unit and other measures aimed at enhancing learning and sharing.

186. But there are few of the formal mechanisms for learning and sharing within the PRSF/TNP2K that would be required if it was to be considered a learning organisation.

187. Equally, there are few formal systems to ensure that learning is systematically used to enhance program performance. Given the complexity of what is being attempted, and the challenging context in which it is taking place, the IPR suggests that all opportunities to reflect on what is and is not working, and how it might be improved, should be taken. But this requires solid systems to ensure this is well-planned and effective.

3.7 Quality control

188. The quality of work done, supported by PRSF, is critical to its likelihood of future success, for the following reasons:

- **Effectiveness.** Work done on both policy substance and policy process will not be readily adopted by government and other stakeholders if reservations exist about its transparency, relevance and appropriateness.
- **Accountability.** Everyone is accountable for the quality of work done in their role, and PRSF is no exception. This applies to internal accountability to ensure all individuals are fully performing as well as possible, and also to external accountability given that PRSF funds are provided by the Australian taxpayer and therefore are open to parliamentary scrutiny of the value for money the expenditures represent.
- **Sustainability.** The status of the Vice President's office and backing have contributed to, and eased, adoption of PRSF/TNP2K ideas to date. But for the value of PRSF and TNP2K to be maximised these gains must be sustained after 2014, and it is only through buy-in by key stakeholders that they represent improvement that this is likely.

189. Quality control systems in PRSF are currently under review, following some dissatisfaction expressed by AusAID on two issues:

- their understanding the processes for quality control, and a feeling that these are inadequately transparent and also responsive to suggestion; and
- reservations about the effect of this weakness reflected in the quality of some work funded through PRSF.

190. Steps in the PRSF process where concern has been raised include:

- formulating clear strategy and ongoing review;
- documentation of policy evidence, analysis, options and advice;
- lines of accountability for technical work and peer review of that work; and
- the activity approval process.

191. This issue has stirred some strong feelings within the TNP2K team, some of whom have questioned the role that AusAID should play in scrutinising government decision-making, in a government program. But an interactive approach was anticipated and agreed in the PRSF design document, so this should not be a major concern as long as it is conducted according to agreed rules:

'AusAID will be involved in peer reviewing policy proposals and will participate in policy-setting fora' (PRSF design document, p13).

192. Nevertheless this discussion is ongoing and at the time of the IPR we were shown a diagram for a three-track process for approval of activity proposals which still does not apparently meet all stakeholders' needs.

193. The view of the IPR on this is clear, and can be summarised as follows:

- there is a clear need for transparency and accountability in the dealings of the PRSF and the results it achieves through the use of its funds;
- this is a reasonable expectation both externally – so as to be able to justify the value for money of Australian funds – but also internally, to ensure that everyone is held accountable for doing the best job possible as part of routine performance management;
- there is an issue which must be addressed sensitively and in a way which balances legitimate concerns for a) program effectiveness, b) Indonesian government ownership and sovereignty, and c) ensuring Australian money funds quality work; and
- although this has become something of a contested issue for PRSF, the IPR believes that reasonable discussion between all parties will swiftly allow a mutually-agreeable and beneficial solution to be reached, in the context of building systems to enhance PRSF performance as discussed in section 3.2.

3.8 Communication

194. All linked to TNP2K and PRSF acknowledge that communication has not yet been adequate, both internal to the program teams and externally to TNP2K partners and other stakeholders. The IPR would agree with that assessment.

195. But communication covers a diversity of dimensions. The IPR notes weaknesses in the following elements of communication:

- documentation of analyses, records, meetings, positions and conclusions reached through program activities;
- dissemination of relevant information in the right form to the right people at the right time;
- two-way dialogue between key program stakeholders; and
- listening to the perspectives of key stakeholders as a key input to TNP2K positioning.

196. A new communication and knowledge management unit has been established to address these shortfalls, and is just in the process of formulating its plans. It has lots of good ideas, including

- gearing up a national awareness campaign for national poverty day on 17th October, and positioning TNP2K at the centre of that debate; and
- branding poverty reduction in a similar way to the global red ribbon brand for HIV/AIDS.

197. Communication is an issue which potentially touches all parts of TNP2K activities, and has the potential to play a central role in enhancement of TNP2K performance. This goes well beyond a simple notion of communication as sharing knowledge, in a public relations sense. In the view of the IPR it will be very important to get a rounded and strategic view of how communication fits in to TNP2K, and can

proactively maximise its role in contributing to TNP2K's objectives. We do not yet feel this point has been reached, and the communication and knowledge management team will require support to reach that point.

198. Central to this shift will be a clear conceptualisation by the communication and knowledge management team, but also others in TNP2K, of:

- the role of communication in reform efforts;
- the needs for information arising from TNP2K advocacy and influencing;
- the role of communication in change management; and
- the link between communication and efforts to sharpen the learning cycle in TNP2K.

3.9 Managing transition

199. As discussed above in sections 1.3 and 3.4, all agree that we cannot assume continuity of TNP2K after the 2014 election. It may be asked to continue following the election, but this cannot be planned for.

200. This raises the question of what TNP2K, and the PRSF, will leave behind after 2014.

201. The answer to this question is currently unclear:

- the ideal answer, from the *Perpres*, would be reduced levels of poverty in Indonesia, although this is at Government of Indonesia level and so TNP2K/PRSF aim to contribute to this, not achieve it alone;
- some TNP2K stakeholders are hoping for a two-fold legacy comprising sustainable policy change on key social assistance programs and also embedded processes for evidence-based policy-making among those Ministries currently working with TNP2K;
- a more conservative wish is that targeting social assistance programs would be improved and processes to maintain that improvement would be embedded;
- but the reality is that, in the absence of a clear strategic plan and a quality M&E framework, neither TNP2K nor PRSF have explicitly stated expectations regarding what will be achieved by 2014 and what they will leave behind.

202. In the view of the IPR the current approach adopted by the TNP2K and PRSF together is unlikely to lead to fully embedded reform across the areas they are currently working on. There may be some permanent change, and hopefully the recommendations of this IPR will help steer progress in that direction, but we believe it likely that many of the attempted reforms will be only incompletely embedded by end 2014.

203. The implication is that if this issue is not addressed, there remains the potential for some hard-won progress arising from TNP2K effort to date to be lost post-2014, which is in no-one's interest.

204. In the view of the IPR, it will be advisable for TNP2K/PRSF to soon begin thinking about and planning how to bridge progress made under TNP2K and what follows.

3.10 The AusAID window

205. As described in section 1.4 above, what is known as the AusAID window of PRSF has received around 21% of PRSF funds to date, with TNP2K-related expenditures accounting for the remaining 79%.

206. The AusAID window has so far funded 5 different projects, including:

- Support to an NGO called PEKKA to support survey and advocacy work related to their interest in the rights of women. The Community-Based Monitoring System (CBMS) run by PEKKA with support from SMERU is collecting a wealth of data on a variety of well-being indicators including on intra-household dynamics.
- Support to another NGO called TIFA on a project on migration and the role of remittances in poverty reduction. This activity includes data collection through survey work and the provision of services to migrant families.
- Support to GIZ for its TA work in support of capacity development in different institutions, of fostering dialogue and technical and management advisory services. Several policy briefs have been produced through this project.
- Support to Bappenas for its consultation process on the Government of Indonesia's 25-year masterplan for poverty reduction, the MP3KI.
- Support on health security, technical assistance activity, to the BPJS secretariat through workshops and reports.

207. These projects were selected through a variety of means, but all included direct commissioning by PRSF following requests from AusAID. There has been no competitive process, call for proposals or similar. There has however been significant engagement by the PRSF team in enhancing the quality of proposals such that they are able to meet the minimum fundable standard.

208. Each of the projects is interesting in its own right, and may be expected to make its own contribution to development.

209. However fundamentally there is no guiding strategy to inform funding decisions which would make clear:

- what the AusAID window is trying to achieve, and
- what should and should not be selected for funding, and why, to ensure this objective is achieved.

4. Lessons learned

210. Many lessons have been learned during this IPR, at many different levels, and are reflected and reported throughout the report's analysis, for example in Table 2, section 2.1.4. However the IPR terms of reference (TORs) provide a specific focus on lessons which can be useful in further improving the PRSF Facility to respond to the increase of AusAID funding. This section identifies a number of lessons from this forward-looking perspective.

211. **Importance of strategic planning.** This IPR has shown a number of instances on how important it is to focus effort on strategic planning, defined as how do we get from A to B. This requires clear statements of what is to be achieved, what will be delivered to ensure it will be achieved, and what will be done to ensure deliverables materialise in practice, all supplemented by clear statements of what success looks like for each of these statements. In particular the key distinction between strategic planning, and just planning is highlighted.

212. **The need for more positive management from AusAID.** Partly motivated by their desire to be a good and responsive partner of government, AusAID have adopted a relatively flexible approach to management of this program. However this report provides many instances where a more positive and proactive approach would have brought benefits to PRSF.

213. **The importance of getting management and accountability arrangements right for ensuring quality.** Accountability is important from all perspectives – both internal and external – and this is an issue which PRSF has struggled with and which has brought a number of difficulties to PRSF implementation.

214. **The challenges of growing a new organisation rapidly and the need for management capacity to address this.** It is probably true to say that all organisations which have grown as rapidly as TNP2K would suffer from difficulties in managing that growth; this is to be expected. It is therefore necessary to ensure adequate management capacities – in terms of structures, systems, staffing, skills and budgets are geared up to manage those difficulties.

215. **The importance of learning.** PRSF/TNP2K is in the business of influencing, and this is an essentially difficult function, with no clear blueprint for success. This is why building PRSF with strong learning components to ensure a strong learning cycle is so important.

216. **The importance of transparency, documentation and communication.** Effective influencing for the introduction of evidence-based policy requires adoption of a thoughtful change management-oriented approach, and this implies using the power of evidence to determine appropriate change along with key stakeholders. This all requires effective documentation of evidence and arguments so that all can be enabled to buy into the change.

217. **The critical importance of planning for sustainable impact, even in a context where rapid delivery is a priority.** Even though TNP2K is on a fast-track to

delivery, it is still critically important to think longer-term if its gains, once delivered on time, are to be sustainably embedded and to leave a lasting legacy.

218. **The importance of technical excellence even in a political context.** The nature of TNP2K means that many decisions are made on an opportunistic basis, and at times this has compromised quality. But this itself compromised the effectiveness of achievement of results. Getting the right skills on board – a balance between technical and managerial, to deliver the required program in the right way is an essential requirement of a complex and ambitious program like PRSF.

5. Conclusions

219. Placement of TNP2K, as a Commission, parallel to the formal bureaucratic structure has caused some tensions. But this is worthwhile in the short term, if:

- results in practice compensate for that; and
- there is a pathway for building on TNP2K's short-term achievements.

220. We have seen in this IPR that TNP2K, and the PRSF that support it, have many areas where improvements are needed. But this should not overshadow the fact that it has achieved much.

221. It is the view of the IPR that the 'initiator of policy change' role played by TNP2K has been an effective one, and is a much needed role for which a position somewhat outside the mainstream bureaucracy is a positive advantage. TNP2K/PRSF has also made important contributions in terms of knowledge generation and reform piloting. These achievements are documented in detail in section 2.1 While we cannot know the counterfactual, we do know – as discussed in para 23 and in section 2 – that TNP2K has added value compared with how systems have functioned in the past. We feel that these achievements are unlikely to have happened (to the same extent, at least) without TNP2K, and without AusAID's support to TNP2K through the PRSF.

222. We therefore conclude that at this stage the ends have justified the means, and that, for AusAID, investment in PRSF has potential to contribute to the overall aim of addressing poverty in Indonesia.

223. Nevertheless there is a need for definitive change at this point if that investment is to prove worthwhile in the longer run, and to have a good chance of contributing to the higher level objectives of TNP2K. We feel that a business as usual approach adopted at this stage will not lead to an adequately successful outcome by 2014; the changes recommended in this IPR will need to be acted upon for that to happen.

224. So, returning to the key question posed by this strategic review in section 1.1, is the PRSF on-track to achieve its expected outcomes?

225. This is a little harder to answer definitively than is desirable, largely because the expected outcomes have not been clearly and effectively defined, as mentioned in section 2.1.

226. We can therefore look at this question in two ways:

- If we are assessing the program according to the three objectives defined in the PRSF M&E framework, and approved by AusAID, then yes the PRSF is potentially on-track according to the analysis presented in section 2.2.3, in which progress is demonstrated on each of the three key outcomes. Or at least it has potential to be on-track if key constraints to further progress can be overcome. However we have critiqued those objectives, and their suitability as the PRSF's objectives, in section 3.1.3.
- If we assess PRSF according to its original objectives, as defined in the PRSF design document, then it is not on-track – as described in section 3.1.4 above. This is because of the narrowing of the original broader focus as 2014 has neared. However it was agreed that these original objectives for PRSF were in need of change, and so this too is not a faultless basis on which to assess progress.

227. In making this assessment we must also not forget the positive achievements of the PRSF in a difficult environment, and the important opportunities for political influence that have been supported by PRSF and which have rarely been available previously in Indonesia. We conclude that the program is on-track if we accept the logic of the narrowing of focus to accommodate the political cycle and the significance of 2014.

228. But we must also be clear that this logic is a political one, rather than a technical one. From an AusAID perspective, if what is wanted is a vehicle to support wider reform of social assistance and poverty policy in Indonesia, then PRSF support to TNP2K only addresses that ambition in part.

6. Recommendations

229. This review has identified many successes but also a number of important issues that will need to be addressed to enhance PRSF performance. This sets a relatively challenging agenda, and the objective of this section is to show how this agenda can be made manageable.

230. The key challenge is to make the investment in thinking and systems change, without losing focus on results, and 6 months' work while this is done.

231. A first question to clear up is whether it is worth investing in PRSF/TNP2K systems, since TNP2K is only a temporary organisation. We believe that the answer is yes: the recommendations presented in this report address issues that need to be resolved in order to concretise the benefits from PRSF/TNP2K efforts to date and in future. We do not therefore see the recommendations presented here as investments in sustainable systems and organisational development in TNP2K; so we should see this as investments in sustainable development and embedded

reform of both substance and process, which we do not think will be adequately effective without those investments.

232. It therefore follows that this logic applies whether or not the AusAID scale-up investments materialise; this is work that needs to be done now under any scenario.

233. This observation that sustainable organisational development is not a key objective does however provide an opportunity to address the issues more rapidly and effectively than might otherwise be the case. Where the building of organisational capacity is not an objective in its own right, this frees up PRSF to resource necessary functions externally. It also allows a delivery mode of external support rather than one oriented around capacity building.

234. A final thought is that we already have planned an opportunity to take these recommendations forward in a relatively short timeframe. The IPR was always planned as the first part of a two-step process, the second of which is the 'Inception Activity' aimed at designing future Australian support to June 2017. According to AusAID the role of the IPR was to identify the issues to be resolved, and the role of the Inception was to address those issues.

235. For the timeframe of this final IPR report, the Inception mission has already taken place, and many of the issues raised in these recommendations, where the Inception was implicated, have already been addressed.

236. The IPR believes that in this way incremental improvements could be introduced with high professional standards, and increased management accountability, without distracting TNP2K excessively from their mandate to deliver in the short term. And at the same time it would allow PRSF to diversify its work so that it may continue to play a useful role after 2014, irrespective of future investments in TNP2K.

237. This section presents a series of recommendations for the coming year and beyond of PRSF. Together they set out the actions required to address the issues raised in this review. The recommendations are broken into themes based on the sub-sections of the strategic and implementation issues section of this report.

6.1 On strategy

238. The IPR finds that there are five key aspects of strategy requiring attention by PRSF, as discussed in more detail in section 3.1. These are:

- that there would be many gains from addressing the gap in TNP2K/PRSF functional strategy that would enhance the potential achievements of PRSF;
- that the lack of application of a coherent and consistent framework for the various strategic planning activities in PRSF/TNP2K constrains joined up strategic thinking and therefore program effectiveness;
- that the lack of clarity and quality in PRSF's internal strategic planning, as represented by the M&E framework approved by AusAID, has contributed to many of the other management problems observed by the IPR and should be revised going forward;
- that the narrowing of TNP2K focus as 2014 draws near is within the framework of the agreement between the Government of Indonesia and AusAID but is not sufficient if AusAID's desire is to support the wider debate on establishment of a comprehensive social protection framework in Indonesia; and
- that greater conceptual and strategic justification should be applied to new proposals for reforms or pilots, before getting into the detail of the quality of design.

239. The following recommendations are proposed on PRSF/TNP2K strategy:

- Rec 1.** Initiate a rapid process to define and describe key elements of strategy for TNP2K that will be helpful to TNP2K:
- a. Facilitated by an external specialist consultant.
 - b. Team-based, consultative.
 - c. Focus on: key objectives by 2014; key strategies to achieve those; links beyond TNP2K and 2014; not just a strategy document as such.
- Rec 2.** Plan and decide an agreed strategic planning framework to be applied throughout TNP2K, and rollout in overarching strategy, cluster strategy, activity strategy – to ensure rigour in planning: recommend logframe-based.
- Rec 3.** During the inception activity, revisit PRSF strategy and then follow up with more detailed planning to ensure clear, nested, objectives, outputs, activities.
- Rec 4.** As part of inception activity, ensure agreement between the Government of Indonesia and AusAID on scope and nature of activities to be funded by Australia, including clear overall objective, deliverables and activities linked to Recommendation 1.
- Rec 5.** The IPR therefore suggests the following next steps, following the receipt of this report:
- a. AusAID to arrange a meeting with TNP2K and PRSF to prepare an action plan for how the recommendations of the IPR will be addressed,

and who will do what. We suggest this takes place shortly after the submission of the IPR draft report, rather than waiting for the final report which is not due until April.

- b. The action plan will define actions that will be taken in response to IPR recommendations, how those actions will be done, their sequencing, roles and responsibilities, and timing.
- c. This meeting may also feel that some issues can be agreed and resolved directly.
- d. Immediately begin planning for the inception activity, including:
 - i. how the overall process will run
 - ii. what preparation will be done prior to the inception activity in March, with action plan
 - iii. allocation of time of important stakeholders at the right times
 - iv. ensuring invitations for required participants are issued, including to those with decision-making ability in GRM as the current contractor for PRSF
- e. Advance AusAID's own thinking on the way forward, including preparation of a written thinkpiece.

6.2 On management and accountability

240. In practice PRSF has been seen by both TNP2K and PRSF Secretariat as an administrative support unit, whose role is to support TNP2K activities, but not to engage heavily in technical aspects of this work, which is considered to be the role of the policy working groups and TNP2K management team.

241. In the view of the IPR this is a more limited role than envisaged in the GRM scope of services. However it is consistent with the current balance of staffing and skills in the GRM PRSF Secretariat, which is predominantly administrative in nature.

242. As a result of the working arrangement that has been reached, lines of accountability for work conducted under PRSF are unclear. The IPR is clear that the administrative functions of PRSF are being relatively effectively managed and have appropriate systems to manage them (although see section 3.2.3), but is less clear that the same applies to the technical work conducted under PRSF.

243. Moreover there is an ongoing and sometimes heated debate in PRSF/TNP2K over what is an appropriate role for both PRSF and AusAID in management and accountability arrangements. Clearly some work needs to be done to resolve these issues so that everyone is clear on agreed systems that provide PRSF and TNP2K what they need.

244. Key systems requiring attention following this IPR are discussed in detail in section 3.1 to 3.9, and include the following:

- strategy;

- management and accountability;
- institutional arrangements;
- institutionalisation and sustainability;
- change management;
- learning;
- quality control;
- communication; and
- managing transition.

245. The following recommendations are proposed on management and accountability and PRSF systems development:

Rec 6. Resolve lines of accountability for overall PRSF management

- a. Process to discuss principles, reasonable expectations, scope and relationship between PRSF/TNP2K, rationalisation of existing management bodies, and options.
- b. Decide on best options.
- c. Introduce appropriate systems (recommendation 7).
- d. Enhance management capacities as necessary – additional management capacity, skills and processes.

Rec 7. Initiate process of key systems development to systematise critical processes, in context of wider management and accountability amendments (recommendation 6):

- a. Key systems required, drawing on this IPR's analysis.
- b. Nature of key systems and process for their development.
- c. Roles and responsibilities, in context of wider management changes.
- d. Address management capacities as required.
- e. Rollout.

Rec 8. Revise AusAID mode of engagement in light of management and accountability amendments (recommendations 6 and 7).

Rec 9. Without wishing to pre-empt the discussion in recommendation 5, the IPR offers the following more detailed thoughts:

- a) Given that building sustainable capacity of TNP2K is not one of our objectives, build capacity through the PRSF structure, to provide the support TNP2K (and perhaps other organisations) needs.
- b) Enhance the role of PRSF Secretariat to provide support to technical issues and systems, in addition to the predominant current focus on administration and its systems.
- c) Enhance PRSF Secretariat skills and staffing to accommodate this new role, with one option being to add a technical Deputy Team Leader, leading a technical team perhaps with skills in institutional reform, strategic planning,

change management, policy advice and synthesis, as well as poverty reduction planning and social protection.

- d) This technical sub-team would support TNP2K with conceptual thinking, development of appropriate strategies, systems and guidance, and take responsibility for managing the rollout process across TNP2K, working at all times with TNP2K (and perhaps others) in a support role. Importantly they would have responsibility for ensuring key processes were followed, and for documenting them, including departures from specified and agreed processes.
- e) Provide additional management support to Pak Suahasil, to ease the process of engaging with the PRSF team and to allow him to focus more on policy work rather than management.
- f) This PRSF Secretariat technical team would use consultants as required to supplement skills plus also additional effort.
- g) This whole process would need to be more interactive, clearly mandated and team-based than at present.

6.3 On institutional arrangements

246. The management structure for PRSF and TNP2K is complex and yet not particularly effective in dealing with some of the more challenging issues they face, as discussed in section 3.3. While financial and administrative management appears secure, technical systems management is less so. All partners feel the need for rationalisation of the core management structures and functions.

247. Furthermore the PRSF Steering Committee has not been effective at playing the important role envisaged for it in the original design, and is not acting as an effective higher level accountability mechanism for PRSF. It would benefit from a full review including to its mandate, management, membership, and authority.

248. The following recommendations are proposed on institutional arrangements (and Recommendations 6 and 7 are also relevant here):

- Rec 10.** Revise and rationalise the management arrangements for PRSF and its connections with TNP2K, beginning with the Inception activity.
- Rec 11.** Reinvigorate Steering Committee as key governance mechanism for oversight of PRSF strategy and implementation in the context of wider changes to PRSF that will accommodate scaled-up funding to 2017 that will be designed by the Inception activity.

6.4 On Institutionalisation and sustainability

249. If policy reform is to be sustainable it must institutionalise change in the formal and informal rules that determine how business is done. This includes legislation, mandates and formal policy, but also guidance, common practice and shared understandings.

250. The same argument applies to the introduction of new working practices, or processes, such as evidence-based policy making (see Section 2.2 on EBPM). If

these are to be retained in future, these must also be institutionalised in the formal and informal rules that determine people's behaviours in organisations.

251. At present this perspective appears not to influence much of the decision-making in TNP2K, and is certainly secondary in practice to the drive for quick results before 2014. There are many examples where short-term delivery-oriented decisions are being taken rather than longer-term sustainability-oriented decisions.

252. The following recommendation is proposed on institutionalisation and sustainability.

Rec 12. Ensure appropriate balance between short-term delivery objectives and longer term sustainability:

- a. Conduct analysis of appropriate balance, nature of trade-offs, and appropriate measures, in context of strategy recommendation 1.
- b. Develop and rollout guidance to staff in context of systems development (recommendation 7).
- c. Manage quality.

6.5 On change management

253. In the view of the IPR, there is much room for improvement on change management in PRSF and TNP2K, and this would lead to greater chances of success of both TNP2K's influencing activities and also the likelihood of sustainable adoption of the substance and process of what TNP2K is advocating. It is our view that a more thoughtful, strategic and informed change management approach is needed, and that this would be more effective at bringing along stakeholders willingly.

254. The following recommendation is proposed on change management:

Rec 13. Develop appropriate process of embedding change management good practice throughout TNP2K:

- a. Commission study of best practice change management in Indonesia and elsewhere.
- b. Commission a change management consultant to facilitate review of PRSF/TNP2K practices in light of strategy (recommendation 1) and propose improvements.
- c. Internalise in systems development (recommendation 6).

6.6 On learning

255. There are few of the formal mechanisms for learning and sharing within the PRSF/TNP2K that would be required if it was to be considered a learning organisation. The culture at present is not one of sharing, questioning, thinking, learning, using information.

256. Equally, there are few formal systems to ensure that learning is systematically used to enhance program performance. Given the complexity of what is being

attempted, and the challenging context in which it is taking place, the IPR suggests that all opportunities to reflect on what is and is not working, and how it might be improved, should be taken. But this requires solid systems to ensure this is well-planned and effective.

257. The following recommendation is proposed on learning:

Rec 14. Systematise action learning to maximise program performance:

- a. Commission learning consultant to facilitate analysis and propose amendments in context of clear strategy (recommendation 1).
- b. Address systems as per recommendation 7.

6.7 On quality control

258. Quality control systems for PRSF are currently under review, and this issue has stirred some strong feelings within the TNP2K team, some of whom have questioned the role that AusAID should play in scrutinising government decision-making, in a government program.

259. The view of the IPR on this is clear, and can be summarised as follows:

- there is a clear need for transparency and accountability in the dealings of the PRSF and the results it achieves through the use of its funds;
- this is a reasonable expectation both externally – so as to be able to justify the value for money of Australian funds – but also internally, to ensure that everyone is held accountable for doing the best job possible as part of routine performance management;
- there is an issue which must be addressed sensitively and in a way which balances legitimate concerns for a) program effectiveness, b) Indonesian government ownership and sovereignty, and c) ensuring Australian money funds quality work; and
- although this has become something of a contested issue for PRSF, the IPR believes that reasonable discussion between all parties will swiftly allow a mutually-agreeable and beneficial solution to be reached, in the context of building systems to enhance PRSF performance as discussed in section 3.2.

260. The following recommendation is proposed on quality control:

Rec 15. Agree quality control systems in context of management (recommendation 6) and implement in context of systems (recommendation 7), following the process outlined in recommendation 5.

6.8 On communication

261. Communication is an issue which potentially touches all parts of TNP2K activities, and has the potential to play a central role in enhancement of TNP2K performance. This goes well beyond a simple notion of communication as sharing knowledge, in a public relations sense. In the view of the IPR it will be very important

to get a rounded and strategic view of how communication fits in to TNP2K, and can proactively maximise its role in contributing to TNP2K's objectives. We do not yet feel this point has been reached, and the communication and knowledge management team will require support to reach that point.

262. Central to this shift will be a clear conceptualisation by the communication and Knowledge Management team, but also others in TNP2K, of:

- the role of communication in reform efforts;
- the needs for information arising from TNP2K advocacy and influencing;
- the role of communication in change management; and
- the link between communication and efforts to sharpen the learning cycle in TNP2K.

263. The following recommendation is proposed on communication:

- Rec 16.** Ensure ongoing communication efforts are conceptualised in context of wider strategy (recommendation 1) and potential to contribute to change management (recommendation 13).

6.9 On managing transition

264. In the view of the IPR the current approach adopted by the TNP2K and PRSF together is unlikely to lead to fully embedded reform across the areas they are currently working on. There may be some permanent change, and hopefully the recommendations of this IPR will help steer progress in that direction, but we believe it likely that many of the attempted reforms will be only incompletely embedded by end 2014.

265. The implication is that if this issue is not addressed, there remains the potential for some hard-won progress arising from TNP2K effort to date to be lost post-2014, which is in no-one's interest. It is therefore advisable for TNP2K/PRSF to soon begin thinking about and planning how to bridge progress made under TNP2K and what follows.


266. The following recommendation is proposed on managing transition.

- Rec 17.** In context of strategy discussions (recommendation 1), initiate analysis and planning for transition, to consolidate and institutionalise PRSF/TNP2K gains.

6.10 On the AusAID window

267. The following recommendation is proposed on the AusAID window.

- Rec 18.** Develop clearer results focused systems for AusAID window:
- a. clear strategy for what AusAID is trying to achieve with the window, and what the window must deliver;

- 
- b. revise systems for identifying investments to reflect that – more strategic, more focused, strategic partners, more competitive?
 - c. if requirement for flexible fund persists, open a specific sub-window with less rigorous strategic criteria;
 - d. the inception activity should begin to think how to broaden PRSF engagement beyond TNP2K as part of its plans to design scaled-up support to social protection with a duration to 2017.

Annex 1: Terms of Reference (cross-referenced to report sections)

Terms of Reference Independent Progress Review (IPR) Poverty Reduction Support Facility January 1 – April 25, 2013

A. Introduction

The Australian Agency for International Development (AusAID) will undertake an independent review to assess the effectiveness of Australia's support to the Government of Indonesia's National Team for Accelerating Poverty Reduction (TNP2K) through the Poverty Reduction Support Facility (PRSF) since its implementation in July 2011. The review will assess whether PRSF is on track in achieving its intended outcomes; the implementation arrangements in TNP2K, PRSF and AusAID; and what has worked well, what has not worked well, and why.

This analysis will provide important lessons to inform the development and implementation of the scale up of Australia's support to TNP2K. These Terms of Reference outline how AusAID will carry out an independent review of its funding to PRSF.

B. Background

1. The Poverty Reduction Support Facility (PRSF) is designed in response to the Vice President's request for Australia to provide support for The National Team for Accelerating Poverty Reduction (TNP2K). The goals and objectives of PRSF are aligned with TNP2K, the Presidential Instruction (Inpres) No. 15/2010 on Accelerating Poverty Reduction, and are consistent with the overarching goals of sustainable poverty alleviation within the 2008-2013 AusAID Country Strategy under the Australia Indonesia Partnership. The underlying philosophy of AusAID's support to TNP2K is to bear the risk of innovation and provide the government with the flexibility to improve existing national social assistance programs and create new ones where required.

2. PRSF's end of program outcomes are:

- a) Realistic, gender sensitive, and implementable policy advice is formulated by TNP2K;
- b) Research, evaluations and pilots provide evidence base for policy formulation;
- c) Gaps in poverty reduction programs coverage are identified in support of TNP2K.

These outcomes are in support of TNP2K's policy outcomes:

- a) Government develops poverty reduction and social assistance policies based on evidence;
- b) Government improves delivery of social assistance services and programs to the poor;
- c) Government coordinates better to develop and implement integrated poverty reduction programs.

PRSF has been supporting TNP2K since July 2011 following an interim phase (from April 2010 to June 2011). The Facility supports TNP2K in four main areas:

- a) Technical assistance – PRSF currently supports approximately 100 (initially planned for 60) full-time positions to support the work of TNP2K. Technical assistance from the Facility supports four organisational areas within this structure:
 - Topical and thematic taskforces;
 - Policy formulation working groups;
 - Administrative secretariats; and
 - Cross-cutting implementation challenges
- b) Hiring premises and procurement of equipment
- c) Commissioning TNP2K activities
- d) Commissioning AusAID directed activities

3. The Australian aid program to Indonesia is likely to double by 2015/16. AusAID has identified social protection as one of three areas of scale up, with an expansion to \$200 million per year by 2015/16.

4. Given of the scale of that increase and in accordance with AusAID Performance Management and Evaluation Policy⁵, AusAID will undertake an Independent Progress Review.

C. Key Issues

5. PRSF was mobilised in July 2011 following a 14 month interim phase⁶ and has been operating at a fast pace. Currently, PRSF has approved and commissioned 28 studies and reviews, as well as pilots originating from TNP2K requests.

6. In addition, PRSF also implements several AusAID generated activities. The activities include short, medium and long term technical assistance, as well as longer-term project type activities implemented by third parties. This includes technical assistance to support the National Community Empowerment Program (PNPM) implementation. The main counterpart of the AusAID generated activities is not necessarily TNP2K, however these activities should be implemented in coordination with TNP2K.

7. Initially, PRSF's activity budget was set at approximately \$15 million for over four years, but as of September 2012 about 80% of that budget has been committed, contracted or disbursed. In order to manage that rapid pace, AusAID amended PRSF's contract on 31 July 2012 and added a further \$8 million in funding for the activity budget. That amendment also allows PRSF to have additional administrative resources to manage the increased budget.

⁵ A monitored initiative is required to undertake an independent evaluation or review at least once over its life, at the best time for program purposes and at a scale proportional to its risk/value profile.

⁶ The interim phase began in April 2010-June 2011 to lay the foundation for PRSF and prepare the system (e.g. hire premises, set-up the office, recruit staff) while PRSF was being designed and tendered. Due to funding constraints, TNP2K was not able to undertake any activities/studies during the interim phase.

8. PRSF is very closely associated with TNP2K as is evident from a comparison of its outcomes with TNP2K. As a support facility it finances the majority of positions and activities of TNP2K and supports all of its process to some degree. Determining where PRSF ends and TNP2K begins is not always easy or obvious. A challenge for the review team will be to clarify the differences between the two entities and make recommendations tailored to PRSF that are informed by how TNP2K functions.

9. The budget for PRSF may continue to increase particularly in connection to the scale-up plan of the social protection sector in Indonesia that is currently under AusAID's consideration. The scale-up would mean that the investment in the sector increases from \$57 million over the period 2009/10 – 2014/15 to an annual expenditure of approximately \$118 million by FY2015/16. It should be noted that the current and potential investments include some support for improved poverty analytical work being implemented by the World Bank.⁷

10. The rapid increase of investment (both currently and potentially) implies that some restructuring on the PRSF implementation arrangements might be needed to accommodate the scale up, thus the proposed IPR.

11. In addition to the IPR, AusAID will also undertake an inception activity to develop an implementation strategy for the scaled up support. The recommendations from this IPR will inform the inception activities.

C. Objectives of the Review

12. The review has a two-fold purpose:

13. PRSF Justification:

- a) Evaluate the extent to which AusAID funding has enabled PRSF to achieve its objectives **[See section 5 Conclusions]**

14. PRSF improvement:

- a) Review lessons that the PRSF learned which can be useful in further improving the Facility to respond to the increase of AusAID funding. **[See section 4 Lessons Learned]**

D. Scope of the Review

15. The IPR will limit its scope to the activities implemented under the PRSF since it commenced in July 2011. However, it is expected that the team will provide more forward looking recommendations based on the findings.

16. The activity will include review of documents; data collection and consultations with key stakeholders; two or three case studies to assess the activities against higher outcomes; and in-country and desk-based activities. **[Completed, see annexes 3 and 5 for case studies]**

17. The output will be recommendations for AusAID and PRSF that address the following **key questions:**

⁷ AusAID has recently reviewed this support as well as its support for a related facility, the World Bank's PNPM Support Facility to which AusAID is a contributor. These IPR reports can be made available for reference.

High Priority

18. To what extent are the PRSF-funded activities that are generated by TNP2K, as well as those generated by AusAID, contributing to the achievement of the Facility objectives? To the TNP2K and its policy working group objectives? [See section 2 performance and section 5 Conclusions]

19. What are the major issues influencing achievement and non-achievement of the objectives? Are evolving roles, functions and mandates of TNP2K, PRSF and AusAID an issue? [See section 3, strategic issues]

- a) Human resources
- b) Governance and organizational structure
- c) Business processes and work planning
- d) Monitoring and evaluation
- e) Quality assurance
- f) Risk Management
- g) Cross-cutting issues: gender equality and inclusive development.

Particularly in relation to the work planning: What is the basis to determine priorities and activities? To what extent can the PRSF quality assurance processes maintain a high technical quality of support to TNP2K? Is there a correct balance between the need for quality and the imperative to disburse? [See section 3.6 quality control, section 3.2 management and accountability, section 2 performance and quality of achievements]

1. To what extent can activities funded by PRSF further support TNP2K in promoting inter-agency or inter-donor coordination? [Agreed with AusAID to be removed from TORs in meeting in AusAID 30-1-13]

2. How adequate are the current implementation arrangements, of PRSF as well as of AusAID, for the current situation? For the proposed scale-up? [See section 3, various sub-sections, especially 3.1, 3.2]

Low Priority

3. How well does the PRSF M&E framework/plan facilitate measuring immediate and long term changes at the individual and organization levels, and to learn and improve in the process? [See section 3 various sections, especially 3.1 and 3.7]

4. The questions under each criterion are meant to guide the review team in focusing on key issues when designing survey and interview tools, analysing results and providing findings and recommendations.

E. Duration of the Review

5. The expected period for the review process is from 1 January 2013 to 25 April 2013 with 19 days of in-county mission on 14 January – 1 February 2013. This review period includes time for desk review, preparation of the review, and preparation of an aide memoire and reports up to 41 input days work which tasks to be divided as below in Section F.

No.	Tasks	Number of Allocated Days/Task		
		M&E Specialist	Social Protection Specialist	Management Specialist
1.	Conduct a desk study to review relevant program documentation provided by AusAID	3	3	3
2.	Develop an evaluation plan; which includes methodology, instruments, identification of key respondents, and further documentation required	3	3	3
3.	Travel time from UK to Jakarta return	4	4	0
4.	In-country mission in Indonesia (14 January – 1 February 2013). This includes preliminary analysis of the interview results and preparation of an Aide Memoire for submission at the end of the in-country mission which outlines the major findings and preliminary recommendations of the IPR.	19	19	19
5.	Data processing	5	5	5
6.	Write and submit the draft IPR	5	3	3
7.	Write and submit the final IPR	2	1	1
TOTAL NUMBER OF DAYS		41	38	34

F. Review Process

6. **Desk Study** (3 days) - the team will undertake a desk study to review relevant program documentation provided by AusAID and advise AusAID of any additional documents or information required prior to the in-country visit.

7. **Review Plan** (3 days) - develop a review plan, which includes methodology, instruments, identification of key respondents, and further documentation required.

8. **In-country mission** (19 days) – an in-country mission from 14 January – 1 February 2013, which includes the following activities:

9. **Consultation** – in-country consultations with PRSF, AusAID and TNP2K. Other stakeholders (i.e. Bappenas, the World Bank) should be included in the consultation process depending on the findings and needs of the IPR team. The mission will start with a briefing by TNP2K and AusAID to further clarify their respective expectations for the review and answer methodological and procedural questions.

10. **Case study approach** – undertake two or three case studies to assess the outcomes of those activities against AusAID/PRSF objectives. The activities assessed should include at least one “unsuccessful” activity.

11. **Preliminary analysis** – conduct preliminary analysis of the interview and case study results and prepare an Aide Memoire for submission at the end of the in-country mission which outlines the major findings and preliminary recommendations of the IPR.

12. **Aide memoire** - Participate in an AusAID debriefing session in Jakarta at the completion of the in-country mission and present the Aide Memoire of the IPR to AusAID Jakarta, TNP2K and PRSF on **1 February 2013**.

13. **Data processing** (5 days) – process the review data from interviews, document reviews, case studies, observations and other methods to provide a credible evidence base that supports the findings.

14. **Draft Report** – 5 days of writing for the Team Leader and 3 days for the Team Members.

15. **Final Report** – 2 days of writing for the Team Leader and 1 day for the Team Members.

16. **Travel time** (4 days) - travel to Jakarta and return

G. Reporting Requirements

17. Review Plan

This plan will outline the scope and methodology of the review. The plan will include: the methodology to be used for assessing the outcomes of PRSF; the process for information collection and analysis, including tools such as questionnaires and/or questions to be asked during focus group discussions; identification of any challenges anticipated in achieving the review objectives; allocation of tasks of the review team; key timings; a consultation schedule identifying key stakeholders to be consulted and the purpose of the consultations; activities/research to be undertaken; and a draft schedule of field visits. It is expected that the Review Plan will be submitted to AusAID by 6 January 2013 or a week before the in-country mission for AusAID's feedback. **[Completed on time]**

18. Aide Memoire

The Team Leader with support from the Team Members will submit and present an Aide Memoire (maximum 5 pages) on key findings upon completion of the in-country mission (1 February 2012). The Aide Memoire will be prepared in dot-point form with discussion in reference to the Aide Memoire for Evaluation template (see Annex 1). **[Completed on time]**

19. Independent Progress Report

The Team Leader will have up to five working days to write and submit the draft IPR (max 25 pages in length, excluding annexes). The draft shall be submitted by 25 February 2013. AusAID will provide feedback to the Review Team within 3 weeks upon receipt of the draft report from the Team Leader (15 March 2013). The Team Leader will then submit the Final IPR up to a month later (15 April 2013). **[Draft report and final report completed ahead of time]**

H. Team Composition

20. The IPR team will comprise three members, an international evaluation expert with expertise in monitoring and evaluation (M&E) as a Team Leader, an expert in the social protection sector and an expert in management and administration as Team Members. The Program Manager from AusAID Indonesia's social protection unit will provide follow up and logistical support to the team and liaise with PRSF.

a) Monitoring and Evaluation (M&E) Specialist / Team Leader

The M&E Specialist (Team Leader) will have a strong background and experience in evaluation methods and processes, previous proven skills and experience in conducting review and performance evaluation, and demonstrated ability to draw on international best practice to inform the mission. The Team Leader will possess very high analytical skills, an ability to gather and interpret data and information and write constructive, informative reports. The Team Leader will have a forward-looking perspective in terms of looking for lessons and implications to inform future programming.

The Team Leader will preferably have a sound knowledge of AusAID corporate policy on quality reporting system and business process for aid delivery; conversant with AusAID development assistance procedures/regulations and policies. S/he will have high familiarity with the Paris Declaration on Aid Effectiveness. S/he will have working knowledge and familiarity of cross cutting issues such as public financial system and anti-corruption issues, gender, partnership, together with an understanding of Indonesia social and political context (Indonesian language skills desirable). S/he has a high level of professionalism and commitment to delivery of results and excellent report writing skills (in English).

The Team Leader will effectively utilize the expertise of the team members in meeting the Terms of Reference and contractual obligations. S/he will be ultimately responsible for delivering a quality review report. Thus, team leadership skills are also essential.

The Team Leader will be responsible for the following outputs: drafting and submitting an Review Plan, drafting and finalising the Aide Memoire, presenting preliminary findings to AusAID and PRSF, in addition to drafting and finalising the Independent Progress Report. S/he will lead the review process, including participating in the inception briefing, assigning tasks and responsibilities of the team members, and presentation of initial review findings in an Aide Memoire.

b) Social Protection Specialist

Under the direction of the Team Leader, the Social Protection Specialist will be responsible for providing advice and written inputs to the Team Leader as instructed by the Team Leader in order for the objectives and reporting requirements of the review to be met.

The Social Protection Specialist will have technical skills and international experience in social protection area and specifically practical experience in design social assistance programs in a broad range of developing countries, including national social protection strategies and national targeting strategies.

He/she should have a proven record of strong client relations, with ability to work in sensitive situations, challenging policy environments, and within institutions / ministries; demonstrated strong interpersonal skills. He/she should be able to effectively communicate internally and externally, share information with colleagues, clients, and management. Excellent presentational and writing skills are required.

c) Management Specialist (Team Member)

Under the direction of the Team Leader, the Management Specialist will be responsible for providing advice and written inputs to the Team Leader as instructed by the Team Leader in order for the objectives and reporting requirements of the review to be met.

The Management Specialist will have technical qualifications, knowledge and background in management and administration. S/he will have sound experience in the management and/or monitoring and evaluation of independent institutions/NGOs in development programs and developing context. It is desirable that s/he will have experience in public policy and/or research in Indonesia.

S/he will possess good analytical skills, well-developed team skills, experience in gathering and interpreting data and information and writing constructive reports. S/he will have a high level of professionalism and commitment to delivery of results and excellent report writing skills in English.

I. Key Documents

21. Key documents will be provided by AusAID to the Review Team at commencement of the assignment as below:

- AusAID PRSF Design Document
- Issues and Options for Scale Up in the Social Protection Sector, dated February 2012
- AusAID Social Protection Framework
- Contractor Performance Assessment, June 2012
- PRSF Design document, December 2010
- PRSF Gender strategy, September 2011
- PRSF Inception Report, September 2011
- PRSF Evaluability Assessment report, February 2012
- PRSF Monitoring & Evaluation Plan, April 2012
- PRSF Operation manual, September 2011
- PRSF Quarterly progress reports, Q4 2011, Q1 2012, Q2 2012, Q3 2012
- PRSF Steering Committee Briefing papers, January 2012, October 2013 (including minutes)
- TNP2K Organization review, November 2011
- TNP2K Business review, June 2012
- TNP2K ODE case study, September 2012

Annex 1. Aide Memoire Template



Australian Government
AusAID

This Aide Memoire Outline for Evaluation (#156)
is current to 31 December 2011

An Aide Memoire may be used by the independent evaluation team at the end of an in-country visit to present the initial findings to interested parties and discuss and seek verification of facts and assumptions, and the feasibility of initial recommendations in the program/country context.

The key audiences for this document will be the AusAID program manager, the partner government (where relevant) and the other active stakeholders (such as partner agencies, community peak bodies, etc).

The following are the main headings to be included. The Aide Memoire should be no more than 5 pages in length, and may be less.

delete before use, or copy the information below into a new document

Aide Memoire for Evaluation of

Evaluation Background

Description of Evaluation Activities

Initial Findings and Recommendations

Next Steps

Acknowledgements

Annexes

- a. Independent evaluation team members
- b. People/agencies consulted

Annex 2: People met

AusAID
Scott Guggenheim (Social development advisor)
Rachael Moore (Counselor, Governance & Social Development)
Bernie Wyler, Fiona MacIver, Patricia Bachtiar, Thomas Pratomo, Jurist Tan (Social protection unit)
Stephen Kidd (AusAID social protection expert panel member)
PRSF
Patrick Sweeting (Team leader)
Peter Riddell-Carre (Deputy team leader)
Abdurrahman Syebubakar (Technical secretariat) and Surya
Jean-Charles Rouge (M&E coordinator)
Supriyono (M&E specialist)
Fitryanti Tanudjaya (HR)
Kamalludin Tanjung (Procurement)
Yanti Taulu (Finance)
TNP2K
Bambang Widiyanto (TNP2K executive secretary)
Suahasil Nazara (Coordinator of policy working group)
Sudarno Sumarto (Policy advisor)
Victor Bottini (PNPM, Cluster 2)
Octavius Tjiantoro (Program manager UPSPK), Indrunil, Mohammed Ilyas, Franssiska Mardianingsih (Siska)
Fiona Howell (Cluster 1), Jan Priebe, Peter Agnew
Elan Satriawan (M&E)
Peter Van Diermen (Cluster 3), Michael Joyce, Theo van der Loop
Sri Kusumastuti Rahayu (Kus) (Task Force 1)
Ruddy Gobel (Communication)
Tonno Supranoto (Head of executive secretariat), Sutikno, Andre
Renaldi Sofyan (Strategic Implementation Advisor)
BAPPENAS
Pungky Sumadi (Director of financial service and monetary analysis)
Rudy Prawiradinata (Director of poverty reduction)
Vivi Yulaswati (Director of social protection and welfare)
KESRA
Sujana Royat (Deputy to the Minister for poverty alleviation and community empowerment)
Ministry of Social Affairs
Edi Suharto (Director), Dwi Heru, Utami

Field visit for case studies
Sleman TKPKD, District Education office, District Social Affairs office
Semarang TKPKD
Visits to PKH, BSM and Raskin program administrators and beneficiaries
AusAID window
Ir Romlawati and Kodar Wusananingsih, PEKKA
Renata Arianingtyas, TIFA
Other donors
Brian Duzsa, US AID
Vivi Alatas, Luisa Fernandez, Ririn Salwa Purnamasari, World Bank

Annex 3: Summary of case studies

	Raskin	PKH	BSM	UDB	PNPM
What policy analysis and process – tech vs institutional focus of policy research?	Raskin (rice distribution program)-specific studies: e.g. on implementation and people's perceptions through a survey of 1,087 HHs and interviews with key informants (Survey Meter); delivery pilots: ID card and voucher (TNP2K); M&E (LP3ES); social impact analysis (OPM); TNP2K-JPAL randomised control trial: tests the impact of the distribution of ID cards, aims to understand how different tools can improve the functioning of ID cards.	PKH (Family Hope Program/CCT) -specific studies: cash disbursement (OPM) identifying alternative payment mechanisms to reach PKH beneficiaries; Nutrition survey: to provide a baseline for the pilot on PKH nutrition, an integrated program of nutrition and health services. Outputs include: roadmap on PKH expansion and scaling up, guidelines on recertification and on graduation policy.	BSM (scholarship to poor children) pilots: BSM 1: ID cards/improving the targeting mechanism of the cash transfer to poor students using UDB data and BSM cards for the 2012-2013 school year, pilot targeting 281,900 students; BSM 2 pilot: printing and distributing cards to 1,260,400 students; BSM pilot M&E.	Monitoring of the PPLS implementation (SMERU); Data unification project for the construction of a single database with information on Indonesia's poor and vulnerable households	Collaborative efforts between Kesra and TNP2K on the need to develop PNPM Roadmap. Assessment for institutional and fiscal readiness of local governments managing community empowerment based programs (including review on the TKPKD capacities and potential roles in coordinating CDD) was conducted.
What policy advice?	From Survey Meter: report on implementation issues and perceptions, doesn't include a section on policy implications. From OPM: not yet, in progress. From JPAL: not yet, in the field.	The Task Force roadmap and guidelines on recertification and graduation provide an input on new developments in PKH implementation. The OPM cash disbursement report includes a list of clear recommendations on alternatives and next steps.	Documents identifying the obstacles to participation in education and with policy recommendations on implementing a new BSM targeting mechanism have been completed. Main emphasis has been on how to improve targeting by: a) using the UDB to identify eligible school-aged children and b) using cards distributed directly to the eligible children (via the PT Pos).	The VP has recommended the use of UDB data for the targeting of social protection programs to poor households. The PRSF/TNP2K has been encouraging the implementation units at the line ministries to adopt the UDB to extract beneficiary lists. It has also been providing local level administrations with beneficiary lists and other summary data, with the objective of promoting the use of UDB in the planning and administration of local programs.	Socialization of the PNPM Roadmap to get the buy-in; production of booklet on the Road Map to facilitate a broad public consultation for buy-in and refinements to the detailed Action Plan. It included regional gatherings (Surabaya, Makassar, and Bali) as well as gatherings in Jakarta.

What influencing process/CM?	No clear written influencing or CM strategy. TNP2K studies on Raskin implementation have fed into the design of the more recent studies, e.g. J-PAL's experiment. Initial findings of the Raskin pilot M&E have been reported to the VP. Not clear whether information from the completed studies has been shared and discussed with other stakeholders.	No clear written influencing or CM strategy. UDB-provided data has been taken up by KEMENSOS. Efforts to improve their MIS system by both PRSF/TNP2K (AusAID) and other donors also seemed appreciated by interviewees at the Ministry. The Task Force's efforts to explain developments in program implementation (e.g. recertification) hold some promise of promoting understanding and improved implementation outcomes.	No clear written influencing or CM strategy.	PRSF/TNP2K's UDB unit has taken several steps to promote the use of the UDB among stakeholders, including efforts to disseminate information on the nature and structure of the database (e.g. through policy briefs), to promote the credibility of the database, to share data with line ministry officials and local level administrators, to respond to requests for information and assistance from a variety of stakeholders, to link the UDB to specific program's MIS systems.	It started with the collaborative efforts between Kesra and TNP2K, then presented to VP prior to dissemination to regional offices. There have been efforts on the 12 action programs stipulated in the Road Map that require coordination with implementing agencies.
Has reform taken place?	Raskin national reform: UDB is now used to set quotas and identify beneficiaries; Raskin pilot: in selected areas, 1.3 million HHs receive ID cards and vouchers. M&E activities of both the national reform and the pilot ID card are underway.	The PKH is being extended from around 1 million households to 3 million households and from 25 to 33 provinces. Also, recertification plans are underway. There is also a plan to implement a pilot PKH nutrition program in two districts in 2012-2014.	The BSM pilot 1 has been implemented and funding for pilot 2 has been approved by AusAID. In the second phase of piloting, PRSF/TNP2K have secured the collaboration of the Ministry of Religious Affairs (MoRA). This represents an improvement to the first pilot, which relied only on the collaboration of the Ministry of Education (MoEC).	The UDB is currently used for the extraction of beneficiary lists for Raskin nationally. It is also being used for the identification of PKH beneficiaries in some areas and in the BSM pilots.	Final endorsement of the Road Map was at the end of 2012 – so it's now under implementation stage and too early to measure results. Socialization to some regions were already conducted even though did not include the PNP area IPR team visited (Semarang).
Is it being implemented?	The above reform and pilot are being implemented.	PKH has been expanding coverage of households annually, since its launch in 2007 - this suggests that the further planned expansion to new PKH beneficiaries will take place, as will the recertification process, planned for the end of this year (2013). In some areas, the UDB is currently used to produce lists of beneficiaries.	The pilots of the identification of eligible school-aged children using the UDB and printing and distribution of cards by the PT Pos are underway.	The UDB was completed in 2012. It requires regular management and updating and such activities are being regularly undertaken by the PRSF/TNP2K unit where it is housed.	Implementing this now.

Is it effective?	Too early to tell. Monitoring efforts are showing challenges in the implementation of the quotas and beneficiary lists at the village level, but the scale of this and its implications for overall impact are still not clear.	According to the World Bank's (2010) impact evaluation, the PKH has a positive impact on consumption and the use of health services. Its impact on education and child labour are muted. Empirical evidence of the effectiveness - in terms of targeting performance and poverty reduction - of the use of UDB to target PKH is not yet available.	The BSM pilot 1 revealed major challenges to the implementation of the pilot of the proposed reform, including on: card distribution and take-up (low card take-up among eligible children, at 20%), and socialisation (lack thereof and confusion among different stakeholders at different levels). Results from pilot 1 suggest that such implementation challenges have jeopardised the potential for learning from the pilot and have limited its effectiveness in terms of actual impact on children. At the same time, some of the coordination and planning lessons that have emerged from BSM pilot 1 have informed the design of pilot 2.	The take-up of UDB data has been picking up among a variety of stakeholders. An indication is provided by the growing number of requests for data from the line ministries and local level administrations. Monitoring of UDB use to date has highlighted instances of tensions and even resentment arising from the weak understanding of the data (e.g. how are scores computed and households ranked) and variations between the results obtained from the UDB and those of alternative information sources and ranking techniques. There is at this stage no evidence of the effectiveness of the UDB and how it compares with pre-existing systems.	Too early to evaluate its effectiveness as it's just implemented this year and some socialization activities are still going on. The local authorities in Semarang is aware about the new PNPM Road Map but not familiar yet with the action programs under the Road Map. They thought the Road Map would help them focus on what community activities are important and in line with the Road Map. They are keen to know the Road Map in greater detail.
Plans for institutionalisation/ scale up?	The use of the UDB for identifying beneficiaries is already national. It is not clear whether there is a plan for the national implementation of Raskin ID cards and of specific accompanying measures (e.g. socialisation measures), although the intention seems to lean that way within TNP2K.	The PKH has been expanding its population coverage annually since its launch in 2007.	Funding for the second pilot (BSM 2), targeting a larger number of children, has been approved by AusAID.	As programs and pilots are expanded (e.g. PKH and the BSM pilots), it is likely that so will the use of UDB. Recent increases in requests for UDB information from both line ministries and local administrators also point to future increases in the use of the UDB.	TNP2K planned to use UDB in PNPM even though it raised several issues, especially outside Java where the number of poor is less than in the past. Regional offices requested TNP2K to reconsider the use of UDB in PNPM.

<p>Role of TNP2K, PRSF vs others in the reform- why not done before, what changed?</p>	<p>The UDB was compiled and is managed by TNP2K. This is a central contribution to Raskin's targeting reform. The studies commissioned by TNP2K have helped to highlight challenges in the implementation of Raskin including: people's lack of understanding of the program and entitlements, the monopoly of village leaders over Raskin distribution and the issue of equal distribution to minimise conflict arising from targeting.</p>	<p>PKH has been studied and assessed by a variety of independent researchers. PRSF/TNP2K has commissioned additional research that promises to contribute to the understanding of how the program works and what can be done to improve its effectiveness.</p>	<p>The two PRSF/TNP2K pilots are testing a new BSM targeting mechanism, using the UDB, and socialisation techniques. PRSF/TNP2K is also the main driving force behind the distribution of the cards to eligible school-children. The implementation challenges encountered in the implementation of pilot 1 have been attributed to poor planning and the limited involvement of key stakeholders.</p>	<p>The UDB is the creation of PRSF/TNP2K, in collaboration with BPS, Bappenas and the World Bank. It is a unique attempt at generating a single national database with information on Indonesia's poor and vulnerable households.</p>	<p>PNPM has already been implemented with major coordination by Kesra, involving Bappenas and PNPM Support Facility (PSF). Based on the programs evaluation they come up with the need to develop PNPM Road Map. TNP2K played critical role in the development of the Road Map and presentation to VP for approval prior to implementation.</p>
--	--	--	--	---	---


Annex 4: Detail on TNP2K/PRSF activities and outputs

a) List of TNP2K/PRSF supported activities (January 2013)

N.	PRSF activity	Status	Activity type	Major outputs	Policy advice provided	Up-take	Policy/programmatic change
Facility Steering Committee Activity							
1	M&E Pendataan Program Perlindungan Social (PPLS)	Completed	Research	Has helped in ensuring accuracy of PPLS 2011 data and in socializing the unified database to stakeholders.	Provided recommendations on the PPLS process	Buy-in from BPS	
2	Unified database - Data unification	On-going	In-house project	Data compilation completed and released in February 2012; data transferred to major social assistance programs and local government; socialisation and complaints processing underway.	Us of UDB for analysis and planning, and for program implementation.	By VP, MoH, MoSA, MoEC, MoPW	Ongoing and upcoming pilots will use the UDB. Line ministries are starting to use and request data.
3	Raskin research activity	Completed	Research for reform	Report on research results on program implementation and perceptions.	Has provided inputs to Raskin reform.		
4	Raskin ID card (PT Pos), M&E (LP3ES) and social impact (OPM)	Completed	Reform	Two studies are underway. Reports are expected by March 2013. The results from the OPM social impact study also expected by March 2013.	Not yet.		
5	Raskin ID, socialisation and facilitators study (J-PAL)	Completed	Research for reform	Not yet.	Not yet.		
N.	PRSF activity	Status	Activity type	Major outputs	Policy advice provided	Up-take	Policy/programmatic change
6	PKH Disbursement system	On-going	Research for reform	OPM report expected in January 2013.	Not yet.		

7	PKH Nutrition baseline survey	On-going	Research for pilot	Underway.	Not yet.		
8	BSM 1 & 2	Pilot 1 completed, pilot 2 approved	Reform	Consolidated findings of BSM pilot 1 presented to TNP2K Executive Secretary and to the VP In November 2012	BSM pilot 1 has flagged several implementation bottlenecks.	MoEC, MoRA, MoSA have accepted piloting of ID cards	The BSM 2 pilot is being extended to a higher number of school-aged children.
N.	PRSF activity	Status	Activity type	Major outputs	Policy advice provided	Up-take	Policy/programmatic change
9	Indonesia Family Life Survey (IFLS)	On-going	Research	Data analysis is on-going.	Not yet.		
10	Disability research	On-going	Research for pilot	Study that addresses a gap in information on how people with disabilities can better benefit from social programs.	Not yet.		
11	Elderly research	Completed	Research for pilot	Study that addresses a gap in information on how the elderly can better benefit from social programs.	Not yet.		
12	BLT Social impact	On-going	Research	Final workshop planned at BAPPENAS in January 2013.	The report includes recommendations on how to better design, prepare and implement cash transfer programs.		
13	Integrated MIS	On-going	Research for reform	MIS started taking shape at the end of December 2012. Entering of PKH, Jamkesmas and PNPM data is on-going.	Not yet.		
N.	PRSF activity	Status	Activity type	Major outputs	Policy advice provided	Up-take	Policy/programmatic change
14	Grievance mechanism research study	On-going	Research for reform	Report available.	Policy recommendations being drafted.	Not yet.	

15	Communication/KM/IT	On-going	In-house project	Recently started.			
16	Social protection monitoring	On-going	Research	Additional questions to SUSENAS included in survey.	Not yet.	BPS is a key partner.	Additional questions included in the upcoming SUSENAS.
AusAID window							
1	Poverty reduction through safe migration - TIFA	On-going	Research	Survey, evaluation and assessment reports; Various manuals on access to finance and justice; trainings both for project partners staff and community; linkages with key stakeholders	This research on safe migration will generate a series of policy recommendations to better address migration in poverty reduction policies	TIFA already engages with government offices at both provincial and national level such as BNP2TKI, BP3TKI, Disnaker, and Bappeda.	Not yet.
2	Community-based monitoring system (CBMS) - PEKKA	On-going	Research	Data cleaning completed for 9 provinces while for the remaining provinces the data cleaning process is still ongoing. Meanwhile, for village section, 45 questionnaires have been entered out of 109 questionnaires.	Positive responses emerged from several local governments (NTT, NTB, and South East Sulawesi) during initial information dissemination on CBMS results.	Expected from various stakeholders at central and local level	Not yet.
3	GIZ	On-going	TA	GIZ has supported various activities such as capacity development of key stakeholders, fostering policy dialogue, technical and management advisory services and promotion of research to support evidence-based policy formulation.	Several policy briefs produced by the GIZ	Not yet	Supporting the DJSN policy reform



4	Health security	On-going	TA	BPJS secretariat support (workshops, reports)	Not relevant	Not relevant	Not relevant
5	MP3KI	On-going	Research for reform	Long term poverty reduction strategy. Final draft under discussion with Bappenas and SMERU	Not relevant	Not yet	Not yet

b) List of PRSF/TNP2K outputs (January 2013)

Name of Cluster/WG Thematic	Policy implications?	Final version? (Y or N)	Still draft?	Languages (E / BI)	Where is it?
National Targeting Unit (UDB)					
PPLS M&E Report (PRSF activity F001)		Y		BOTH	PRSF
PPLS data analysis policy briefs on: gender (completed), poverty profile, elderly, disability, children (draft)	Y	Y		E	UDB
Policy brief/socialization brochure on unified database and distribution to TKPKD stakeholders		Y		BI	UDB
Production of early drafts of several policy/operational protocols for management of the unified database including data-sharing agreements, data security policy, etc.		Y		BI	UDB
Lists of potential social program beneficiaries, containing detailed information (name, address, and other information) on households/families/individuals, according to each programs' selection criteria		Y		BI	UDB
Socio-economic profiles of different target groups or geographic areas, to better design programs (for instance, select youths for certain education or training programs) and make policy decisions at central or local levels		Y		BI	UDB
Research reports using micro-data for analytical purpose, such as poverty incidence and targeting analysis or in combination with other data sources		Y		BI	UDB
Guidelines to govern the security and appropriate use of the data, including an initial draft project operations manual, standard operating procedures for different types of data requests, memorandum of agreements (MoA) to be signed by users requesting confidential data with names/addresses, standardization of the data formats with a data dictionary describing the information contained in the database, feedback reporting instruments, and an outline of potential options for a complaints and grievance system		Y		BI	UDB
Qualitative study report on the use of the UDB at the local level	Y		Y	BI	UDB
Design of Raskin Card for 1.3 million pilot beneficiaries across 53 districts (PRSF activity F013)		Y		BI	Cluster 1
A complaint mechanism for Raskin (being tested)			Y	BI	Cluster 1
GIS maps of UDB information		Y		BI	TNP2K Website
Critical policy recommendations for the update mechanism of the Unified Database from on-going work on UDB's Grievances Redress System (GRS)	Y		Y	BI	UDB
Cluster 1					
Cross-cutting:					
Assessment of social assistance programs (including a review of targeting mechanisms used for current social assistance programs including geographical, categorical, life-cycle approaches and means-testing)	Y	Y		BI	CLUSTER 1
Report on relevance of lifecycle approaches		Y		E	CLUSTER 1
Qualitative Assessment on the Social Impact of Unconditional Cash Transfer (UCCT) Programs in Indonesia (PRSF activity F011)	Y	Y		E	PRSF
Grievance mechanisms report and policy briefs on Jamkesmas, PKH, Raskin and BSM (PRSF activity F004)	Y	Y		E	PRSF
Local update mechanism (FRP form, instructions and socialization material)		Y		BI	TF
IFLS East data set and data analysis report (expected Q1 2013) (PRSF activity F007)			Y		M&E
"Buku Populer" containing information on BSM, Jamkesmas and PNPB programs		Y		BI	HEALTH
Indonesia Social Protection Micro-simulation, Methodological discussion and summary of results		Y		E	PRSF
Study on Social Protection for Informal Workers	Y	Y		E	PRSF
Expansion of Social Protection for Informal Workers in Indonesia: Health	Y	Y		E	PRSF
Expansion of Social Protection for Informal Workers in Indonesia: Labor	Y	Y		E	PRSF
Child Costs and the Causal effect of Fertility on Female Labor Supply: An Investigation for Indonesia 1993-2008		Y		E	CLUSTER 1
Raskin					
Raskin research report (PRSF activity F003)	Y	Y		E	PRSF
Gradual Raskin program reform strategy	Y		Y	E	CLUSTER 1

Name of Cluster/WG Thematic	Policy implications?	Final version? (Y or N)	Still draft?	Languages (E / BI)	Where is it?
Raskin media surveillance monthly reports (PRSF activity F016)		Y		E	PRSF
Initial findings of Raskin pilot M&E (report to VP)	Y	Y		BI	M&E
Raskin social impact assessment report (PRSF activity F015, exp. Q2 2013)			Y	E	PRSF
Health for the poor					
Study of the integration of Jamkesda into BPJS1: policy brief for Jamkesda integration strategies into National Health Insurance	Y	Y		BI	HEALTH
Review of the Jamkesmas (health assistance) program		Y		BI	HEALTH
Benefits package study and fiscal analysis		Y		BI	HEALTH
review of Jamkesda in seven provinces: policy advice to the VPO and the Ministry of Health on how to scale up universal coverage at the national level		Y		BI	HEALTH
Second edition of the Popular Book		Y		BI	HEALTH
Report on the financial sustainability of Jamkesda: Lessons learned from Aceh Province		Y		BI	HEALTH
Methodological note on the adjustment of the level of contributions to Jamkesmas, mainly based on the working group research work. Suggestions for new contribution premium level for Jamkesmas have been shared at a cabinet meeting chaired by the President in early September, 2012		Y		BI	HEALTH
Paper discussing the conditions for metabolic diseases		Y		E	HEALTH
Food Security and nutrition (PRSF activity F008)					
Social Protection Food Security and Nutrition Strategy (SPFSNS) for social protection	Y	Y		E	CLUSTER 1
Assessment (and Pilot design document) on the Impact of Social Protection Programs on Food Security and Nutrition			Y	E	CLUSTER 1
Elderly					
Elderly research report (PRSF activity F006)	Y	Y		E	PRSF
Tackling old age poverty in Indonesia: options for establishing a comprehensive pension system, Dr. Stephen Kidd	Y	Y		E	PRSF
Policy recommendations on expansion of existing cash benefit programs to increase coverage of poor elderly people, with a focus on elderly living alone aged over 70 years; investigate whether health services and health costs for elderly poor people are sufficiently covered in Jamkesmas, including chronic diseases; and review eligibility criteria and benefit levels for ASLUT program based on estimated costs for elderly poor people and microsimulation results	Y	Y		E	PRSF
Disability					
Disability research report (PRSF activity F005)	Y	Y		E	PRSF
BSM					
Research report into the on-going obstacles to participation in education encountered by children in poor families (available in the first quarter of 2013)		Y		BOTH	CLUSTER 1
Policy recommendations on a series of policy and operational reforms for BSM starting with implementation of a new targeting mechanism	Y	Y		BI	TF
Evaluation report of BSM program implementation to assess the BSM reform potential for increasing access to education for out-of-school students and to ensure the continuation of scholarships to at-risk and marginalized students in transition from primary school to junior high		Y		BI	M&E
Consolidated findings of BSM pilot 1 and presentation to TNP2K Executive Secretary and to the Vice President in November 2012	Y	Y		BI	SUA, TF
Investigation of a series of "problem schools" in several provinces to identify problems and recommend corrective measures, as adequate (VPO request)		Y		E	CLUSTER 1
Review of the BSM payment monitoring process			Y	E	M&E
Proposal for the continuation of the series of BSM reforms through a next stage pilot in 2013		Y		E	CLUSTER 1
PKH					
Roadmap for PKH to support the expansion and scaling up of PKH, as an input to the development of PKH Pedum for 2012	Y	Y		BI	TF
Guidelines and instruments for the recertification of PKH participants as part of PKH transformation process	Y		Y	BI	TF
PKH Graduation policy	Y	Y		BI	CLUSTER 1, TF
PKH Disbursement system research report	Y		Y	E	PRSF

Name of Cluster/WG Thematic	Policy implications?	Final version? (Y or N)	Still draft?	Languages (E / BI)	Where is it?
Conceptual framework for the development of a pilot of the Comprehensive Approach entitled PKH Gizi (Nutrition)	Y		Y	E	CLUSTER 1
Cluster 2					
Roadmap for PNPM Mandiri	Y	Y		BI	CLUSTER 2
Guide/manual books for the PNPM integration into village based planning and financing facilities		Y		BI	CLUSTER 2
PNPM 5 design			Y	BI	CLUSTER 2
PNPM Impact Evaluation			Y	E	CLUSTER 2
Cluster 3					
Study on point of payment for PKH (PRSF activity F010)	Y		Y	BOTH	PRSF
National Financial Inclusion Strategy	Y	Y (BI)	Y (E)	BOTH	PRSF
Job Creation Action Plan	Y	Y		BI	CLUSTER 3
Mobile money strategy	Y	Y	Y	E	CLUSTER 3
Presentations to key stakeholders and specific policy recommendations incorporated into Bank Indonesia's draft regulatory proposal. Policy recommendations included types and structures of banking agents, exclusivity arrangements and consumer protection	Y	Y		E	PRSF
Evaluation of KUR to assess its effectiveness, particularly in relation to impact on poverty reduction	Y	Y		BOTH	M&E
Briefing note on KUR disbursements to the agriculture sector		Y		E	CLUSTER 3
Discussion paper on KUR		Y		E	CLUSTER 3
Data analysis report to examine the PPLS database for the characteristics of the self-employed and micro enterprises			Y	BOTH	CLUSTER 3
Employment Strategy	Y		Y	E	CLUSTER 3
Advocacy					
Manual for Poverty Reduction programs monitoring – official handbook for TKPKDs		Y		BI	ADVO
Training material of all TKPKDs in pro-poor planning		Y		BI	ADVO
M&E					
Framework of Roadmap for integration of M&E system for poverty reduction	Y	Y		BOTH	M&E
Various spot check reports		Y		E	PRSF, M&E
Integrated MIS for social protection programs (under development) (PRSF activity F023)	Y		Y		M&E
Secretariat					
Publications including the monthly PROGRESS magazine, newsletters on emerging issues such as human development, booklet on poverty reduction		Y		BI	SEC
Framework of database for policy intervention in poverty reduction through Corporate Social Responsibilities (CSRs) in East Nusa Tenggara (NTT)		Y		BI	SEC
Various communication products in support of the elaboration of a Public Private Partnerships shopping list in NTT. A film has been presented on this occasion		Y		BI	SEC