Final Report

Independent Review

of

Supply Side Organisations and Government Intermediaries

VOLUME 2 – KNOWLEDGE SECTOR PILOT: SUPPLY SIDE

Evolving Ways

19 June 2013

Volume 2 – Review of the Knowledge Sector pilot

Acknowledgements

Aid Activity Summary

Aid Activity Name	Australia Indonesia Partnership for Pro-Poor Policy (AIP4)
AidWorks initiative number	INK640
Commencement and end dates	March 2010 to September 2013 (Management of Action Learning Program)
Total Australian $	$4.1 million – Management of Action Learning Program (KS Pilot)
Total other $	NA
Delivery organisation(s)	The Asia Foundation
Implementing Partner(s)	The Asia Foundation
Country/Region	Indonesia
Primary Sector	Research for Policy

Review team details

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Acronyms and abbreviations

AusAID	Australian Agency for International Development
BAPPENAS	Badan Perecanaan Pembangunan Nasional (National Development Planning Agency)
GoI	Government of Indonesia
IDRC	International Development Research Council
KSI	Knowledge Sector Initiative
PKPR	Partnership for Knowledge-based Poverty Reduction
QA	Quality assurance
SMERU	SMERU Research Institute
TAF	The Asia Foundation
TTI	Think Tank Initiative
USAID	United States Agency for International Development

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Executive summary

Background

The Knowledge Sector (KS) pilot evolved as the idea of the Knowledge Sector Initiative (KSI) gained momentum. It was developed as a 'living diagnostic' to derive lessons on how best to strengthen the capacity of supply-side research organisations. In summary, the pilot's three objectives were: i) enhance the quality and volume of policy relevant research; ii) improve organisational capacity of partners; and iii) add to the knowledge of 'what works' in strengthening capacity of the knowledge sector. Lessons from the pilot were to inform the design of the KSI.

In March 2010, The Asia Foundation (TAF), as the facilitating agent for AusAID, began the action learning based pilot. Initially, the project was to run for 18 months until the longer-term KSI was in place. However, a number of delays with the design and approval process meant that the KSI would not be ready for implementation until June 2013. As a consequence, AusAID and TAF negotiated several project extensions with the initial pilot transforming into a 'bridging' phase in 2011.

An initial eight partners joined the pilot. Seven of these continued onto the bridging phase and five graduated to the longer-term KSI. Fifteen other partners have joined the five graduates in the longer-term program. Comprehensive processes that reflect contemporary good practice were used to select partners for the initial pilot stage and the longer-term KSI. Lessons from the first process informed and helped improve the more recent process. Both selection processes have resulted in the recruitment of partners including universities, think tanks and non-government organisations.

Empowered partners

Given the action learning nature of the pilot, TAF took a partnership approach in which it worked closely in a facilitative way that promoted empowerment of and self-determination by the partners. The ongoing, proactive focus by TAF on supporting the learning of partners, both individually and as a group, was a new experience for the organisations. This and the empowering methods helped to break down the inherent power imbalances in relationships between partners and managing contractors.

Without exception, partners reported being in control of their participation, something they have never before experienced with other projects. They have been able to self-assess and determine their priorities, make decisions about the types of interventions best suited to them, procure the services, and use the core funding flexibly to meet their specific needs. The importance of self-determination for policy research institutes is now being recognised in the broader knowledge sector literature and experiences. The KS pilot has been at the fore of this trend.

The review finds that partners are not empowered simply because they are afforded the opportunity. They must be willing to reform – a characteristic of the five remaining partners. Further, the practices applied by the facilitating agent must align with contemporary good practices in regard to capacity development. A recommendation is made for this approach to be retained in the longer-term KSI.

Effective use of resources

This type of approach is resource intensive. It requires more than the traditional project management with which donors are familiar. It involves the active, ongoing support of a mentor or critical friend, in addition to the other financial and technical supports required to strengthen capacity. For the KS pilot, the critical friend worked closely with the partners at all phases of planning, implementation and monitoring.

International experience tells us that strengthening the organisational and technical capacity of policy research organisations works best when intensive levels of ongoing mentoring is included in the package of supports. However, international experience and the experiences of this pilot suggest that it takes a specific set of skills that are not common among facilitating agents or managing contractors. TAF's successful approach is, therefore noteworthy. It appears that the investment by the KS pilot has been appropriate and points to how the longer-term program should be implemented.

It is apparent that partners used the core funding responsibly. The funds were directed to a range of interventions that aligned both with partners' identified needs and with areas found elsewhere to be common issues amongst policy research institutes. They also aligned with most of the priorities of AusAID.

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It would appear, therefore, that self-determination, along with reasonable expenditure guidelines, does not preclude attention to interventions uppermost in the minds of donors. Nonetheless, partners would benefit from stronger guidance in areas that have been found to be needed by most knowledge producing organisations such as engaging with policymakers and establishing robust systems for quality assurance, cost allocation, and monitoring and evaluation.

Unlike experiences elsewhere, KS pilot partners targeted the core funds to identified development needs and priorities rather than simply bolstering institutional costs. This more strategic targeting of resources was aided by the planning processes facilitated by a mix of TAF, AusAID and external consultants, as well as the parameters placed around allowable expenditures. As a result, the five remaining KS pilot partners should be in a stronger position for ultimate success as policy research institutes.

International experience advises that it is best that institutional costs be fully funded through appropriate cost recovery of research projects rather than propped up by core funding. A contemporaneous similar program funded through a multi-donor trust fund – the Think Tank Initiative – will, in its next phase disallow institutional costs as part of core funds. We believe this is also an appropriate future step for the KSI and recommend that a gradual weaning occurs with simultaneous supports to partners to develop the necessary financial management capabilities and tools.

Significant change evident

It is apparent that the pilot has been pivotal in contributing to overall organisational and technical capacity.

Technical capacity: The number and skills of researchers have increased. Partners have become aware of the importance of communications, policy advocacy and accessible products, and as a result have increased the number of specialist staff such as editors and public relations. All partners have increased the range of knowledge products and services they offer, and improved their policy advocacy skills, in order to increase the likelihood of research informing policy. They are each now conducting independent policy relevant research. There is evidence that their research is now being taken up by decision-makers.

Although all partners have improved skills in policy advocacy, the review found varying levels of uncertainty among partners as to the most appropriate role for them and the best means of communication with decision-makers. A discussion among partners confirmed for them that having multiple approaches to advocacy, tailored to the situation, is appropriate. A recommendation is made for partners to work together to consider various conceptual models as a means of continuing to explore strategies and approaches

Organisational capacity: The work of all partners is now guided by a strategic plan and a research agenda. They have each sharpened their focus on what it is they do. Various management and governance issues identified at the beginning of the pilot have, largely, been addressed. The majority of partners have increased the number of management and administrative staff as one means of supporting more dedicated research efforts and improving research quality. All partners reported having improved their financial management procedures.

The review found that these organisational and technical changes compare favourably with expectations of partners and TAF, and are in lined with experiences elsewhere. Nonetheless, to more fully facilitate self-determining institutes, we make a recommendation that some attention is paid to strengthening political competencies and those associated with managing funder relationships. Further, there is a need for more encouragement and guidance to partners to strengthen capacity in areas of common concern such as: engaging with policymakers; improving peer review and quality assurance; and developing robust monitoring and evaluation systems.

We believe there is merit in exploring ways in which to continue to promote intrinsic drivers of performance. We suggest a number of possible strategies as examples:

- building on mutual learning by forming Learning Networks or Communities of Practice – these might be considered for different occupational groups such as a financial management 'community', a researcher 'community', a leadership 'community', and so forth. Alternatively (but not mutually exclusive) 'communities' might grow up for particular types of research methods;
- developing collaborative research links with international institutes, both northern and southern;

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- helping partners become aware of, and familiar with, various methods of measuring success of their knowledge products and services; and
- exploring the feasibility of a common set of standards for the research-to-policy cycle that could be collaboratively developed by stakeholders within the knowledge sector in Indonesia, for the Indonesian situation. Partners could then assess themselves against these standards and decide in which areas they want to strive for further excellence.

A recommendation is made for AusAID to facilitate a collaborative process to explore suitable strategies.

Several mutually reinforcing factors have been the key to success

The experience of partners confirms that it is not enough to focus on strengthening technical capacity if the aim is to improve the quality of the knowledge sector. The pilot has demonstrated a number of enabling factors:

i.   TAF has applied good practice in capacity strengthening that is resulting in strong learning. This balance in applying good practices has been found to be rare elsewhere;

ii. mutual learning – the facilitation of the action learning has been a critical enabler. Partners have learned collaboratively with colleagues in their own organisations and with each other;

iii. strong commitment by TAF and partners; and

iv. mix of supports – the combination of: the empowering approach; core funding; flexible use of the funds to meet identified needs; the action learning program; mutual learning among partners; and a critical friend.

The review team believes that it has been the combination of these factors that has worked for these partners in this situation. Nonetheless, the action learning approach has been an important contributor. It has been the framework in which TAF has applied the contemporary good practices. It has been through the action learning that mutual learning has been promoted. A critical friend is central to an action learning approach. As noted, a recommendation has been made to retain this approach.

Although the partners and TAF participated in the formal cycles of planning, acting, observing, reflecting, and revising plans, this did not occur at the overall pilot level between TAF and AusAID. Notwithstanding that they liaised closely and reflected upon the pilot and how it could be improved, we suggest that a more formal approach to the action learning at this level would have resulted in more targeted learning about what works. We recommend that a formal trialling and testing of hypotheses is built into the next stage of KSI.

Need for improved monitoring and evaluation

TAF has built up a comprehensive knowledge of the partners, their interventions, the successes and issues. They have developed this through a mix of the action learning, the critical friend, progress reporting by partners, regular visits to partners, and appropriate levels of fiscal monitoring. However, this has not been formalised well. Improvements could be made by clarifying the program theory, outcomes, and measures, and using this to develop a monitoring and evaluation plan.

Methods used by TAF have been resource intensive and relied heavily on narrative reporting. This has meant that reports are dense and lengthy, and data for on-reporting by AusAID is not easily extracted. A well-constructed monitoring and evaluation plan could help in targeting better the information needs of different stakeholders and purposes.

Difficulties have also arisen because partners' monitoring and evaluation systems are not sufficiently robust to enable the gathering of the data required to assess progress against pilot objectives. A recommendation is made for partners to develop simple but effective monitoring and evaluation systems and to seek support from KSI to achieve this.

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Recommendations

Recommendation 1: Retain methods and approaches that empower partners

That the new KSI managing contractor implements action learning methods and approaches of support that empower partners to take responsibility for: determining needs and priorities; both the delivery and the outcomes of interventions; reflecting on practice; and adapting the model and interventions to address any issues.

Recommendation 2: Improve monitoring and evaluation

That each partner develops and implements a simple but effective organisation-wide monitoring and evaluation system that will allow it to measure organisational performance, provide relevant project data, and improve practice. To facilitate this, each partner should negotiate support from the KSI managing contractor to put in place on-the-job technical assistance and coaching in order for it to develop the necessary monitoring and evaluation capacities.

Recommendation 3: Support partners to improve knowledge products and services

That the KSI managing contractor actively guides each partner to identify and implement appropriate interventions that will continue to strengthen the quality of their knowledge products and services.

Recommendation 4: Take a more planned and targeted approach to learning what works

That AusAID and the new KSI managing contractor, together, identify the hypotheses they wish to test during this next stage of the program and develop appropriate methods to test them and learn what makes a difference.

Recommendation 5: Strengthen policy advocacy

That partners, individually and collectively, continue to explore conceptually and practically what advocacy means for their respective organisation to determine the most appropriate channels and means of communicating with decision makers.

Recommendation 6: Support partners to strengthen ability to manage context and relationships

That the KSI managing contractor actively guides partners to identify relevant and appropriate interventions specific to them to strengthen their understanding of, and ability to, manage their contexts and relationships with key actors.

Recommendation 7: Facilitate gradual move to full cost recovery

That, over an agreed period of time, each KSI partner:

- *moves to a full cost recovery model for its knowledge production activities with a commensurate scaling down of access to core funds for institutional costs; and*
- *seeks support, if needed, from the KSI managing contractor to develop and implement a relevant financial management strategy and develop costing tools to enable this change.*

Recommendation 8: Make gradual changes to the core funding

That AusAID oversees a gradual phase-out of institutional costs as an allowable component of the KSI core funds.

Recommendation 9: Support partners to improve performance

That AusAID leads a collaborative process to explore a range of strategies that continue to promote intrinsic drivers of performance

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Outline of the review

1. The Knowledge Sector Initiative Pilots

As part of the broad partnership between the Australian and Indonesian Governments, the two governments have a specific agreement – *The Australia-Indonesia Partnership for Pro-Poor Policy: the Knowledge Sector Initiative*. Aiming to improve the quality of public policies and programs through locally generated evidence-based research and analysis, the Knowledge Sector Initiative (KSI) is comprised of four inter-linking components:

   i.   Supply side organisations, i.e., research organisations that produce knowledge and evidence;
   ii. Demand side organisations, i.e., policy makers and organisations that require evidence to inform policies and programs;
   iii. Intermediary functions and organisations that assist with making evidence more accessible and policy relevant; and
   iv. The enabling environment.

Whilst the KSI has conceptually divided the functions within the policy cycle, it acknowledges the need to take a systems approach. The four pillars essentially provide a mechanism for taking a planned and systematic approach. The KSI also recognises that organisations in the policy cycle are complex, often involved in functions and roles across the four pillars. This is supported in the literature[1] and within the broader knowledge sector channels of debate.[2]

During the design phase of KSI, two pilots were funded with a view to enhance understanding of the knowledge sector and to inform KSI implementation:

Knowledge Sector Pilot

This pilot, implemented by The Asia Foundation, is a 'Supply Side' project and began in March 2010. It has a budget till May 2013 of between $AUD3.6 million and $AUD4 million to support a selection of supply side organisations through a mix of core funding and capacity development interventions. The Knowledge Sector (KS) pilot aims to determine what types of capacity development interventions are most effective in improving research and organisational effectiveness of supply side organisations. It uses an action learning approach with partner organisations largely self-determining their capacity strengthening issues, needs and potential solutions.

BAPPENAS Policy Analysis Team (PAT)

This pilot, which relates to the 'Intermediary' component of the KSI, began in March 2011. It has a budget of $AUD920 000 until June 2013. The purpose of this pilot is to trial support to a government intermediary to procure research and translate findings into policy advice. The team acts an intermediary between Indonesia's knowledge sector and senior policy makers across BAPPENAS.

2. Objectives of the review

With the first phase of the KSI scheduled to begin in early 2013, AusAID commissioned an independent review of both pilots. The Terms of Reference and subsequent discussions with AusAID Program Managers indicate that the major objective of this review was to conduct a 'health check' of each of the two pilots for the purpose of learning. The intent was to assess the approach and implementation strategy of each of the pilots in order to:

- determine what has and has not worked, and the major challenges in strengthening organisational capacity within the Indonesian context;
- how these pilots compare with lessons learned and contemporary good practice of supply and intermediary programs, both internationally and within Indonesia; and
- how these pilots and the future supply and intermediary programs in the Knowledge Sector Initiative (KSI) might be strengthened and improved.

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[1] Hoppe, R., Wesselink, A., and Cairns, R. (2012), *The role of boundary organisations in the social status of climate change knowledge.* http://works.bepress.com/robert_hoppe1/22
[2] onthinktanks.org

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The two pilots were to be reviewed separately, each with its set of specific key evaluation questions. Nonetheless, AusAID anticipated some generic lessons across both pilots. An overview of the specific key questions for each pilot is provided in Table 1.

Table 1: Focus of key review questions for each pilot

The Knowledge Sector Pilot	
Program implementation This was indicated as a high priority for the review.	• Assess the effectiveness and efficiency of the internal management system used to implement the pilot; • Clarify the modality of support, assessing its relevance, and identifying success factors; and • Identify unanticipated consequences (positive and negative).
Program concepts and design This was indicated as a medium priority	• Identify the strengths and weaknesses of approach and design (in terms of meeting program objectives); • Verify that the underpinning theories and assumptions are valid; and • Compare the approach and model with the international experience.
Early impacts This was indicated as low priority	• Compare progress with expectations, based on local context and international experience; and • Assess whether the monitoring and evaluation system captures major constraints and progress.

3. Audience

The findings and recommendations are primarily for the Tertiary Education and Knowledge Sector Unit, AusAID, Jakarta, TAF and the pilot partners. Their needs relate to improving the design and implementation of the pilots in order to improve the likelihood of achieving required program outcomes. Secondary audiences are: a) the KSI Managing Contractor who is likely to draw upon the findings, lessons and recommendations of this review to inform its approach to designing support processes; and b) other AusAID program areas that have an interest in learning whether there are new, more effective approaches to capacity strengthening than they have used in the past.

4. Structure of report

In all there are four volumes. This volume, Volume 2, reports on the review of the Knowledge Sector (KS) pilot. It is designed to be a stand-alone document for relevant stakeholders. It is structured according to the key evaluation questions, with the second-level questions being the basis for the subsections and sub headings.

Volume 1 reports on the review of the BAPPENAS Policy Analysis Team (PAT).

Volume 3 is a literature review.

Volume 4 contains a number of think pieces commissioned as part of the review.

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Knowledge Sector Pilot

1.1. Evolution of the pilot

Visionary ideas explored by longstanding advocates for evidence-based policy

The initial concept for the Knowledge Sector (KS) pilot evolved as the idea for the Knowledge Sector Initiative (KSI) gained momentum. The overall KSI began to take shape in mid-2009 with an initial concept note developed by the AusAID Advisor. This was the catalyst for a series of discussions between AusAID, The Asia Foundation (TAF), and BAPPENAS to explore what might be possible in terms of strengthening the knowledge sector in Indonesia. These discussants had known each other professionally for many years and had been longstanding advocates for the knowledge sector and evidence-based policy.

The situation at the time was one in which Indonesia relied heavily on technical assistance from donors, and the like, to help develop policy options. There were few good quality independent research institutes and little capacity in government to undertake the level of required policy analysis.

The initial hypothesis of the KSI was that, if evidence-based policy was to become a reality in Indonesia, then it was necessary to improve the capacity of supply-side organisations. Notwithstanding, the stakeholders recognised the importance of attending to the broader environment, not have a single focus intervention.

Over a period of approximately six months, discussions were held regularly. They were intense and focused on conceptual and theoretical frameworks; big ideas. The period was one of 'sense-making' and was recalled by those involved with passion and excitement.

These discussions began to focus on the idea of commissioning a set of diagnostics to inform the design of any future knowledge sector initiative. Alongside these diagnostics, stakeholders agreed that consultation and some pilots would also help inform future design.

A 'living' diagnostic takes shape

In January 2010, TAF submitted a proposal to AusAID for funding to implement an 18-month pilot. The concept was to use an action learning approach to derive lessons on how best to develop the capacity of supply side research organisations. It would be a 'living' diagnostic. By March 2010, an agreement was reached between AusAID and TAF, signalling the 'birth' of the KS pilot, the results of which would help inform the KSI design.

> **Review Question 1: Program implementation**
>
> How effectively and efficiently has the pilot been implemented?
>
> *How and why was the pilot developed?*

EVOLUTION OF THE KS PILOT – A SNAPSHOT

June 2009:

A concept note by the AusAID Advisor is the catalyst for discussions that eventually lead to the KSI

June –Dec 2009:

Regular, intensive discussions between AusAID, TAF, and BAPPENAS begin to shape up the concept of the KSI

Agreement that future design should be informed by a set of diagnostics, consultations, and pilots

Jan 2010:

TAF develop and submit proposal to AusAID for an action learning pilot with supply side organisations – a living diagnostic

Mar 2010:

Agreement reached between AusAID and TAF for a pilot for 18-months – the KS pilot is born

Apr – Jun 2010

Comprehensive process is undertaken to select 8 pilot partner organisations

TAF manages the selection process collaboratively with AusAID

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The pilot had three objectives:

i. enhance the quality and volume of research able to inform development policy;
ii. improve organisational capacity of selected organisations within the knowledge sector; and
iii. increase learning about "what works" in building the capacity of the knowledge sector.

The expectation by both TAF and AusAID was that by the conclusion of the 18-month pilot, the KSI would be developed and ready for implementation. It was anticipated that some or all of the pilot partners would then transfer to the KSI.

Implementation of the pilot proceeded immediately, with the selection of pilot partners beginning as early as April and concluding in June. It is evident that the process was inclusive. Efforts were made to identify a wide range of potential organisations, with 75 invited to submit an Expression of Interest. According to the 2012 final report, 46 put in a letter of interest and 14 of these were shortlisted against a set of criteria developed in collaboration with AusAID. Eight partner organisations were finally recruited. They were drawn from research organisations, university research centres and research networks.

In June and July, TAF facilitated organisational and technical assessments with each partner, culminating in a workplan that formed the basis of grant agreements, which were signed between June and August 2010. These agreements were for periods from 12 to 15 months and were to conclude in September 2011. This period is referred to as the actual 'pilot', or 'laboratory', and involved:

- implementation of activities as per the workplans;
- periodically bringing partners together for reflection and learning;
- regular meetings between TAF and AusAID to discuss implementation and identify learning;
- provision of technical assistance to partners;
- regular quarterly reviews of partners' workplans and implementation; and
- specific workshops with partners to reflect on the design and the ongoing lessons of the implementation.

In June 2011, TAF documented the lessons from the pilot. This learning contributed to the design of the KSI.

From pilot to 'bridging' phase

By the time the pilot period was due to end in September 2011, the anticipated transfer of the partner organisations to the KSI could not occur. The new initiative was delayed due to extended ministerial and budget processes in Australia. As a consequence, AusAID and TAF entered negotiations to establish a 'bridging' phase until August 2012 – a period envisaged as a transition between the pilot and the KSI during which time partner organisations would complete agreed activities to prepare for the longer-term KSI program.

In October 2011, TAF assessed each of the pilot partners' progress to determine which would continue through to the new bridging phase. Seven of the eight partners continued. This phase saw a significant increase in the level of core funding to the partners – up 100% on the funding for the pilot stage. Throughout 2012, the remaining seven partners focused on planning and preparing for a 'graduation' to the new KSI and in implementing a revised, more comprehensive strategic pan.

EVOLUTION OF THE KS PILOT – A SNAPSHOT

June - Jul 2010:	Jun 2010 – Sep 2011:	June 2011:	Late 2011:	2012:
TAF facilitates organisational and technical assessments with each partner culminating in workplans that form basis of grant agreements	**Partner organisations participate in the pilot through a variety of activities**	**TAF documents the lessons from the pilot. This contributes to the design of the KSI**	**KSI not yet operating when the pilot officially concludes in Sep**	**7 remaining partners plan and prepare for 'graduation' to the KSI**
TAF recruits 3 full time staff to manage the pilot			**TAF and AusAID negotiate new 'bridging' phase**	**Bridging phase extended from Aug 2012 until June 2013 because of further delays in the KSI approval**
			7 partners transfer to new phase	

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The anticipated transfer to KSI in August 2012 did not eventuate due to more political and administrative delays. Hence, TAF and AusAID negotiated another extension of funds until September 2013. Meanwhile, the seven partners continue to implement activities outlined in their strategic plans.

Recruitment for the next KSI phase begins

Throughout 2012 TAF led the process to recruit the partners for the next phase of the KSI, known as the longer-term program. To graduate to the new program, the seven partners on the bridging phase were required to demonstrate sufficient capability against a number of pre-determined criteria. To ensure a fair assessment, TAF engaged an independent team of reviewers. That particular review was undertaken in September 2012. In November, AusAID and TAF decided that only five of the seven partners would graduate to the new program, based on the external review assessment.

Meanwhile, over 500 organisations received the Expression of Interest documents with 180 making application to the longer-term program. A shortlist of 50 organisations was invited to submit a formal proposal. Of these, 20 were selected, including the five partners that graduated from the bridging phase. In December 2102, TAF and the remaining five partners met to begin to plan the transition to the new program with various transitional activities occurring between January and May 2013.

1.2. An implementation fit for a 'living diagnostic'

Robust process to select pilot partners

It is apparent from progress reports and key stakeholder interviews that TAF implemented a robust process to select partners for the pilot. Those processes have been well documented by TAF in various progress reports to AusAID so this report will not replicate that detail.

With learning as the driving objective of the pilot, TAF was concerned to:

- include in the final number a selection of organisations from each of: universities, think tanks, and the non-government sector; and
- not shortlist those few institutes that are considered by government and the donor community as the best in the country – that is, there was an emphasis on selecting middle capacity organisations.

What implementation structures, management mechanisms, and management systems are used to implement the pilot?

To what extent are they appropriate to the task?

To what extent have they enabled or hindered the implementation?

In conjunction with AusAID, TAF heavily adapted the organisational assessment tool developed by IDRC (International Development Research Council) to assess those shortlisted. In addition, the process included submission of a concept paper by the candidates, an on-site visit and interview, and finally, a review panel (that included people with expertise in granting to research institutes) to score and rank candidates. In this way, TAF applied good practices of grant making [3]– 'horizon scanning' to help navigate the complicated and contradictory information that is generated by such expressions of interest; and due diligence through a systematic approach to survey the work of the potential partners.

EVOLUTION OF THE KS PILOT – A SNAPSHOT

Sep 2012:	Late 2012:	Dec 2012 – May 2103:	Early 2013:	Mid 2013:
7 partners are assessed for graduation to KSI by an external review team	5 partners advised they will graduate to the new program 20 other organisations selected for the KSI	The 5 partners and TAF plan and prepare for the transition to KSI	Independent review undertaken of the KS Pilot	KSI managing contractor engaged, signalling the end of the bridging phase The new contractor and AusAID begin to implement relevant review

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[3] Unwin, J. (2005). *The Grant Making Tango: Issues for Funders.* Baring Foundation, London.

The selection process resulted in two universities, two think tanks and four non-government organisations being chosen. A small number of respondents reported concern about the imbalance of institute-types. They believed there needed to be more university institutes in order that the pilot could learn how to best support them, especially given their different organisational structures and constraints. With so few university institutes, one of those respondents stated:

We still have a big question about universities because we have not had enough learning.

This concern was exacerbated when one of the university institutes did not graduate to the KSI. However, the recent selection process to recruit organisations for the longer-term KSI program appears to have addressed this concern. Of the top 20 short-listed candidates,[4] eight are university institutes. This suggests a more balanced representation of institute-types in the longer-term KSI.

Another matter related to partner selection was the failure of the selection process to take into account previous knowledge of organisations or to include references. On reflection, TAF representatives thought that one or two of the organisations selected scored more highly than they might otherwise have done, perhaps preventing more suitable organisations from participating.

Although the partners to whom they referred were among those that did not graduate from the bridging phase to the longer-term program, initial reference checks might or might not have resulted in a different outcome. Similarly, selection of alternative partners might or might not have resulted in all eight graduating. What is evident is that the three organisations that have not graduated to the KSI were also able to identify important changes as a result of the pilot and reported having learned much from their time with the project. For example, one of these partners reported that the pilot had given it much more confidence in regard to its methodology because it allowed it to sharpen up its tools and processes. Furthermore, this organisation established links with a similar institute in another country, which has led to an ongoing relationship and collaborative research.

Overall, the process appears to have resulted in a group of partners suitable to an action learning project. The review team observed that the five remaining organisations were willing to discuss ideas together and to share insights with each other. Each was able to identify some key changes to their organisation and their practice as a result of the pilot. Examples included increased number of policy briefs, the setting of a research agenda, and development of a strategic plan

Given the pilot was an action learning project, the crucial matter is that TAF was able to identify reference checks as an issue and use this lesson to inform the selection process for the KSI. The more recent selection process included strategies for considering information already known about an organisation as one of the ways of identifying the organisations most likely to benefit from the program.

Strong relationships with partners based on an empowering approach

Without exception, partners and TAF representatives reported positive relationships based on mutual respect and trust. They reported being able to express opinions and ideas openly and honestly amongst each other. This was borne out in an online survey developed for the review, the results of which indicated agreement or strong agreement to a series of positive relationship statements. These positive relationships were also evident in the way TAF staff and partners interacted with each other during the review. We observed an easy-going manner between TAF and all partners, a willingness to reflect on their experiences together, and an obvious bonhomie.

It is apparent that these relationships were enabled by the partnership approach taken by TAF. Working closely in a facilitative way that promoted self-determination by the partners was a signature feature of TAF's approach, in what could be described as 'engaged grant making'.[5] They dedicated TAF staff resources to supporting the partners in strengthening their capacities as well as in implementing their plans. These staff not only worked closely with individual partners, but brought the partners together to promote peer-to-peer learning. In the process, TAF and the partners embarked on a common venture.

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[4] TAF: Note to File – Applicant Short List Status, Core Funding to Strengthen Key Policy Research Institutes in Indonesia, November 28, 2012.
[5] Sciortino, R. *Reminiscences on grantee-grantor relationship* posted by SALT online 16 January 2013, http://www.salt.org.sg/2314/reminiscences-on-grantee-grantor-relationships

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Several respondents referred to this approach as a 'critical friend', a typical role found in action learning projects (as is the KS pilot). Stenhouse[6] introduced the idea of a critical friend as a partner providing advice and working with the 'researcher' in the action research. The role has been described in the literature as:

> *. . . a trusted person who asks provocative questions, provides data to be examined through another lens, and offers critiques of a person's work as a friend. A critical friend takes the time to fully understand the context of the work presented and the outcomes that the person or group is working toward. The friend is an advocate for the success of that work.[7]*

Trust, inter-dependency[8] and reciprocity[9] are also required conditions.

These descriptions clearly mirror how partners and TAF respondents described their relationship. It was evident in their descriptions that TAF has been fulfilling the key roles that have variously been ascribed to a critical friend: offering support; providing challenge; consultancy; leading inquiry; facilitating resources; matchmaking with similar others; and brokering knowledge.[10 11]

The ongoing, proactive focus by TAF on supporting the learning of partners has been highly appreciated by the pilot participants. They had not experienced this before. Two partners who are part of another knowledge sector project funded by a different donor compared the two experiences. One commented:

> *We have regular meetings for both [projects]. The ones with [name of donor and project supplied] are for sharing progress; just about the project progress. But with this project [KS Pilot] it about sharing everything.*

The other stated:

> *In other projects we would be known as teabags – once we changed colour a little bit; out we go! Not this one – they stay to support.*

The approach has helped to break down the inherent power imbalance between a grantee and grantor. Without exception, partners reported having a strong sense of being in control; an experience they said they have not had before with any other project or grant. In this, it appears that TAF has managed to avoid what Colom[12] describes as one of the pitfalls of participatory development, namely grantors using participatory approaches to continue to shape and direct processes. Rather, TAF appears to have found the correct balance between knowing when to lead and when to pull back. Whilst these practices are inherent in action learning and have been found to enable the results of

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[6] Stenhouse, L, (1975). *An Introduction to Curriculum Research and Development.* London, Heinemann.

[7] Costa, A. and Kallick, B. (1993). Through the Lens of a Critical Friend. *Educational Leadership 51*(2): 49-51. (quote, pg. 50).

[8] Goodnough, K. (2003) Facilitating action research in the context of science education: reflections of a university researcher. *Educational Action Research, 11*(1), 41–63.

[9] Johnson, B. & Johnson, K. (2002) Learning from Warthogs and Oxpeckers: promoting mutualism in school and university research partnerships. *Educational Action Research,* 10(1), 67–82.

[10] National College for School Leadership. *Network Leadership in Action: What does a critical friend do?* Networked Learning Communities. http://networkedlearning.ncsl.org.uk/collections/network-leadership-in-action/nlg-what-does-a-critical-friend-do.pdf

[11] Kember, D., Tak-Shing. H., Bick-Har, L, Lee, A., Ng, S., Yan, L., and Yum. C.K. (1997). The diverse role of the critical friend in supporting educational action research project. *Educational Action Research,* 5 (3), 463-481.

[12] Colom, A., (2013). "How to avoid pitfalls in participatory development". *Global Development Professionals Network.* Thursday 4 April, 2103. http://ww.guardian.co.uk/global-development-professionals-network

grantees in the philanthropic sector of grant-making,[13] they also reflect contemporary good practices of capacity strengthening. [14] [15] [16] [17]

Drawing together what respondents said with the literature, we have identified a number of skills or qualities that appear to be essential to successfully applying the critical friend approach. The list in Text Box 1 is not provided in any order of importance. Nor is it meant to be exhaustive.

Volume 2, Text Box 1: Suggested skills and qualities required for successfully applying critical friend

- Commitment to, and ability to promote, autonomous decision-making by partner
- Commitment to the partner organisation and its ongoing development
- Ability to actively participate in problem solving by helping to navigate, not finding the path for the partner
- Willingness to be involved in mutual learning
- Ability to ask questions in a way that encourages partners to reflect on the situation and their practice
- Active listening
- Responsive to the needs of the partner
- Well-developed analytical and interpretive skills
- Ability to draw upon a wide variety of relevant resources
- Have deep understanding of the context and culture of the partner organisation and the environment in which they operate
- Intellectual humility – understand own capabilities and limits
- Empathy

Intensive use of resources to manage and implement the project

During the actual 'pilot' stage, the TAF pilot team was comprised of three full time staff, two of whom were Program Officers whose role was to liaise closely with the partners in all matters pertaining to the project. In addition, for matters of substance, the pilot drew heavily on the experience of one other senior TAF person and for grant matters drew heavily on the Foundation's Grants Team Leader. The bridging phase has a smaller complement of staff, reflecting the move from the more intense experimental stage of the pilot. TAF has found that, over time, as the relationships become more solid and partners more confident that it has not required the same level of resourcing as did the earlier stage. Further, each partner required varying levels of support depending on their needs, capacity, and the situation at any given time. A willingness and ability to be responsive to partner needs is critical and requires a flexible approach throughout the life of the partnership, not only in the early stages of forming the relationship.

Deeds of Agreement between AusAID and TAF indicate that approximately 20% of the overall KS pilot grant was allocated to indirect TAF management costs. The appropriateness of this percentage cannot be determined definitively. In the absence of any Australian or international benchmark,[18] Australian Governments, along with their respective not-for-profit sectors, have been trying to better

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[13] McCray, J. (2011). *Is grantmaking getting smarter? A national study of philanthropic practice.* Grantmakers for Effective Organizations.

[14] Adler, D., Sage, C., and Woolcock, M. (2009). *Interim Institutions and the Development Process: Opening Spaces for Reform in Cambodia and Indonesia.* Brookings World Poverty Institute. Working Paper 86.

[15] OECD. (2006). *The Challenge of Capacity Development: Working Towards Good Practice.*

[16] Watson, D. (2006). *Monitoring and evaluation of capacity and capacity development – Discussion Paper 58B.* European Centre for Development Policy Management

[17] Baser, H., Morgan, P., Bolger, J., Brinkerhoff, D., Land, A., Taschereau, S., Watson, D., and Zinke, J. (2008). Capacity, Change and Performance – Study Report. European Centre for Development Policy Management. Discussion Paper No. 59B.

[18] http://www.grantspace.org/Tools/Knowledge-Base/Funding-Research/Proposal-Writing/Overhead-costs

understand the true costs of services, including developing costing methodologies.[19] Some groups that evaluate charitable foundations suggest variously that: a) no more than 30% of total costs should be directed to institutional costs, with less being better [20]; and b) no more than 35%.[21]

An Australian study of full costs of university research[22] indicated variation between comparative countries but found general agreement that the average indirect cost rate is around 50% of the funding received from research projects. These examples suggest that the 20% applied by TAF is within reasonable expectations.

Not only is the TAF pilot within reasonable expectations, it is apparent that TAF input significant additional resources through the involvement of a number of its senior personnel. They assigned the most senior grants manager to the project, who tailored budget, reporting and accountability mechanisms to the situation. Further, although the Director of Programs usually ceases involvement once a grant is obtained, this position remained involved in the KS pilot, providing significant additional expertise and hands-on support.

Apart from the management costs, a further 21.5% of the overall budget was allocated to 'program support and associated costs'. These funds paid for the KS pilot support team and their associated costs. These three staff did more than coordinate or manage the project. Because of the action learning model, they developed very close relationships, regularly liaised with partners, attended many of their activities, provided direct support and technical assistance, helped them trouble-shoot, and acted as the critical friend. This, therefore, was more than traditional project management.

Because action learning programs are situational-specific, making a definitive, objective assessment of the appropriateness of the level of expenditure is difficult. However, if we compare it with what is acceptable in capacity strengthening programs for research institutes elsewhere, the TAF action learning budget is comparable. For example, Ray Struyk[23] said that, in his experience, strengthening the capacity of research institutes requires hands-on mentors who work closely with an institute over a long period of time. He reported that it a labour and resource intensive process. Similarly, the ProRep project, a USAID funded program in Indonesia that seeks to support independent analysis of legislation and policies, allocates a mentor to each of the participating institutes. These mentors work closely and intensively with the institute, providing advice, technical assistance, quality assurance, and so forth. In both examples, this mentoring is additional to grant funding, other technical assistance and capacity strengthening activities.

The review team suggests that the TAF action learning budget is not only comparable, but favourably so. For what appears to be a comparable level of expenditure, the KS pilot has achieved a remarkably high level of empowerment and ownership by the partners for the implementation and the outcomes (as discussed previously).

Monitoring partner performance relied on regular liaison and on-the-ground knowledge of the partner

In the way TAF staff described their roles and how they worked, it was evident that building a close relationship and understanding partners well was fundamental to monitoring performance. All TAF pilot staff shared in the responsibility of monitoring, with Program Officers working in cooperation with the Grants Officer and senior managers.

Strategic plans, which set partners' priorities, have been the basis for determining the level of funding and also provided a baseline against which to monitor performance. This monitoring was done through a combination of: regular liaison and discussion; site visits and observation; tacit knowledge gathered as TAF staff assisted partners to troubleshoot; three-monthly forecasted budgets; monthly financial expenditure reports; and half-yearly narrative report from the partners. To a lesser degree, performance has also been monitored through specific evaluative tools trialled by the partners, for example, impact logs and anecdotal change stories.

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[19] Productivity Commission. (2010). *Contribution of the Not-for-Profit Sector: Productivity Commission Research Report.*
[20] http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=48
[21] www.bbb.org/us/standards-for-charity-accountability/
[22] Allen Consulting Group. (2008). *Recognising the full costs of university research: Discussion Paper.* Department of Innovation, Industry, Science and Research. Canberra.
[23] Ray Struyk, author of *Managing Think Tanks* was interviewed as part of this review.

Clearly, monitoring of performance was not seen simply as partners accounting to TAF. As one TAF staff commented:

TAF has moved from a traditional grant examiner's audit-oriented approach where the focus is on 'shooting problems', to working with the partner to resolve issues though coaching mentoring, facilitating.

Monitoring performance in the pilot has been as much about capacity strengthening as it has been about accountability, as summed up by the same TAF staff member:

[Without this approach] what we would have would be problems that appear on the surface but we do not know the root of the problems…it is an appropriate way to perform our task as an organisation that helps partners grow their organisations.

This difference in approach to performance monitoring was noted by the pilot partners. Their experience with other projects and donors is one of having to focus and report on inputs. For the KS pilot the focus was said to be on learning and organisational development. Partners summed this difference up by saying that other donors focus on finances whereas this pilot has focused on substance. They indicated that performance monitoring in this pilot has been more a partnership approach; of a real interest by TAF to understand how things are progressing. With other donors and other projects it has always been about "*ticking boxes*", "*jumping hoops*".

Need for better formal monitoring and evaluation processes

There is no denying that the TAF staff have a thorough understanding of the partners and how they are performing. This has been built up through the intensive relationship-based implementation approach. However, it is apparent from their progress reports to AusAID that the monitoring and evaluation system has not provided sufficient data to tangibly report on outcomes or what might have enabled or hindered these. The effectiveness of the monitoring and evaluation system is addressed further in Review Question 4 – Early impacts.

5. Project management		Partners	TAF	Diff
1	Goals for the pilot were negotiated between TAF and the partners	4.4	5.00	-0.58
2	Performance targets are agreed between TAF and partners	4.2	4.00	0.17
3	There are mechanisms and regular processes for joint monitoring of performance targets	3.7	4.33	-0.67
4	Performance monitoring is jointly undertaken on regular basis by TAF and partners	4.2	4.33	-0.17
5	Regular progress reports are made and discussed between TAF and partners	4.3	4.67	-0.33

The partners, too, identified performance monitoring as an area for improvement. In the workshop held as part of the review there was a consistent call for a better understanding of what to expect in regard to what and how performance was to be measured. Partners expressed a wish for TAF and partners more formally agreeing upon goals, milestones and measures.

Volume 2, Table 1: Perception differences – project management, Health Rating Tool[24]

The desire for improved performance monitoring was further identified in the Health Rating Tool. Important differences in perception between partners and TAF were identified in regard to joint monitoring, negotiation of goals, and discussion about progress, with five of the 13 respondents (38.5%) from partner organisations indicating some concern, as indicated in Table 1, above.

Volume 2, Table 2: Perception differences – monitoring and evaluation

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[24] The Health Rating Tool was developed for this review. Pilot partners and TAF staff completed it online. The tool asked a series of five to six questions across 9 topics.

A concern to improve monitoring and evaluation was also identified. Seven of the 13(54%) partner representatives who responded to the Health Rating Tool survey indicated lower ratings for: reaching agreement on what and how to measure; using findings for learning and improving; and timeliness of feedback, as indicated in Table 2.

Partners also raised the issue of the quality and standard of monitoring and evaluation within their own organisations.

The majority of partners indicated a desire for improved systems so that they can: a) provide better information to donors, including TAF pilot; and b) assess if they are having an impact on policymaking. It will be important for the partners to attend to their monitoring and evaluation systems in the next phase of the KSI because it is an important proxy of the quality of their research work and essential to good management practice.

These findings confirm those of the recent independent review of partners, commissioned by TAF, which highlighted weaknesses in most partners' monitoring and evaluation systems. Only one partner was found to have a dedicated monitoring and evaluation resource at the organisational level.

Likewise, TAF staff noted that one of the biggest challenges has been how to support monitoring and evaluation at partner organisational level. One respondent suggested the issue was insufficient resources whilst another suggested that the use of the 'solutions box' did not encourage identification of monitoring and evaluation as a problem. Respondents from partners and TAF suggested that planned, technical assistance would be required if partners were to make any significant improvements.

The review team also notes two reasons partners need to develop simple, but effective, monitoring and evaluation systems. Firstly, we were not able to readily access outcomes data to inform this review. Secondly, whilst there is broad acceptance across all stakeholder groups of the importance of strengthening research technical capacity, there has been little attention paid to monitoring and evaluation technical capacity.

Robust reviews and evaluation are a key form of knowledge for evidence-informed policy, along with research, evidence from practice, evidence from other stakeholders, and evidence from program implementation.[25] [26] [27] If KS partners were to strengthen their evaluation technical capacity, then they could, in the future, be commissioned by AusAID and other donors to conduct independent reviews of donor-funded programs. This is an important capacity to develop within Indonesia, thereby reducing the current reliance on international experts.

Core funding linked to organisational and technical development needs

Core funding has been based on identified development needs and priorities. Different planning processes were used for the pilot and bridging phases, reflecting the evolution of the project. The processes, which are discussed more fully in the next section of this report, were comprehensive. For the pilot stage, partners were encouraged to focus on their existing strengths, the development challenges they face, and to identify solutions to address such challenges. In the bridging stage, partners developed or refined their corporate strategic plan and were encouraged to reflect and consider key questions about organisational purpose and the difference they want to make.

Whilst partners self-determined their priorities, TAF did place some parameters on the use of the core funding. In the pilot stage, partners could each access up to AUD$100,500 with the major proportion directed to activities to strengthen organisational and/or technical capacity.

7. Monitoring and Evaluation

		Partners	TAF	Diff
1	All pilot participants have agreed upon what will be measured and how this will occur	3.92	4.33	-0.42
2	Data and findings are shared among all pilot participants	3.75	4.00	-0.25
3	The effectiveness of the pilot is periodically jointly reviewed	3.83	4.00	-0.17
4	The findings from M&E are used for learning and improving	3.92	4.67	-0.75
5	Pilot participants get timely, well defined feedback about how well they are doing	3.92	4.33	-0.42

[25] Wolfe, R. (2006). *Changing conceptions of [...] the modernist view of knowledge, communication and social change.* IDS Knowledge Services. UK.
[26] Newman, K., Fisher, C., and Shaxson, L. (2012) Stimulating Demand for Research Evidence: What Role for Capacity-building? *IDS Bulletin.* 43 (5), 17-24.
[27] Davies, P. (2004). *Is Evidence=Based Government Possible?* Paper presented at the 4th Annual Campbell Collaboration Colloquium, Washington DC, 19 February 2004.

Institutional costs were limited to 25% of the grant.[28]

Analysis of the financial data provided to the review team by TAF indicates that overall, partners have directed between 64% - 90% of the core funding to a mix of organisational and technical capacity strengthening. In the pilot stage, a majority of the partners – five of the original eight – exceeded the limit for institutional cost, with some allocating up to 30% of the grant. In the bridging phase, only two partners have exceeded the limit with one indicating an expenditure of 36% of the grant on institutional costs.

Whilst core funding has traditionally allowed for institutional costs, there have been calls for more than a decade for institutes to begin to charge out research projects at the real costs so that core funding is not subsidising institutional costs.[29] In the knowledge sector in Indonesia, an independent review of SMERU in 2011 recommended that institutional costs be fully costed and charged out to commissioners of research.[30] Similarly, the Think Tank Initiative (TTI), a multi-donor program helping to strengthen the capacity of 49 research institutes in 22 developing countries, has recently decided that its core funds will no longer be able to be directed to institutional costs (what they refer to as the 'sustainability component'). Buldioski, [31] in his think piece in Volume 4 of this report, indicates that in doing this, the TTI hopes to turn the core grants into *"development vehicles"*.

We suggest that, overtime, each of the partners in the KSI moves to a full cost recovery model with a commensurate scaling down of access to core funds for institutional costs. Not only will this help promote the concept of commissioners paying real costs, it will also free up the core funds to enable more independent research.

In suggesting a move toward full cost recovery we acknowledge the need for a number of enabling factors to be in place before this can occur successfully. One is that partners will need strong financial management systems and processes in place to enable them to understand and track their costs. Therefore, strengthening financial management capacity and capability should become an organisational development priority. We note that of five pilot partners only one has incorporated relevant financial management objectives and activities in their strategic plans. It will be important to ensure that all partners take this up as a priority – and a willingness to undertake this reform might be one of the criteria for selection of partners.

Experience elsewhere indicates that organisations attempting to move to full cost recovery usually require direct practical assistance, including training of staff, the development of costing tools, and assistance with developing financial management strategies.[32] The KSI should support partners in finding the most appropriate ways to develop the capacity to move to full cost recovery. Partners and the KSI managing contractor are referred to Ray Struyk's *Managing Think Tanks: Practical Guidance for Maturing Organizations.* This book has an excellent chapter on how to identify and measure institutional costs.

A second factor is the willingness of research commissioners to pay the real costs of research. As part of the SMERU review, when asked directly about the impact of an institute increasing rates to cover its costs, the overwhelming response from international donors was that there was significant leeway for institutes to charge full or close to full recovery costs. Without exception, donors who participated in the SMERU review indicated a willingness to pay actual costs. That they do not do so now is partly due to tradition and partly to it not having been required of them to date. This review team is of the view that if donors are serious about supporting the development of the knowledge sector in Indonesia, it is important that they pay the real costs of research.

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[28] TAF annual progress report 2011, pp. 21-22.
[29] Stryuk, R. (2002). *Managing Think Tanks: Practical Guidance for Maturing Organizations.* The Urban Institute.
[30] Hind, J., and Widayanto, G. (2012). *Independent Completion Report – SMERU,* AusAID.
[31] Buldioski, G. (2013). *From core and institutional support to organizational development grants: Dilemmas and musings.* Volume 4 – Think Pieces, Independent review of supply side and Government intermediaries pilots.
[32] Productivity Commission (2010). Op. cit.

A sliding scale was suggested in the SMERU review, depending on the client. For example, a discounted rate for non-government organisations that have little capacity to pay, a medium rate for government agencies, and full cost recovery (including a savings margin) for international donors.

Notwithstanding an expressed willingness by donors and other commissioners to pay real costs, it is likely that there will be a need for AusAID to advocate for such change amongst fellow donors and facilitate dialogues with government agencies.

Review Question 2:

How relevant and appropriate is the mode of support in improving pilot partners' organisational and technical capacity?

How has funding and technical assistance been provided?

2.1. An empowering support model results in significant change

The mix of support modes and the underlying partnership approach were unique to the partners and the Indonesian knowledge sector

The KS pilot project had a mix of support modes, combining:

- core funding to each partner, which they may use flexibly for priority interventions to strengthen their organisational and technical capacity. This may include purchasing technical assistance, engaging consultants, engaging mentors, supporting links with international institutes, training events, scholarships, subsidising institutional costs, and so forth;

- participation in a facilitated action learning program. This has included workshops and opportunities for group reflection and learning. It also enabled partners to network with each other independently to share ideas and resources; and

- access to a critical friend who provided advice, support, some mentoring, occasional technical assistance, and facilitating access to resources.

An underlying approach was that of a partnership in which the TAF supported partners to determine flexible, tailored interventions specific to their needs and the particular situation. Each component of the support was focused on both organisational and technical capacity strengthening. Recognition of the importance of organisational development to the success of research institutes was a motivating factor of TAF's focus on both organisational and technical capacity strengthening.[33] Their approach is confirmed in the literature, which highlights that strengthening organisational capacity is as important as improving analytical capacities.[34] [35]

Although Datta and Rodriquez[36] found that usually capacity strengthening programs for research institutes comprise a similar mix of activities as is found in the KS pilot, KS partners reported that the mix of supports in a single program was a new experience for them. Further, according to the partners' experience the KS pilot differs in its underlying approach. For example, one of the partners that had received previous core funding from another donor reported that that funding had not included attention to organisational development nor included deliberate opportunities for learning by doing. Two other partners, in receipt of a research grant that also incorporates technical assistance and mentoring, commented that the support was not as flexible or tailored to their specific needs.

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[33] As reported by senior staff from TAF
[34] Stone, D. (2005). *Think Tanks and Policy Advice in Countries in Transition.* Paper prepared for the Asian Development Bank Institute Symposium: "How to Strengthen Policy-Oriented Research and Training in Viet Nam". 31 August, 2005, Hanoi.
[35] Struyk (2002). Op. cit.
[36] Datta, A., and Rodriquez, D. (2013). *A 'light-touch' review of think thank capacity building programmes: A part of the Think Tank Initiative mid-term evaluation.* ODI.

Rather, it was focused more on interventions predetermined by the donor and the implementing contractor.

The experiences of these partners also reflect the experience of other Indonesian knowledge sector capacity strengthening programs, as found in two recent reviews undertaken for AusAID.[37][38] SMERU had, in its inception years, received both core funding and technical assistance but for several years capacity strengthening support has been via core funding only. Other activities such as networks, mentors, technical assistance, scholarships and so forth, have been the responsibility of the institute itself, not part of the donor-provided support.

In the other example – the Partnership for Knowledge-based Poverty Reduction (PKPR) – whilst the activities in a proposed capacity strengthening program for research institutes were welcomed by local institutes, the proposed approach was one in which PKPR rather than partners determined the interventions based on gaps identified by PKPR.

The mix and the particular approach used by TAF are, therefore, unique to the partners and, it would appear, to the broader Indonesian knowledge sector. As noted earlier in this report, the mix and the approach have been greatly appreciated by the partners. The approach, in particular, has been a significant contributor to the empowerment of the partners.

An openness to reform by partners

Clearly, the success of any mode of intervention is dependent upon the willingness of the participating partners. The majority of the partners demonstrated such willingness to reform. They clearly outlined to the review team a range of reforms they had actively sought during the pilot. Further, they reported that their expectations for their respective organisations had changed and increased overtime. This ongoing commitment to reform is summed up in a comment made by one of the partners:

> The biggest thing… [we know now] is we have to change. We can't just sit.

Information from TAF staff and the independent progress report conducted toward the end of the bridging phase indicates that partners who did not succeed to the longer-term phase demonstrated less of a commitment to reform than the graduating partners. For example at least two of the three non-graduating partners were reported as experiencing difficulties in securing the willingness and capacity at management levels to lead and manage the necessary change. Such leadership has been shown to be critical to the success of technical cooperation in developing countries.[39] Not only are the senior managers in the remaining five committed to the knowledge sector reforms, two of them actually successfully navigated management succession during the life of the project and retained the commitment to reform throughout.

Further, the remaining five partners appear to have successfully achieved a widespread level of commitment amongst their staff. Studies have shown that successful organisational change depends on how well staff relate to and embrace the change – and how well the human and organisational needs are balanced.[40] It is possible that the dual focus on organisational and technical capacity strengthening played a part in securing such a balance. It is also possible that the action learning approach which was not confined to a few management positions but more widespread contributed to the personal growth and awareness needed for individuals to embrace change.

The experiences of the pilot suggest it will be important in the next and future phases of the KSI to assess: a) the degree of management commitment to lead and manage the change; and b) the processes a partner uses to help staff grow and develop as part of the change process. Whilst the

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[37] Hind and Widayanto. (2012). Op. cit.

[38] Hind, J., and Widayanto, G. (2012b). *Independent progress review: Partnership for Knowledge-based Poverty Reduction.* AusAID.

[39] Secretariat of the Joint Study on Effective TC for CD. (2008). *Effective Technical Cooperation for Capacity Development: Synthesis Report.* Joint Study on Effective TC for CD. http://www.jica.go.jp/cdstudy/about/output/index.html

[40] Bovey, W. and Hede, A. (2001). Resistance to Organizational Change: the role of cognitive and affective processes. *Leadership and Organizational Development Journal.* 22 (8), 372-382.

following list of attributes of an adaptive organisation is found in the climate change literature[41], it has wider generic application:

- access to resources – financial, human, social capital;
- leadership – management commitment, vision, priority setting, ability to manage risk, good governance;
- a culture of learning;
- working with others – internal and external stakeholders;
- ability to access information and adapt practice in response to reliable information;
- awareness in the organisation of changes needed in the sector;
- good internal and external communications;
- agents of change or champions;
- motivation to change;
- management processes – a balance of leadership and management at various levels throughout organisation; and
- monitoring and evaluation.

Was this done efficiently and effectively?

How well have they been aligned to needs?

Furthermore, in Volume 1 we provided a list of criteria for use when selecting intermediary partners. Many of these are also relevant to the selection of supply-side partners.

Interventions well aligned to identified organisational and technical priorities

Planning guides expenditure

Without exception, partners spoke favourably about the core funding and the different other pilot support processes. They variously described the pilot as *"flexible",* allowing them to *"do an independent program"* based on their specific needs. Those specific needs and the subsequent interventions were identified through comprehensive processes.

In the initial pilot stage, TAF facilitated a priority setting process with each partner in which the organisations mapped their strengths, weaknesses, and problems related to 'being' (organisational), 'doing' (technical), and 'relating' (stakeholder engagement). TAF then facilitated a 'solution box' approach, which uses a process of enquiry to identify needs, enabling factors, and potential solutions. A review of each of the partners' solution box analysis indicates that this method enabled all partners to identify key issues and solutions in both organisational and technical development.

Following this process, partners developed a capacity strengthening plan, which formed the basis for the grant and subsequent interventions. However, the way in which the various documents have been recorded does not clearly link identified strengths and challenges with the particular solutions so the reasons for the priorities were not always clear.

For the bridging phase, TAF again worked closely with partners to identify capacity strengthening needs and plan appropriate interventions. For this stage, the vehicle was a comprehensive corporate strategic planning process. An AusAID requirement as a precursor to graduating to the longer-term program, the strategic planning process was, nonetheless, partner-driven. This flexibility is an important feature. It shows that donors are able to place conditions on funding yet leave the responsibility for decisions regarding approach, delivery and outcomes to partners.

In most cases, partners chose to have the planning process facilitated by an external consultant. Generally, the process included input from internal and external stakeholders, reflection on the organisation's purpose and mandate, and some sort of strengths and gaps or problem analyses. Using a corporate strategic planning approach enabled capacity strengthening to be placed within each partners' overall organisational framework. Comparison of plans from each of the phases clearly indicates a more sophisticated approach to how to strengthen their organisational and technical capacities. These plans have now become the basis for the grant.

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[41] Londsdale, K.G., Gawith. M.J., Johnstone, K., Street, R.B., West, C.C. and Brown, A.D. (2010). *Attributes of Well-Adapting Organisations.* UK Climate Impacts Programme. http://www.ukcip.org.uk/wordpress/wp-content/PDFs/UKCIP_Well_adapting_organisations.pdf

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This more recent approach of linking the grant to a corporate strategic plan is also being implemented elsewhere. The Think Tank Initiative (TTI) [42] will, in its next phase, approve grants based on selected priorities drawn from an institute's overall organisational development plan. [43]

More than simply a plan

A key point to make is that it is not just the existence of a strategic plan – or the condition placed by the donor – that has made the difference. It was also apparent that the effectiveness and efficiency of interventions changed as the partners became used to being responsible – something, as we have previously noted, they have not experienced with other projects.

Clearly, partners' thinking has developed as a result of the experimentation during the early phase. Being able to learn through trial and error and being given the responsibility for the program has evidently developed their confidence. Without exception partners expressed the difference being in control has made. This is a strong example of contemporary good practice in capacity strengthening by TAF and points the way for future approaches – not only for initial stages of projects but throughout.

A broad range of interventions

Among the various activities[44] funded through both phases of the KS pilot were:

- *organisational capacity:* development of standard operating procedures; facilitating development of strategic plan; development of communications strategies; financial management training; increasing administrative support; benchmarking against other institutes; subsidising overheads; developing website; reviewing organisational governance and structures; and

- *technical capacity*: improving research capacity through training, seminars, mentoring; developing a research and advocacy agenda; undertaking independent research; undertaking joint research; provision of scholarships; improving skills in writing articles and policy briefs; writing publications; expanding networks; establishing professional and research links with international institutes; updating and expanding databases; establishing supervision and quality assurance processes.

Without exception, partners reported that the funds were directed to their respective organisation's priorities. Some reported that, in the initial pilot stage when experimentation was encouraged, they chose a few interventions that did not succeed in addressing the issue at hand. However, in an action learning program this is to be expected and, importantly, the affected partners indicated that the things that did not work helped lead them to better solutions.

Whilst not compromising partners' autonomy, TAF has provided gentle guidance throughout the pilot, particularly in some areas that are known to be a common need. Contemporary good practice in capacity strengthening suggests that this gentle guidance is appropriate – that facilitators have a vested interest in success so need to engage in ways to obtain the desired outcomes. [45]

Of importance to note is that this demand-led with some guidance approach has, largely, resulted in interventions that sit well with experience elsewhere and with the priorities of AusAID.

- These priorities strongly align with the espoused program outcomes identified by AusAID program staff and TAF during the review, namely:
  — partners have broader, more strategic networks;
  — improved research quality;
  — partners have a business model that fits their organisational nature;
  — partners have a stronger financial base; and
  — partners undertake more strategic, innovative policy-relevant research.

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[42] TTI – is a multi-donor program strengthening capacity of research institutes in the developing world.
[43] Buldioski (2013) Op. cit.
[44] Whilst the assessment of needs included 'problems of relating', interventions in regard to stakeholder engagement were rolled into the broader areas of technical and organisational capacity.
[45] McMahon, J. (2010). "Who is the Boss?" Behavioural Guidance for the Practitioner in Complex Capacity Capacity-Development Settings" in Ubels, J., Acquaye-Badoo, N.A., and Fowler, A. [Eds.] *Capacity Development in Practice,* Earthscan.

- Experience elsewhere highlights such things as: collaboration with other knowledge producers;[46] improving management and governance;[47] attention to quality assurance;[48] structured, systematic thinking such as strategic planning;[49] proactively expanding networks; [50] long-term international research collaborations. [51]

Apart from the areas of need listed in the above dot points, the literature suggests areas for attention that would be relevant for all partners, for example: how to foster research excellence;[52] developing capacities to engage in mutually beneficial partnerships with research users;[53] how to measure research impact,[54] to name a few. It is apparent that, generally, the KS pilot partners would have benefited from stronger guidance in these last mentioned areas. By and large, partners have not developed strong research quality systems.[55] As noted elsewhere, their monitoring and evaluation systems are reported as needing improvement. The majority of partners expressed a desire for more assistance with developing the skills to engage better with key stakeholders, especially governments. Few reported having developed links with reputable international institutes (Southern as well as Northern).

In the next phase, it will be important for the managing contractor to provide the stronger guidance needed. In saying this, it is critical to note this is not to suggest that the partners should be directed, as is usually the case with development projects. The partner led approach in which they are permitted to determine their own needs and priorities, and to find the most appropriate solution through trial and error should be maintained. The concept of the Communities of Practice (discussed elsewhere in the report) could be an excellent vehicle for helping to raise the awareness, understanding, skills and application in these common areas of need – as can the critical friend approach and partnering with a Northern or Southern mentor institute.

Funding independent research

Partners reported that that the pilot was enabling them to undertake independent research that they would otherwise not be able to pursue. Until now, they have been forced to research according to projects needs only, regardless of any research agenda the partner might have. This is an important step towards helping to build credible bases of knowledge for policy and one that should be promoted in the next phase.

Financial processes allow the flexibility needed without compromising accountability

For both KS pilot phases, annual workplans and budgets have been developed for consideration and approval by TAF. However, for probity purposes, TAF has disbursed the funds on a quarterly basis following submission by partners of a more specific forecast workplan and budget. Monthly reporting processes were used to monitor expenditure.

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[46] Shaxson, L. (2010). _Improving the impact of development research through better research communications and uptake: Report of the AusAID, DFID and UKCDS funded workshop, London 29 and 30 November, 2010._

[47] Stone (2006). Op. cit.

[48] Struyk. (2002). Op. cit.

[49] Bennett, S., Corluka, A., Doherty, J., and Tangcharoensathien, V. (2012). "Approaches to developing the capacity of health policy analysis institutes: a comparative study". _Health Research Policy and Systems,_ 10 (7), http://www.health-policy-systems.com/content/10/1/7

[50] Bennet et al (2012) Ibid.

[51] Ford, M., (2012). _Mechanisms for Building Research Capacity in Indonesia's Knowledge Sector through Australian Universities._ Diagnostic for AusAID to inform KSI.

[52] Ford, M., (2012). Ibid.

[53] Lavis, J.N., Lomas, L., Hamid, M., and Sewankambo, N.K. (2006). "Assessing country-level efforts to link research to action." _Bulletin of the World Health Organization._ 84 (8), 620-28.

[54] Bell, S., Shaw, B. & Boaz, A. (2011) 'Real-world Approaches to Assessing the Impact of Environmental Research on Policy', pp. 227-237

[55] Information from interviews with partners and the independent review undertaken as part of the graduation from the bridging phase.

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TAF staff reported that Program Officers and the Grants Officer have worked together to monitor the grants to ensure a focus on both finances and substance. Such monitoring has occurred on a monthly basis through a combination of site visits, discussions with partners, and monthly reports, and has had a dual purpose – accountability and troubleshooting.

This particular way of disbursing and monitoring the pilot was set up by TAF specifically to achieve a pragmatic solution to the emergent nature of the project. Given the action learning nature of the first phase, partners could not be definite about implementation over the longer-term because of the cycle of reflection and adaptation. Quarterly forecasts and monthly accounting allowed for the needed flexibility without compromising accountability.

TAF staff reported that, in the early part of the initial phase, partners were slow to disburse funds allocated to them. It appears that partners were perceiving capacity strengthening in a more traditional way as something extra to their everyday work. Needless to say their regular research work took precedence and capacity strengthening activities were put off until the organisation had the time. As a consequence, there was a slow uptake. With guidance from TAF, partners came to see how capacity strengthening could be integrated into their regular work through on-the-job activities. Further, TAF assisted partners understand how organisational capacity could be strengthened through other actions such as employing additional staff to free-up managers and researchers from more routine tasks. Such strategies have enabled improved rates of disbursement.

How successful is the support model in meeting the needs of the pilot partners?

As part of their priorities, most partners used a proportion of their KS funds to improve their financial and administrative management processes and systems. This enabled them to better absorb the significant increases in funds in the bridging phase. Payments from TAF to partners in the bridging phase have continued to be flexibly matched to each partner's situation. Consequently, TAF has transferred funds to each partner according to its specific workplan rather than according to a predetermined timing or set number of payments. Therefore, the series of payments has been different for each partner. This has required a high degree of flexibility and responsiveness by TAF not only when transferring funds but also in tracking and monitoring partners' disbursement.

The pilot has been pivotal in contributing to organisational and technical capacity

It is apparent that the pilot has been highly successful in contributing to strengthened capacity.[56] Whilst the pilot cannot claim attribution for all the improvements, generally partners were confident that it had been a significant contributor. A common theme was *"…the changes have happened because of the pilot."*

For two partners in particular, the pilot was reported in more transformational ways. One reported:

> The pilot opened up our horizon and we are completely changed.

The other indicated that the KS pilot has enabled it to accelerate the dream of having best class researchers. With the pilot, the partner is confident of reaching that dream in a few short years whereas without the pilot it would take 10 years.

Technical capacity – to enhance the quality and volume of research able to inform development policy

A number of factors affect an institute's ability to deliver high quality and effective research including things such as: having skilled researchers; effective data management systems; delivering appropriate products and services; developing knowledge products in accessible formats for decision-makers; strong networks and relationships with decision-makers; actively advocating and presenting research findings; and so forth. Changes and improvements in several of these factors are presented below.

Volume 2, Table 3: Changes and improvements in several factors affecting quality and volume of research able to inform development policy

Factor	Changes and improvements

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[56] Data drawn from: the online survey; partner interviews; TAF and partner progress reports.

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Factor	Changes and improvements
Highly skilled researchers	All partners have increased the overall number of researchers, with most doubling, or nearly doubling, the number. Collectively, the five remaining partners have increased the number of researchers from 46 to 71. As part of this, they all increased the number of senior researchers by between one to three people. Collectively the number of researchers increased from 20 to 29. All partners have made incremental improvements in research skill and practice. Each of them reported approximately one-half of their researchers achieving a significant increase in capacity through training that occurred as part of the pilot. Collectively, 29 researchers are said to have increased their competencies. Some partners have developed collaborative research partnerships
Specialist staff to support the production and distribution of knowledge products	An important difference made by the pilot has been the recognition of the importance of specialist positions (salaried or contract). Prior to the pilot, most partners concentrated solely on perfecting their research projects and did not allocate time to discuss the importance of public communications and editing. They reported that the comprehensive strategic planning process made them realise that there had been very little attention given to their position and standing in the external world or to policymaking advocacy. As a result : • all partners have increased the number of public relations/communications staff, with most doubling the number and one increasing fourfold. Collectively, the numbers increased from three to 10. • all but two partners have increased the number of editing/publishing staff. Now, only one partner does not employ editing or publishing staff. • all partners now contract a range of technical staff that they did not previously contract, including: senior researchers; general researchers; editors; publications staff; data management staff; web developers; and web maintainers. In addition, three partners contract other types of technical staff including: communications manager, research assistant, enumerator, geographic information systems consultant, and volunteers.
Development of a range of relevant knowledge products and services	All partners have increased the frequency of a range of products and services. The most significant changes have been in: • sharing products on own website – where only one did this 'often' prior to the pilot, all partners now do this 'often'; • hosting events to present findings – where the majority did this 'rarely' prior to the pilot, the majority now does this 'often'; • writing journal articles for Indonesian journals – where one-half of the partners did this 'never' or rarely' prior to the pilot, the majority now do this 'sometimes'. • writing policy briefs – where the majority did this 'never' or 'rarely' prior to the pilot, the majority now do this 'sometimes' or 'often'; and • writing newspaper articles – where the majority did this 'never' or 'rarely' prior to the pilot, the majority now do this 'sometimes', with one doing it 'often'. To a lesser degree, there has also been an increase in: the writing of working papers and book chapters; contributing to, and following, blogs; presenting at events and conferences, including international ones; and participating in knowledge sharing networks. Partners reported being more creative in their presentation of their findings and knowledge products
Setting and implementing a relevant research agenda	All partners have set a research agenda, drawing upon a range of stakeholders and staff interests and needs. All reported now undertaking independent

Factor	Changes and improvements
	research, not just research projects that have been commissioned. Generally, the range and type of research has not changed, but for the majority, the types are now more frequently used. The most significant has been: • all partners now use qualitative methods frequently where before only one partner used this method frequently; • quantitative methods are now used by all partners either frequently or sometimes whereas before the majority used these methods rarely; and • applied methods are now used by all partners either frequently or sometimes whereas before one partner had never used this method and another only rarely . Whilst the type of research is often dependent on the work commissioned, partners reported that the pilot allowed them to take up research interests they otherwise could not. Further, it encouraged them to be more diligent about the types of research they do. All partners reported that the quality of their research improved 'significantly' or 'some improvement' in a range of practices. For all partners, the pilot was reported as being the main or an important contributor to improvements in: scoping the research; planning research; quality of findings; and the final product. For the other areas of: the methods used; data gathering; data management; and data analysis – the pilot was reported as having a varying degree of contribution from 'significant' through to 'small'.
Strong networks with decision makers and other knowledge producers	All partners have extended their networks. This has resulted in improvement practical changes: • the majority of partners now present to decision makers 'frequently' where before it was 'rarely' • the majority of partners now 'frequently' help build coalitions of stakeholders where before only one partner did this frequently To a lesser degree, partners are also more involved in facilitating round table discussions with decision makers and advising government officials. The majority of partners have improved their skills in advocacy. They all reported being more able to identify the stakeholders for whom the research is relevant.
Impact and influence	Since the pilot began knowledge products of the partners are being used more widely, with the most significant changes in: • reports are now downloaded 'frequently' from partner websites in a majority of cases where before it was a mix of 'rarely' and 'sometimes' • the work of a majority of partners is now cited 'frequently' by other researchers where before it was a combination of 'rarely' and 'sometimes' • the majority reported their work being used to inform government policy papers 'sometimes' where before it was 'rarely' • the work of a majority of partners is now mentioned in the media and used by lobbyists and activists more often than prior to the pilot Examples of actual impact and influence are: • IRE: research was used by the Special Committee of the House of Representatives in formulating the Village Bill; and research used by a local district government to plan poverty reduction programs and activities; • Fitra advocated on performance standards in the Ministry of Home Affairs; • Akatiga contributed to outsourcing policy with the Ministry of Labor; • Puskapol: increased media exposure of research results; increased downloads of reports from its website; and • Survey Meter: research directly contributed to policy and advocacy

Factor	Changes and improvements
	(Elderly Friendly City in 14 Cities)

Organisational capacity

An institute's capacity to deliver high quality and effective research is affected by more than its technical capacity. It is affected by things such as: having a clear strategic direction; being able to effectively and efficiently manage its finances; strong management and governance; leadership; and so forth. Changes and improvements in several of these factors are presented below.

Volume 2, Table 4: Changes and improvements in several factors affecting effective and efficient organisational capacity

Factor	Changes and improvements
Strategic direction	All partners reported strategic direction as being an area of concern at the beginning of the pilot. They have now all undertaken comprehensive planning process that has included attention to purpose, mission and direction. All but one of the partners reported that the process undertaken as part of the pilot has completely resolved the previous issues with the remaining indicating partial resolution.
Governance and management	All partners identified management practices as an area of concern prior to the pilot. Activities undertaken during the pilot have resulted in these concerns having been resolved for one partner and partially resolved by the others.
	A similar outcome has been achieved by the four partners who reported governance as an issue prior to the pilot. Two of the partners have successfully achieved leadership transition and one of these also established a Board.
	Most partners reported coming to understand the merit of having their Board as a non-operating function providing guidance and direction while the Executive function undertakes the operations of the organisation's business.
	All partners had concerns with their organisational structure prior to the pilot. Now the majority have completely resolved those issues with the remaining partners having partially resolved them.
	Two of the partners added new management positions in areas such as communications, research, advocacy, knowledge management and systems management.
	The vast majority of partners hired more administrative staff and implemented more appropriate software packages to help manage the additional resources and organisational growth
Organisational processes	The level of success in this area has been less obvious. Four of the partners reported issues with standard operating procedures but only one of the m has been able to completely resolve these. The remaining report only partial resolution.
Human resources management	All partners reported having partially resolved the difficulties they had with training staff.
Financial resources and management	To manage the additional demands placed on the organisation by the pilot and subsequent growth: • all partners reported improving their financial management procedures; the vast majority improved processes to oversight the budget; • the majority hired more finance staff; and • two partners improved cost allocation processes.

Factor	Changes and improvements
	Whilst the majority of partners have experienced an increase in work, two partners in particular reported significant growth as a result of their involvement in the pilot.

A number of factors[57] have contributed to the above mentioned changes in organisational capacity. All partners reported an important contributing factor has been their willingness to change. For the vast majority of partners, access to core funding was an evident enabler, along with their organisations' funds and resources. In terms of the types of development activities that worked best in strengthening organisational capacity: all partners found technical assistance from experts as beneficial; all but one reported mentoring; and most added the support from TAF, training events, and being able to share ideas with other partners.

Some uncertainty about the advocacy role partners should play

Through the pilot, partners were encouraged to explore different advocacy strategies. Although not all the strategies were successful, TAF staff reported that partners learned much from the experiences and modified their advocacy roles accordingly. The majority of partners reported having improved their skills in advocacy, but most expressed varying levels of uncertainty about the exact role they should play.

Some had mistaken it as the need to take on the characteristics of activists or lobbyists or to work in ways more suited to community service organisations. A few of them expressed some uncertainty as to whether they should have a single approach or multiple approaches.

As part of a review workshop activity, the review team introduced partners to a model of advocacy[58] (refer to Figure 1). Partners were encouraged to consider the model (as one conceptual example of policy influencing approaches). They determined in which quadrant they sit and discussed what this might mean in terms of the most appropriate channels and means of communicating with decision-makers.

Volume 2, Figure 1
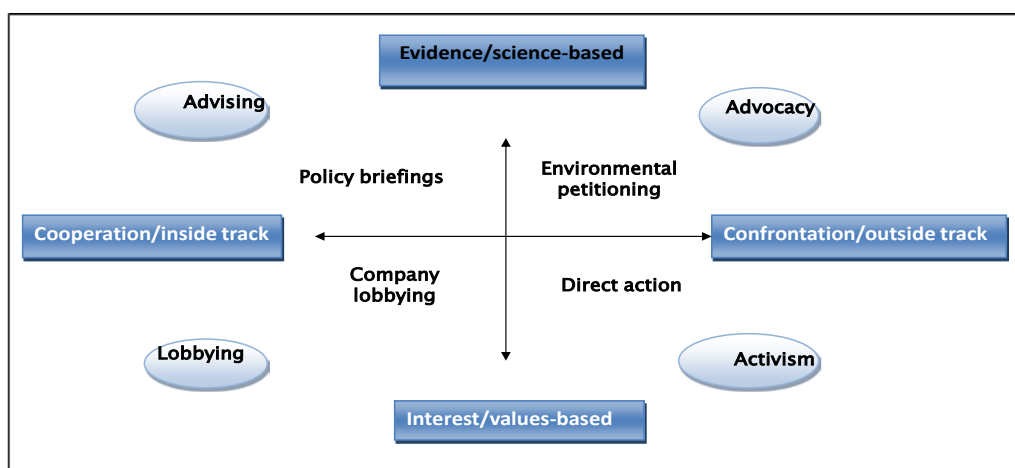
Policy influencing approaches – reproduced from Jones, 2011

It became apparent to partners through this exercise that where they sit in the quadrant can vary for the organisation overall and on a project-to-project basis. The discussion highlighted the importance of them considering their underlying values, main relationships and the strategies that might work best for them. It also confirmed for them that having multiple approaches to advocacy is appropriate and depends on the given situation. Working together to

What unanticipated consequences (positive and negative) have there been?

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[57] Responses to a question in an online survey completed by partners as part of the review
[58] Start and Hovland (2004), cited in Jones, H. (2011). *A guide to monitoring and evaluating policy influence: Background Note.* ODI.

consider various conceptual models could be advantageous for the partners as a means of continuing to explore strategies and approaches.

Several mutually reinforcing factors are the key to success

i. Application of good practice capacity strengthening is resulting in strong learning

The KS pilot has focused on the partner organisations, not merely the individuals therein. Such a focus is strongly advocated in the literature,[59] [60] which has found that capacity strengthening depends crucially on the quality of the organisation in which knowledgeable and skilled individuals work.

The pilot has promoted a wide range of learning interventions.[61] Where technical assistance has been provided it has been less about transfer of knowledge from an expert to a novice and more about knowledge as a process of learning in which the relationships between stakeholders are all important.[62] [63]

Self-determination has been a pivotal aspect of the pilot. We know from the literature that for institutional strengthening to be successful capacity development must be endogenous in nature.[64]

There has been acceptance of the importance of experimentation and trial and error as essential to finding solutions appropriate to the particular situation and context.[65] The action learning model used in the pilot (described later in this report) has been a critical vehicle for enabling the necessary experimentation. A real-life solutions-focused approach to issues, as practised in the KS pilot's action learning, is more likely to result in sustainable changes.[66]

When supporting partners, TAF appears to have found a good balance between applying its technical skills in development (explicit knowledge) with the softer capabilities needed to assist change (tacit knowledge). TAF staff immersed themselves in the particular setting, particularly in the initial pilot phase. Together with the partners they grappled with the technical issues in order to understand what might and might not work. They participated alongside partners. They developed strong relationships with critical stakeholders in ways that built trust. This balance is important, and according to Acquaye-Baddo requires: a strong mix of technical expertise (in this instance, community development practice and capacity strengthening): a deep local understanding (in this instance, of Indonesia, its culture, language, the local knowledge sector – its strengths and challenges); an imbued passion and commitment to the reforms (that is, the KSI vision and Indonesian development per se); a willingness and ability to support ground-breaking community-led initiatives (in this instance an innovative empowerment model in which partners were given control); and the earned respect of the various partners and stakeholders. [67] Acquaye-Baddo notes that this combination is very rare.

The review team suggests that it was this balance plus the commitment to an empowering approach that has contributed to the very positive and strong working relationships between partners and TAF. Indeed, so positive are these relationships that one partner reported that his first reaction upon hearing there would be a new managing contractor was:

> *Oh no! We will have a stepmother.*

What are the implementation success factors?

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[59] Nakabugo, M., G., Barrett, E., McEvoy, P. & Munck, R. (2010) "Best Practice in North-South Research Relationships in Higher Education: The Irish African Partnership Model", *Policy & Practice: A Development Education Review*, pp. 89-98

[60] OECD (2006) *The Challenge of Capacity Development*, DAC Guidelines and Reference Series, OECD

[61] Land, T. (2009). "Organism or machine? *Capacity.org.* Issue 37, Sep 2009.

[62] Morgan, P. (2002) 'Technical Assistance: Correcting the Precedents', in Browne, S. [Ed.] (2002) *Development Policy Journal: Special Issue – Technical Cooperation*, Vol. 2, December 2002, UNDP, pp. 1-22

[63] Wilson, G. (2007) "Knowledge, Innovation and Re-inventing Technical Assistance for Development", *Progress in Development Studies*. Vol. 7, No. 3, pp. 183-199

[64] Baser et al (2008).Op. cit.
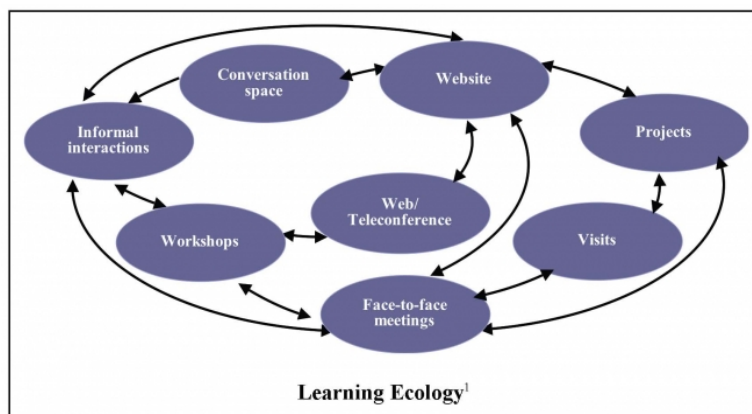
[65] Land (2009), Op. cit.

[66] Andrews, M., Pritchett, L., and Woolcock.M. (2012).*Escaping Capability Traps Through Problem-Driven Iterative Adaptation (PDIA)*: Working Paper 299. Centre for Global Development

[67] Acquaye-Baddoo, N.A. (2010) "The Balanced Practitioner" in Ubels, et al (2010), Op. cit.

The expressed fear by that partner and the others was not to do with any sense of being dependent on TAF – quite the opposite. Rather, it was a concern that the control over their own destiny that they have experienced during the KS pilot might not continue. Experience tells them that managing contractors do not often work in this manner.

Learning Ecology[1]

Attention was paid to all the five dimensions of capability that contribute to capacity and increase the likelihood of organisations sustaining development gains – the capacity to act and self-organise; the capability to generate development results; the capability to relate; the capability to adapt and self-renew; and the capability to achieve coherence.[68]

ii. Mutual learning

There has been a strong emphasis on mutual learning. All partners reported that their understanding of a wide range of matters was broadened as a result of working and learning with each other.

Opportunities to learning together were not confined to the formal meetings, workshops, and teleconferences facilitated by TAF. Rather, partners quickly established alliances amongst themselves, arranging informal visits, seeking advice from each other, collaborating in research, and so forth. In this way, partners demonstrated what has been called a 'leaderful'[69] culture that is, not relying on the facilitating agent but being committed to, and taking initiative for, their mutual learning.

Volume 2, Figure 2: Learning ecology model – Snyder and Wenger[70]

Mutual learning in the KS pilot emphasised horizontal exchange of ideas, information and experiences, as illustrated in Figure 2. Opportunities were not confined to formal learning activities. Rather, in the KS pilot they occurred in many 'learning spaces', many of which did not have learning as the primary objective but which, nonetheless, supported and enabled learning.

iii. Strong commitment by TAF and partners

It was evident that all participants in the KS pilot have been very committed to the project and its successful delivery. As noted previously, TAF assigned highly skilled and senior staff to the pilot and willingly adapted a number of their usual administrative and financial procedures in order to be responsive yet accountable. Similarly, partners committed to the intensive nature of the action learning – and have done so for an extensive period of time. Yet their continuing commitment and passion for the pilot was evident in their discussions, the way they interact with each other, and their willingness to participate in the many review activities. All participants – TAF and partners alike – demonstrated an openness and willingness to new ideas, crucial for a pilot such as this.

iv. The mix of supports

The mix of supports – core funding, the action learning program, and access to a critical friend – has been an important contributor to success (as discussed previously in the report).

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[68] Baser and Morgan (2008). Op. cit.

[69] Raelin. J. (2004). "Preparing for Leaderful Practice". *Transformational Dialogues: Teaching and Learning Journal.* March 2004. http://www.leaderful.org/pdf/RaelinTD.pdf

[70] Snyder, W.M. and Wenger, E. (2004), cited by Waddell, S., Greijn, H., Faber, K., Haertle, J.and Mauro, A. (2013). "Inter-organisational learning: a new frontier", *Capacity.org.* Issue 46, 2013

3.1. The action learning model has been an important contributor to success

A process well suited to a 'living diagnostic'

Action learning has a long history, dating back to the 1940s.[71] [72] Although there have been many variations of the concept, the common elements are: *"…real people resolving and taking action on real problems in real time and learning while doing so."*[73]

Kemmis and Taggart[74] have stylised the cyclical spirals of action learning in the following way:

Volume 2, Figure 3: Action research-action learning cycle
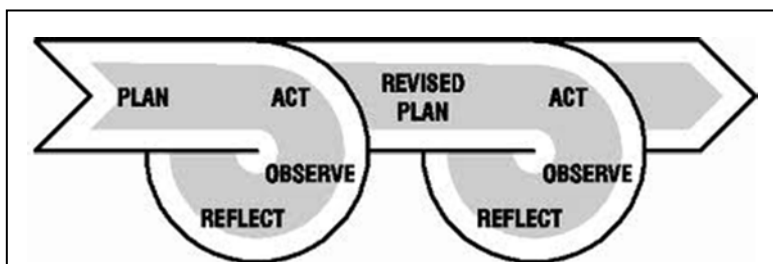
The process involves people working together to theorise and test their assumptions about what will work to address particular issues. The solutions are arrived at through a series of cycles of planning, acting, observing, reflecting, and revising the plan. It is a slow, gradual process in which practice is modified according to what is learned from trial and error.

It is very evident that all the partners experienced and participated in formalised cycles of learning. The solutions box (initial phase) and the comprehensive strategic planning process (bridging phase) formed the bases of the 'plan' component of the cycles. Solutions were then trialled – the 'act' component – the results were reviewed by the partners – the 'observe' component – then considered through discussions facilitated by their 'critical friend' – the 'reflect' component. Partners then revised their plan accordingly and the reflective cycle continued.

The partners each listed several outcomes they sought through the pilot and all of them reported either successful achievement or a level of good progress for all of them. The continuous nature of the learning was evident in the changing expectations and aspirations of the partners. Each of them reported that as they gained more confidence in trialling and learning what worked or not, they expanded what they wanted to achieve through the pilot. Success in an area of concern encouraged them to seek changes in other areas.

By using action learning, the pilot has achieved significant, relevant learning in relatively short periods of times, no doubt enabled by the fact that it employs all five adult learning orientations:

* cognitivist – learning by making sense of experiences;
* behaviourist – learning by controlling things in the environment;
* humanist – learning by self-determining;
* social learning – learning by interacting with and imitating others; and
* constructivist – learning through reflective practice. [75]

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[71] Marquardt, M. (2004). "Harnessing the Power of Action Learning". *Transformative Dialogues,* June, 2004, pp. 26-32.

[72] Foster, M. (1972). "An Introduction to the Theory and Practice of Action Research in Work Organizations", *Human Relations,* 25 (6) 529-556.

[73] Marquardt (2004), Op. cit. p. 26.

[74] Kemmis, S. and Mc.Taggart, R. (1988) [Eds]. *The Action Research Planner, Third Edition.* Deakin University Press, Geelong.

[75] Marquardt, M. and Waddill, D. "The Power of Learning in Action Learning: A Conceptual Analysis of How the Five Schools of Adult Learning Theories are Incorporated within the Practice of Action Learning". *Action Learning: Research and Practice*. 1 (2), pp. 185-20

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Of course, this type of approach is resource intensive. It has not only required significant resourcing by AusAID and intensive application by TAF, each partner has also input significant time, energies, money and staff resources into this process. The value is that the learning is more likely to be enduring than if a more traditional approach had been used.

The merit of action learning approaches has recently been recognised by Andrews et al[76] who advocate a version they term "Problem-Driven Iterative Adaptation" (PDIA). This method mirrors the cycles of action learning by: a) focusing on solving locally-determined problems in performance; b) encouraging experimentation, or positive deviation; c) embedding the experimentation in tight feedback loops for learning; and d) engaging with relevant stakeholders to help ensure the solutions are viable, relevant and supportable. A recommendation for continuation of action learning approaches and methods has been made previously in this report.

Collective learning occurred through regular facilitated group activities. Partners reported that they learned much from each other and that this mutual learning was important. TAF and AusAID reflected on the collective learning to draw overall project lessons. These were used to inform the KSI design.

Notwithstanding lessons were identified, the collective learning at the KS pilot level was not subject to good action learning cycles. TAF and AusAID did not, together, develop hypotheses to formally and systematically test and reflect upon. Rather, they relied on their longstanding very close and positive working relationships and their mutual commitment and curiosity. Despite this being a good base for learning together, the review team suggests that they, nonetheless, missed an opportunity to really trial and test the pilot.

Although the KSI is now moving from 'pilot' to 'implementation', it will continue to break new ground in the knowledge sector in Indonesia. Ongoing learning about what works will be crucial. Similarly, lessons from the next stage of the KSI are likely to be of interest to the broader knowledge sector internationally. It will take many years for AusAID and the new managing contractor to reach the type of relationship that has been shared between AusAID and TAF. Therefore, we suggest that there is a keener need for a more formal approach to hypothesising, trialling and testing aspects of the KSI if learning is to be at the fore of the program.

The assumptions and underlying theories remain valid

In the absence of a clearly articulated theory of change, the review team facilitated a brief workshop with AusAID and TAF in which they identified the main theoretical components of the KS pilot. The following table (Table 5) outlines the main assumptions and theories identified, along with a brief assessment of current validity.

To what extent do the assumptions and underpinning theories of the model remain valid?

Volume 2, Table 5: Assessment of validation of KS pilot assumptions and theories

Assumption or Theory	Assessment comments
An action learning approach would empower partners and result in workable solutions	**Remains valid** – The review findings confirm this (outlined earlier).
Incorporating a critical friend in the approach would result in mature hand-holding and not dependency	**Remains valid –** The review findings confirm that this support has been appreciated and valuable, and has not undermined the autonomy of the partners (as outlined earlier).
An approach that is open, honest, reflective, flexible leads to mutual trust and respect	**Remains valid** – The relationship between the partners and TAF and amongst the partners is demonstrably respectful and positive (as outlined earlier)
Strong organisational capacity is imperative to successful research institute	**Remains valid** – the review findings and the literature (outlined earlier) indicate there is a strong link between organisational capacity and ability to undertake good quality research that will inform policy

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[76] Andrews et al (2012), Op. cit.

Assumption or Theory	Assessment comments
Strong organisational leadership is essential to organisational capacity	**Mostly valid** - the importance of a Board has not shown to be as essential as TAF had assumed. Not all partners have had a Board and to TAF's reported surprise, this has not had an adverse impact. Strong leadership and clear organisational values and purpose have proven true. Partners reported that clarifying values, vision, and purpose has led to clearer decisions about their research agenda. TAF reported that strong leadership has been a particular feature of the remaining five partners.
A full time core group of researchers is essential to achieving high quality research	**Remains valid** – the literature indicates that a critical mass of researchers is important to quality research and sustainability.[77] [78]
Improving the quality of researchers is best done in situ	**Remains valid** – the findings (as outlined earlier) have confirmed that researchers have increased their competencies through on-the-job interventions. However, this could be further enhanced through: a) more attention to peer review and other quality assurance strategies; and b) developing collaborative working linkages with international research institutes.
Core funding provides stability so that institutes can attend to strengthening organisational and technical capacity	**Mostly valid** – the findings (outlined earlier) indicate that core funding has been an important enabler to the capacity strengthening. However, the findings suggest that it is core funding in combination of the other supports in an approach that is empowering that has made the difference. Further, the literature also indicates that funding is not the core issue[79] and that institutes should move to full cost recovery as one means of not being dependent on external core funding (outlined earlier).
Strong relationships between institutes and policymakers and other stakeholders is important to getting evidence into policy	**Remains valid** – the findings and the literature (outlined earlier) confirm the importance of strong relationships if policy advocacy is to be successful.

The KS pilot compares favourably with international experience

A set of key features of good practice was drawn from the literature, interviews and the think pieces to form the basis against which the pilot has been compared. Table 6 summarises how the KS pilot compares with international experience. The following symbols have been used:

✔   Achieved fully

◑   Partial achievement

◔   Awareness , some action

When compared with international experience, to what extent is the current model the most effective in strengthening organisational and technical capacity?

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[77] Head, B. (2010). "Evidence-based policy: principles and requirements" in Productivity Commission (2010). *Strengthening Evidence Based Policy in the Australian Federation*, *Volume 1: Proceedings*. Roundtable Proceedings, Productivity Commission, Canberra.

[78] Block, M.A.G., and Mils, A. (2003). "Assessing capacity for health policy and systems research in low and middle income countries". *Health Research Policy and Systems,* 1 (1), http://www.health-policy-systems.com/content/1/1/1

[79] Block and Mills (2003), op. cit

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Volume 2, Table 6: KS pilot compared with key international good practices

KS **PILOT**		**LESSONS FROM INTERNATIONAL LITERATURE AND EXPERIENCE**
COMMENT		**KEY FEATURES**
✓	Strong self-determination by partners seeking own solutions to identified issues Partners have strong sense of control	• Strong endogenous approach
✓	Interventions self-determined by partners, working from existing situation. Flexible allocations of funds to match priorities and capacity to absorb and implement	• Build on existing capacities; mindful of absorptive capacity
◐	Long term focus and incremental steps but too little attention to clear goals and performance indicators	• Long-term focus; incremental outcomes to 'manage' complexity; clearly articulated learning goals; robust incremental performance indicators
✓	Interventions are tailored to specific needs of partners. Coaching, mentoring and critical friend methods have been successfully applied	• Flexible interventions; coaching is key
✓	Action learning has been a key part of the pilot. Partners have used trial and error to determine what works best	• Process of experimentation and learning; evolve approaches
✓	Strong commitment to organisational capacity is evident	• Strengthen organisational capacity as well as individuals
✓	TAF, the partners and AusAID each invested heavily in building strong, positive relationships	• Invest in relationships
◐	Partners have begun to set research agenda based on good analyses of policy problems but this is in the early stages	• Research focused on current policy problems
◐	Partners have recognised the importance of engaging closely with policymakers and other decision makers and their linkages are stronger. The practice is still in the early stages. There has been some attention to evidence in the broader sense but this needs to be more fully developed	• Engage closely with policymakers and other decision makers
◕	Some partners have recognised the importance of developing collaborative linkages with international institutes and have included this in their current strategic plan	• Mutual learning between North-South - 'sister think tank'
◐	There has been some collaborative research undertaken between partners and one of the initial partners (no longer on program) has established ongoing collaboration with an institute in another developing country	• South-South relationships important
◔	There has been some attention to quality assurance through standard operating procedures but, generally, not enough dedicated attention to instituting things such as peer review systems and supervision	• Attention to peer review and QA

3.2. Suggested improvements

A number of suggested improvements to the model or implementation have been made in the body of the report. These relate to: improving monitoring and evaluation; trialling and testing program-wide hypotheses; and changes in what might be included in the core funds.

What improvements could be made to the design of the pilot and the way it is being implemented?

Strengthen a broader range of competencies

As discussed elsewhere in this report, the pilot has been very successful in helping to empower the partners to take control of the decision-making processes related to the pilot. We have noted the importance of the KSI continuing to implement methods that place the agency with the partners themselves.

However, the empowerment to date is but a first step in what Mendizabal[80] refers to as helping to promote 'intelligent customers' – that is, where the institutes take control not only of their destiny in a single project (as per the KS pilot) but are supported to develop this capacity across all jurisdictions and situations. Capacity strengthening interventions need to help facilitate partners' ability to understand and manage their context and their relationship with key actors, specifically:

- political competencies – so partners are better able to: understand the context in which policy decisions are made and implemented; apply that understanding to policy and research questions; and apply it to appropriate policy recommendations; and

- funder relations competencies – so partners are better able to manage the relationship with their funders in order to find and maintain the right alignment of interests.

Explore ways in which to further promote intrinsic drivers of performance

The KS pilot helped to strengthen the agency of the partners, both at individual organisation level and as a group of partners. We think there is merit in building on this by exploring ways in which the drive for improved performance remains intrinsic rather than external. Too often, there is a temptation by donors and managing contractors to push the performance agenda externally if progress appears too slow. This temptation has, largely, been overcome during the KS pilot – though we have indicated elsewhere in which areas that stronger guidance and encouragement might be given.

The review does not wish to provide definitive recommendations about what would be best to further promote intrinsic desires to perform. Rather, we believe that this should be about exploring, trialling, testing – as in the spirit of ongoing action learning. However, we put forward some suggestions for consideration by the KSI stakeholders.

Learning Networks or Communities of Practice

All of the partners expressed appreciation for the mutual learning experiences built into the pilot. They reported it being not only beneficial but transformational. Partners could envisage continuing benefits for one or more Learning Networks or Communities of Practice that might be thematically based.

In the longer-term program with many more partners, there will be merit in setting up varied Communities of Practice or Learning Networks based on particular themes, research interests, or professional groupings. Partners, together with others interested in the same theme, research methodology or from the same professional group, could develop their practices through a variety of methods such as: joint problem-solving; visiting other members; mapping knowledge; identifying gaps; seeking information; exchanging ideas and experiences. This would enable partners to drive their own performance through collective action.

These Communities of Practice could be facilitated externally using an agenda driven by the partners or could be facilitated by one or more of the partners themselves, where the necessary facilitation skills and interest exist.

Open partners to the various methods of measuring success of their knowledge products and processes

A common theme amongst partners was a wish to understand better how to measure the outcomes and impact of their work. We have made a recommendation elsewhere in the report in regard to partners developing simple but effective monitoring and evaluation systems.

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[80] Mendizabal, E. (2013), "Synthesis of think pieces" Volume 4 of this report.

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There is merit, as part of this, to increase partners' awareness and understanding of a range of methods they might use to measure success of their knowledge products and processes. If partners have easy-to-use tools they are more likely to apply them for purposes of continuous improvement (as well as accountability).

A common set of standards for continuous quality improvement

We believe there is merit in the sector collaboratively exploring: a) an Indonesia-relevant set of common standards for key practices essential to successful knowledge-to-policy processes; and b) how partners might use those standards to strive for a level of excellence that is relevant to their particular context and situation.

The review team has revised its initial proposal that this might be a public domain 'stamp of excellence'. Discussions with stakeholders during the Aide Memoire highlighted the risks of making this a public domain tool, suggesting it might inadvertently result in first and second-class supply-side organisations. Such risks would not be conducive to the notion of growing the Indonesian knowledge sector. However, we believe that such a tool could be developed by the sector as a quality improvement tool for use internally by organisations.

The use of rubrics is suggested because it can provide transparency about what constitutes success. Rubrics provide gradients of competence, which can be tailored to the Indonesian knowledge sector context. An outline example is provided in Table 7.

This sample suggests three broad dimensions and six sub-dimensions of the knowledge-to-policy cycle. These are indicative only. A tailored rubric might choose more and/or different dimensions and sub-dimensions. The sample also suggests four graded ratings – from 'emerging' through to 'leading'. Again, these ratings might be different for the local context. Notwithstanding, we recommend that the ratings be positive in language. After all, an emerging research institute should feel proud of itself as much as a leading one.

In developing the rubric, detailed descriptions are developed for each of the sub-dimensions at each of the ratings levels. These describe, in as exact terms as possible, the competencies that would be expected at that particular level for the given sub-dimension. We have chosen not to populate the table, preferring not to pre-empt the descriptors suitable to the Indonesian knowledge sector.

Volume 2, Table 7: Sample outline rubric for research institutes showing four different rating grades

DIMENSION		RATINGS			
		Emerging	Developing	Proficiency	Leading
		DESCRIPTION OF RATING			
Quality policy research	Planning and executing research				
	Data methods				
Linking knowledge to policy	Research and policy analysis relevance				
	Engagement with key decision makers				
Organisational capacity	Direction and leadership				
	Financial management				

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Development of rubrics is best done collaboratively – as Davidson e al[81] say, "*Get the right people in the room!*" The review team suggests that the right people in this instance would include: KSI partners, AusAID, KSI managing contractor, and other KSI stakeholders. Through a facilitated process, these 'right people, together:

- identify the dimensions and sub-dimensions relevant to the knowledge-to-policy cycle;
- determine the various rating levels;
- describe what performance would look like for each rating level;
- describe the types of evidence that would be gathered and used to measure each of the descriptors; and
- debate, refine, trial, refine.

Once developed, the Indonesian knowledge sector would have a locally-specific set of standards against which research institutes could measure themselves. Gathering the agreed evidence, partners could be assessed and mapped against each standard. Using this as a baseline, partners could choose to strive to obtain a higher grading in any one or more of the sub-dimensions. Once having obtained the higher grade, another performance goal could be selected. In this way, partners would strive for excellence at their own pace for their own internal continuous improvement.

In assessing the partners a number of choices are possible. Partners could undertake a self-assessment. They could be assessed externally. Or a self-assessment might be verified by an external assessment. If an external assessment process is considered, we suggest a peer review system rather than external auditors or experts so that the spirit of partners remaining as the controlling agent is maintained.

Explore other flexible financial and other supports

As part of the move toward encouraging self-determining partners, there is merit in incorporating more financial and other supports from which they can choose. For example:

- using KSI funds to establish a competitive research grants mechanism to be managed by the demand-side partner BAPPENAS (supported by a mentor) –refer to the suggestion in Volume 1 of this report;
- encouraging the use of a proportion of core funds to enable staff to present at international conferences; and
- linking AusAID scholarships more closely with KSI as an incentive for attracting and retaining highly skilled staff.

Several respondents raised the issue that partners did not always know the full range of possible interventions – that is they did not know what they did not know. From advice provided by TAF, efforts were made to make partners aware of various options. Continuing to open partners to varied support modes will be important in the next phase.

4.1. Early impacts evident

Earlier in this report (Tables 4 and 5) we outlined the changes in organisational and technical capacity to which the KS pilot has contributed. The literature[82] reminds us that when considering impacts of policy research (and therefore programs to strengthen capacity) it is important to include broader aims such as policy impact, changes in behaviour, and strengthening relationships.

Clearly, the information listed in Tables 4and 5 captures changes in each of these three areas. There is evidence (from the partners and the users of their research) of policy impact – that is, where independent research undertaken, as part of this pilot, or the results of the improved advocacy have led to uptake of the research by decision-makers.

Review Question 4: Early impacts

What evidence is there of early impacts?

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[81]Davidson, J., Wehipeihana, N., and McKegg, K. (2011). *The Rubric Revolution.* Paper presented at the AES International Conference, Sydney, 1 Sep. 2011.

[82] Hovland, I. (2007). *Making a difference: M&E of policy research.* Working Paper 281, ODI.

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Key changes in behaviour include: setting comprehensive strategic plans to help guide the work of the partners; setting a research agenda in consultation with key stakeholders; the conduct of independent policy relevant research. Such changes are illustrated in comment from two of the partners:

What early outcomes have there been?

> *Strategic planning has made a huge difference [to us]. We no longer take research that is not in our agenda.*

> *Six months after we had our strategic plan we had our own research agenda. For four months we invested time to develop our own research agenda through [consulting] with our stakeholders.*

The tables also include changes in relationships. It is apparent that partners now consult with stakeholders to develop their research agenda. All partners have improved their skills in advocating to decision-makers. An important change in relationships is the collaboration that is now occurring between some of the partners. This change was totally unexpected by the respective partners. As one commented:

> *The good thing is that we realise now we can cooperate with others.*

For another partner, this change has been transformational. Before the pilot they used to work alone, whereas now they mostly work through collaboration.

Progress is comparable with expectations

International comparison

Comparing this level of progress with expectations based on international experience is difficult .The literature sheds little light on what early impacts are to be expected from capacity strengthening programs. However, we note that the achievements listed in Table 4 and 5 fall into the four areas described by Datta and Rodriquez[83] as being typical of think tank capacity strengthening programs, namely: a) research quality, type, policy relevance and quantity; b) management of think tanks; c) engagement with stakeholders; and d) changes in policy.

How does progress compare with what is expected (from international experience)?

Further, when we compare early impacts of the KS pilot with The Think Tank Initiative, a contemporaneous similar program, we find:

- KS partners have used the core funds to improve research quality, internal management and communications, which help institutes succeed in the longer-term. Buldioski[84] notes this was not the case for Think Tank Initiative partners; and
- KS partners have all developed strategic plans to drive their capacity strengthening programs and the priorities for the use of core funds. Think Tank Initiative partners are only moving to this in the next stage.

In the absence of definitive international benchmarks it is, therefore, probably reasonable to suggest that KS pilot progress compares favourably with what has been found elsewhere.

Partners' own expectations

Partners were asked to retrospectively outline their expectations of change, which was used as an informal baseline by the review team to make comparisons. For all of the five remaining partners, their expectations around tangible changes (for example, having standard operating procedures, revised organisational structure) were met. For the broader expectations (such as influencing public policy, strengthening researchers' capacity) there is evidence of incremental change. Each of them acknowledged that the impacts they are seeking will take time to be fully realised.

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[83] Datta and Rodriguez (2013). Op. cit.
[84] Buldioski, G. (2013). Volume 4 of this report

Expectations of TAF

Whilst the pilot has not worked with a current program logic that would have provided clear direction in terms of expectations against which to assess progress, TAF did have a framework it developed initially. [85] That framework identified a range of intermediate results that might be expected to be achieved during the life of the project.

Although these were not enumerated to allow the review team a definite base for comparison, we did find that marked levels of progress have been made for the majority of the desired results. Results in which progress has not been as expected in this framework include:

- there has been no change in the number of articles in international peer-reviewed journals. However, there has been an increase in the number of articles in Indonesian journals; and
- only limited progress has been made in regard to establishing robust research quality assurance processes.

4.2. More effective and efficient M&E needed

As we have already noted, the pilot has been able to monitor the performance of partners and to help them address any issues through a combination of the critical friend approach, regular meetings, frequent visits, and monthly reports from partners. It is clear that there is a good knowledge of partner activities and issues and a willingness, and capability, by TAF to help resolve issues that have emerged.

How well does the M&E system capture major constraints and progress?

We have also noted that, it has been able to evaluate some aspects of the pilots through the use of informal methods. This was very effective in improving partner selection for the KSI.

How efficient is the M&E system?

However, whilst the methods used have suited the hands-on approach and style of TAF, they have not enabled efficient or effective reporting to AusAID. TAF has relied heavily on narrative accounts of process, progress, and issues. This has meant the writing of lengthy reports that do not allow AusAID staff to quickly identify the main data they need for their on-reporting.

The difficulties have been exacerbated by the weak monitoring and evaluation systems of partners. These have not had the capacity to capture the type of data required to monitor progress towards outcomes. This issue has been outlined previously in the report and a recommendation made.

TAF and partners did try to apply a number of methods that could be expected to provide robust data for monitoring and evaluation, such as: solutions box; baselines; impact logs; stakeholder analyses; stories of change. However, some of these were difficult to sustain because partners did not have mechanisms within their organisational systems to capture, store and retrieve this on an ongoing basis. Therefore, strategies such as stories of change and impact logs became add-ons and therefore not taken up well.

Suggested improvements include:

- *Clarifying the program theory including the assumptions to be tested, and the desired outcomes and measures.* TAF developed a draft monitoring and evaluation framework in January 2010 that had begun to do this but it was never applied. The pilot would have benefited from this being refined (to ensure it was doable) and being applied. It would have provided the necessary framework to the processes of data gathering and analyses, which, in the absence of a framework, have been very ad hoc.

  It can be difficult to clarify the theory in a program with emergent outcomes and interventions, as per the KS pilot. One useful resource might be: Funnell, S.C., and Rogers, P.J. (2011). *Purposeful Program Theory: Effective Use of Theories of Change and Logic Models.* John Wiley & Sons.

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[85] Draft M&E Framework, 27 Jan 2010.

- *A dedicated monitoring and evaluation specialist.* Initially, TAF engaged a monitoring and evaluation specialist to develop the framework and oversee its implementation. However, a decision was made to make monitoring and evaluation a responsibility of everyone and to immerse the function of monitoring and evaluation in the Program Officer roles. The review team agrees that monitoring and evaluation is everyone's responsibility. However, for a pilot of the calibre of KS pilot, we believe it is essential to dedicate resources to the planning, implementation and oversight of monitoring and evaluation. This does not preclude everyone still being responsible. It merely ensures that the necessary attention to the development of systems and processes, and the strengthening of partner capacities can occur. In retrospect, TAF and AusAID should have negotiated additional resources for this this function to occur.

- *Tracking changes in research-to-policy.* There is merit in partners beginning to track the effect of their knowledge products and services. Hovland[86] would provide partners with a very good reference on the types of things to track on a regular basis (such as hits to website, number of downloads, number of journal articles published, number of times cited) as well as things to be evaluated on a less regular basis (such as mapping outcomes of research, surveying users of research, peer review of articles, and so forth).

- *Using simple but effective ways to communicate baselines and subsequent changes.* The baselines and progress against these has relied on TAF interpreting information written in the solution boxes and partner progress reports. This has made it difficult to achieve clear understanding of the degree to which changes have occurred.

  When trying to report iteratively on changes in a way that can be understood by the partners and other stakeholders such as AusAID, it can help to use methods that use agreed standards of change and performance. Clarifying the program theory (as suggested above) including articulating what change will look like and what agreed indicators will be used to measure success can provide an agreed standard that can be used iteratively.

  Periodic surveys using Likert Scales and other ratings scales are another method. The scales allow for degrees of opinion or no opinion at all, enabling quantitative data to be obtained and analysed relatively easily. Used iteratively it can help to track of changes and trends over time.

  Another method that might work for the KS pilot partners is Goal Attainment Scales. Advantages of this method for KS partners include:

  — it can be used to measure qualitative outcomes on a quantitative measurement scale;
  — it can be tailored to specific contexts, with the goals, outcomes and ratings developed specific to the particular situation;
  — it allows for collaborative development of the ratings and descriptors of measurement; and
  — it enables the capturing of incremental change and can be used for iterative assessments.

  An example of a Goal Attainment Scale template is provided in Table 8.

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[86] Hovland (2007), Op. cit.

Volume 2, Table 8: Sample template – Goal Attainment Scale

Level of expected outcome	Rating	Behavioural statement of expected outcome Goal 1	Behavioural statement of outcome Goal 2	Behavioural statement of outcome Goal 3
Much more than expected	+2			
More than expected	+1			
Expected	0			
Less than expected	-1			
Much less than expected	-2			

Resources that might be useful for the KS pilot partners explore the possibility of Goal Attainment Scales include:

- Sharp, C., and Read, P. (2011). "Goal Attainment Scaling in early childhood intervention: Issues for implementation and evaluation". *Evaluation Journal of Australasia.* 11 (2), 31-41. http://aes.asn.au/images/stories/files/Publications/Vol11No2/4.pdf

- Maskey, R., Lawler, D., Cummings, B., and Sampson, K. (2008). *Assessment of Catchment Partnership Health: Using the Goal Attainment Scaling Technique.* Paper presented to the AES International conference 2008. http://aes.asn.au/images/stories/files/conferences/2008/Papers/p35.pdf

- Mailloux, Z., et al (2007). Goal attainment scaling as a measure of meaningful outcomes for children with sensory integration disorders. *American Journal of Occupational Therapy, 61,* 254–259. http://www.spdfoundation.net/pdf/Mailloux_May-Benson.pdf

5. Conclusion

The action learning approach supported by a critical friend has been very successful in terms of strengthening both organisational and technical capacity. Many immediate outcomes have been achieved. TAF has applied contemporary good practices of capacity development. Partners have been empowered to take responsibility for determining needs and priorities as well as for the actual delivery of interventions and the outcomes. This approach has never before been experienced by the partners who report being in control of all decision-making processes for the first time in any donor-funded project. This should auger well for sustaining the changes being made as ownership of interventions (decisions, delivery and outcomes) has been shown in the literature to be essential to enduring outcomes. Continuing this approach is recommended in the longer-term KSI program.

The critical friend component has been an important enabling factor of the partner-led approach. Partners have not been simply left to their own devices. They have had the close support of an external person who understands extremely well their organisation, its culture and the environment in which they work. Whilst respecting and upholding each partner's autonomy, TAF staff have provided guidance and encouraged partners to reach beyond their usual way of operating. Nonetheless, stronger guidance – or nudging – could be provided in areas of common need such as establishing robust quality assurance processes to improve research, linking with policymakers, developing cost allocation systems, and establishing monitoring and evaluation systems. However, it will be important in the longer-term phase that such guidance or any grant conditions are applied in ways that still leave the responsibility it the hands of the partner organisations.

Whilst the skills of, and approaches used by, the facilitating agent are critical, it is equally important for partners to be open to reform. The five remaining partners demonstrate an awareness of and commitment to making the changes needed to excel in the knowledge sector.

An important reform for partners will be developing the capacity to assess how well they are performing and the impact of their work. There is a need for them to establish robust monitoring and evaluation systems not only for improved accountability but as a means of improving the quality of their knowledge products and service.

Whilst the action learning approach was well instituted with partners, opportunities were missed at the overall program level. TAF and AusAID relied on more informal processes of learning at this level. Given the innovative nature of the pilot a more planned and targeted approach to learning about what works would have been beneficial. Such an approach is suggested for the next phase.

Engagement with policymakers is an essential area of competence for knowledge producers. All the partners have focused on improving their skills in this area but there is still a level of uncertainty as to how best to do this. Strengthening competencies in this area should be focus in the next phase.

The bulk of the core funds have been used on strengthening the critical areas of organisational and technical capacity. However, some partners have directed not insignificant amounts to institutional costs. This suggests that core funds might be subsidising other grants and donors – a situation that is not unusual but nonetheless not good practice. There is a need for partners to develop improved financial management practices including moving towards full cost recovery.

The action learning and strong empowering approach has resulted in partners seeking to improve their performance. This provides a good basis on which to develop further those strategies that are proving effective and to explore how else performance can be driven intrinsically.

6. Recommendations

Recommendation 1: Retain methods and approaches that empower partners

That the new KSI managing contractor implements action learning methods and approaches of support that empower partners to take responsibility for: determining needs and priorities; both the delivery and the outcomes of interventions; reflecting on practice; and adapting the model and interventions to address any issues.

Recommendation 2: Improve monitoring and evaluation

That each partner develops and implements a simple but effective organisational-wide monitoring and evaluation system that will allow it to measure organisational performance, provide relevant project data, and improve practice. To facilitate this, each partner should negotiate support from the KSI managing contractor to put in place on-the-job technical assistance and coaching in order for it to develop the necessary monitoring and evaluation capacities.

Recommendation 3: Support partners to improve knowledge products and services

That the KSI managing contractor actively guides each partner to identify and implement appropriate interventions that will continue to strengthen the quality of their knowledge products and services.

Recommendation 4: Take a more planned and targeted approach to learning what works

That AusAID and the new KSI managing contractor, together, identify the hypotheses they wish to test during this next stage of the program and develop appropriate methods to test them and learn what makes a difference.

Recommendation 5: Strengthen policy advocacy

That partners, individually and collectively, continue to explore conceptually and practically what advocacy means for their respective organisation to determine the most appropriate channels and means of communicating with decision makers.

Recommendation 6: Support partners to strengthen ability to manage context and relationships

That the KSI managing contractor actively guides partners to identify relevant and appropriate interventions specific to them to strengthen their understanding of, and ability to, manage their contexts and relationships with key actors.

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Recommendation 7: Facilitate gradual move to full cost recovery

That, over an agreed period of time, each KSI partner:

- *moves to a full cost recovery model for its knowledge production activities with a commensurate scaling down of access to core funds for institutional costs; and*
- *seeks support, if needed, from the KSI managing contractor to develop and implement a relevant financial management strategy and develop costing tools to enable this change.*

Recommendation 8: Make gradual changes to the core funding

That AusAID oversees a gradual phase-out of institutional costs as an allowable component of the KSI core funds.

Recommendation 9: Support partners to improve performance

That AusAID leads a collaborative process to explore a range of strategies that continue to promote intrinsic drivers of performanc

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Annex 1– Review Respondents

THE ASIA FOUNDATION	
Sandra Hamid	Country Representative The Asia Foundation
Laurel MacLaren	Deputy Country Representative The Asia Foundation
KharismaNugroho	Program Officer Knowledge Sector Program TAF
Yonata M. Syarif (Joey)	Grant Team Leader
Sylviana H.T. Sianipar	Senior Program Assistant TAF
KS PILOT PARTNERS	
Nurul Widyaningrum	Executive Director - Akatiga
IsonoSadoko	Akatiga
Sukasmanto	Executive Director of Institute for Research & Empowerment (IRE)
Krisdyatmiko	Senior Research Specialist of Institute for Research & Empowerment (IRE)
N.W. Suriastini	Director of SurveyMETER (December 2012 to date)
BondanSikoki, SE, MA	Director of SurveyMETER (to December 2012)
Dani Alfah	Program Officer of Sektor Knowledge- SurveyMETER
Yuna Farhan	Sekjen Forum IndependenuntukTranspirasiAnggaran (FITRA)
Caroline Tupamahu (Olin)	Yayasan Bursa Pengetahuan Kawasan Timur Indonesia (BaKTI/ JIKTI)
Muttaqien	Pusat Kajian Pembiayaan dan Manajemen Asuransi Kesehatan Fakultas Kedokteran Universitas Gadjah Mada (PKP-MAK)
Sita Aripurnami,	Executive Director of Women's Research Institute
Sri Budi EkoWardani, SIP, M.Si.	PusatKajianPolitik (Puskapol) FISIP UI
Anna Margret	PusatKajianPolitik (Puskapol) FISIP UI
OTHER STAKEHOLDERS	
Farini Pane	Deputy Chief of Party, Program Representasi (ProRep) at Chemonics International Inc
AsepSuryahadi	Director of SMERU
Ir. TubagusFurqonSofhani, MA, Ph.D.	Dosen KELOMPOK KEAHLIAN PERENCANAAN WILAYAH DAN PERDESAAN SekolahArsitektur, PerencanaandanPengembanganKebijakan (SAPPK) (ITB)

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Annex 2 – Key evaluation questions and methods

Key evaluation question	Second-level questions	Methods and sample	Areas to explore
Program Implementation – High priority			
1. How effectively and efficiently has the pilot been implemented?	1.1. How and why was the pilot developed?	**Document review** • KSI design doc • TAF pilot design docs **Interactive session** - Group session with relevant AusAID and TAF to: • Reconstruct timeline of process; and • Undertake brief context analysis	Background, history Stakeholders involved in developing model, decision-making processes re: mode Rationale for pilot; resource level Selection processes for pilot partners

	1.2.
	
	What implementation structures, management mechanisms, and management systems are used to implement pilot?
	
	To what extent are they appropriate to the task?
	
	To what extent have they enabled or hindered the implementation?
		Document review
		
		• design documents
		• administrative records, e.g., SOP, risk management, staffing levels, finances, etc.
		
		Interactive session with 5 remaining pilot partners
		
		Key informant interviews with TAF & TAF advisory reps
		
		Comparative analysis:
		• with literature
		• with other Indonesian experiences
		  i. AIPJ – LEIP
		  ii. ProRep – 2 institutes plus TAF pilot that receive ProRep funding (Fitra and IRE)
		
		Health check rating tool - TAF and pilot partners (individually), follow up joint session to reflect on results
		
		Financial analysis
			How elements of the structure fit/relate
			
			How major functions and tasks are captured, including decision making, supervision, accountability, quality and risk
			
			Sufficiency, relevance, appropriateness of level of resources for pilot – and into future if scaled up
			
			Aspects that are essential to success and should be retained by new MC
			
			For other Indonesian programs:
			
			• Advantages/disadvantages of structures, capacity strengthening mechanisms, core funding models
			• Perceived successes and challenges cf goals and expectations
			• How funded; sources
			• Lessons these might offer
			
			Recruitment of partners; relationship with partners; process used to review partner performance; assessing of core funding; demand-led capacity strengthening versus donor identified needs; M&E
			
			Financial records over life cycle of pilot, credit and debit patterns, disbursement patterns, sources and % of funds; procedures for disbursements; monitoring of budget and allocations

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Key evaluation question	Second-level questions	Methods and sample	Areas to explore
2. How relevant and appropriate is the modality of support in improving pilot partners' organisational and technical capacity?	2.1. How has funding and technical assistance been provided? Was this done efficiently and effectively? How well have they aligned to needs?	**Document review** - progress report - evaluation report **Key informant interviews** - TAF reps responsible for finances and management - reps from each of the 7 pilots **Interactive session** with the 5 remaining pilot partners (as part of 1.2) **Comparative analysis** with(as per 1.2) - literature - with other Indonesian experiences (as per 1.2) **Financial analysis -** records, processes (as per 1.2)	What support has been provided and how; degree support matches needs; variations of support to partners and reasons; how support decisions are made; how resources are allocated and monitored Advantages/disadvantages of the intensive relationship TAF has implemented with pilot partners Perceived contribution of pilot to the early impacts; relevance and how necessary this model vs other possible models From literature: successes, challenges, experiences, lessons For other Indonesian programs: - Advantages/disadvantages of structures, capacity strengthening mechanisms, core funding models; - Perceived successes and challenges cf goals and expectations ; - Lessons Staffing processes/procedures; staffing levels and retention patterns; training; relationship and stakeholder management; documentation of pilot; M&E Financial records over life cycle of pilot, credit and debit patterns, disbursement patterns, sources and % of funds; procedures for disbursements; monitoring of budget and allocations
	2.2. How successful is the support model in meeting the need of the pilot partners?	**Review of capacity baseline** (from existing documentation and reports) or reconstruct through: recall as part of interviews; TAF program design doc; any baseline records **Document review** - progress reports; - evaluation report; - minutes of action learning sessions **Interactive session with partners** **Key informant interviews** with: - TAF - The 5 remaining partners - sample of key policymakers or users of research or organisations who collaborate in research with them – up to 8 **Assessment of relevance** against criteria suggested by Dr. Emily Rudland, (ODE, AusAID – *Assessing Relevance in Development: Meaning and Methods*	Relevance, appropriateness of action learning model How action learning model is implemented Perceived strengths, issues, challenges, successes Changes to pilot partners organisational and technical capacity - and factors contributing to this Effect on dimensions of effective supply side organisations (from literature) Perceived contribution made by the pilot and its model Other contributing factor/mechanisms Link between activities and goals; alignment with priorities and policies; based on good contextual analysis; appropriate to context; right counterparts; likely to result in enduring change Relevance and success of demand-led versus donor identified needs

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Key evaluation question	Second-level questions	Methods and sample	Areas to explore
2. How relevant and appropriate is the modality of support in improving pilot partners' organisational and technical capacity? (Continued)	2.3 What are the implementation success factors?	**Key informant interviews** • TAF • The 5 remaining partners • reps from TAF advisory group	Context, variables, contributing/influencing factors Successful/unsuccessful processes & why Strengths and challenges
	2.4 What unanticipated consequences (positive and negative) have there been?	**Workshop** to identify/explore major aspects of program theory (with TAF, reps from pilot partners and TAF Advisory Group) **Key informant interviews** with: • TAF • reps from the 5 remaining partners • sample of key policymakers or others who use the research from the pilot partners, or organisations who collaborate in research with them - up to 8 • 2 research institutes/partners from each of ProRep and AIPJ	Mechanisms, theories and assumptions underpinning the pilot Intended and unintended consequences – positive and negative
Program concepts and design - Medium priority			
3. How relevant and appropriate is the program design?	3.1. What are the strengths and weaknesses of the action learning approach and design?	**Workshop** to explore strengths, weaknesses, of the model – as part of the workshop to explore major aspects of program theory (with TAF and AA) **Comparative analysis** with lessons from the literature review	How the model operates, strengths, weaknesses Whether action learning model is achieving desired outcomes The aspects of the model and implementation that are critical to success and should be retained by the new managing contractor
	3.2. To what extent do the assumptions and underpinning theories of the model remain valid?	**Workshop** to identify/explore major aspects of program theory (with TAF, AA) **Key informant interviews** • TAF, • pilot partners, • AusAID	Mechanisms, theories and assumptions underpinning the pilot
	3.3. When compared with international experience, to what extent is the current model the most effective in strengthening organisational and technical capacity?	**Literature review** of programs and models to strengthen organisational and technical capacity of research institutes - also draw on findings of review of SMERU Research Institute	Contemporary good practices in improving the research-to-policy links; capacity development; action learning Experiences of other institutes Differences between pilot and international experience, possible explanations for differences, possible solutions/improvements Lessons from this pilot that might inform scaling up by the new MC or other like programs
3. How relevant and appropriate is the program design? (Continued)	3.4. What improvements could be made to the design of the pilot and the way it is being implemented?	**Key informant interviews** w • TAF, • pilot partners • AusAID	Aspects of the model and implementation critical to success and should be retained by the new managing contractor The challenges that need a different approach/solution

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Key evaluation question	Second-level questions	Methods and sample	Areas to explore
Early impacts - Low priority			
4. What evidence is there of early impacts?	**4.1.** How does progress compare with what is expected (from international experience)?	**Key informant interviews** with: as per earlier questions • TAF • reps from the 5 remaining partners • sample of key policymakers or others who use the research or collaborate with the partners – up to 8 **Interactive session** with partners	Achievements to date – intended, unintended, pace of progress, barriers to progress; degree of alignment with expectations
	4.2. How well does the M&E system capture major constraints and progress? How efficient is the M&E system?	**Key informant interviews** • TAF a • AusAID **Document review** - of M&E system	Robustness of elements of M&E system Usefulness of M&E system in delivering what is needed Appropriateness and relevance of baselines, indicators, means of measuring, and reporting Whether more quantitative and less qualitative measures might be possible Advantages and disadvantages of the intensive processes used