



Australian Government
AusAID

Quality at Entry Report for Revitalising Indonesia's Knowledge Sector for Development Policy

A: AidWorks details

Initiative Name:	Revitalising Indonesia's Knowledge Sector		
Initiative No:	INI787	Total Amount:	\$100,000,000
Start Date:	January 2012	End Date:	January 2027

B: Appraisal Peer Review meeting details

Summary of ratings prepared by:	Jessica Mackenzie <i>JM</i> . 28.8.2011
Meeting date:	24 August 2011 (1:30 – 3:00pm)
Chair:	Roderick Brazier <i>R.B.</i> 29/8/11
Peer reviewers providing formal comment & ratings:	Danielle Heinecke, Director, AusAID James Gilling, First Assistant Director General, AusAID Neil McCulloch, Senior Economic Advisor Jakarta Post
Independent Appraiser:	Dr Budy Resosudarmo, ANU
Other peer review participants:¹	<p><u>AusAID Jakarta</u></p> <ul style="list-style-type: none"> • Jacqui De Lacy – Minister Counsellor, AusAID Jakarta • Scott Guggenheim – Senior Social Policy Advisor • Neil McCulloch – Chief Economist • Hannah Birdsey – Counsellor, Education and Scholarships • Douglas Rammage – Governance Adviser • Petra Karetji – Director, Decentralisation, Poverty Reduction, Rural Development • Amanda Simmonds – Unit Manager, Health Systems Strengthening • Dewi Kumara – Program Officer, Economic Governance • Members of Knowledge Sector Unit – Dias Rahwidiati, Idauli Tamarin, Benjamin Davis) <p><u>AusAID Canberra</u></p> <ul style="list-style-type: none"> • Rod Brazier – Chair, ADG Indonesia & East Timor Branch • Jo Choe – Director, IET Branch • Francesca (Frankie) Lawe-Davies – A/g Director, IET • Paul Zeccola – Governance Unit, IET • Ian Bignall – Director, Research • Elise Cole – Research • Ulla Keech-Marx – Leadership Policy Section • Jessica Mackenzie – Governance Unit, IET

C: Safeguards and Commitments

Answer the following questions relevant to potential impacts of the activity.

1. _____

¹ Apologies (written comments provided): Mary Fearnley-Sanders – Education Advisor, AusAID, Debbie Muirhead – Research Adviser, AusAID, Fred Carden – Director, IDRC, Emily Serong – Unit Manager, Scholarships.

C: Safeguards and Commitments		
1. Environment	Have the environmental marker questions been answered and adequately addressed by the design document in line with legal requirements under the Environmental Protection and Biodiversity Conservation Act?	Yes/No
2. Child Protection	Does the design meet the requirements of AusAID's Child Protection Policy?	Yes/No/N/A

D: Initiative/Activity description	
3. Description of the Initiative/Activity	<p>The initiative 'Revitalising Indonesia's Knowledge Sector for Development Policy' is targeted at increasing Indonesia's ability to domestically produce policy relevant research, to enable Indonesian policy-makers to make contestable, evidence-informed decisions on how best to spend national budgetary resources in ways that help the poor. It will address the underdeveloped domestic supply of knowledge products to inform policy, as well as the ability of decision makers to use those products to inform their policy choices. This will help meet Indonesia's growing need for Policy Makers to meet increasingly complex development needs, with Indonesia's emergence as a growing regional economy.</p> <p>It will focus on the producers of knowledge, the Policy Makers who use those products to inform their decision making, the intermediaries and institutions that support this relationship and the broader enabling environment within which the knowledge sector operates in Indonesia.</p>
4. Objectives Summary	<p>The Knowledge Sector Program will be delivered in three phases (18 years in total). In the first six-year phase, AusAID support will increase the supply of and demand for high-quality research to inform policy. The second and third six-year phases will increase the focus on supporting broader policy and institutional reforms and building international partnerships. The proposed Program Budget for the first 6 year phase is approximately AUD100 million. Funding for subsequent phases will be subject to a review in the fifth and eleventh years of the program.</p> <p>The knowledge sector can be divided into four components a) supply – the research organisations that produce knowledge and evidence that influence policies; b) demand – the policy makers and organisations that demand and use evidence in formulating and shaping policies; c) intermediation – the translation, packaging, and communication of knowledge; and d) enabling environment – the policies, regulations, and procedures that govern how the supply, intermediary and demand sides operate and interact.</p> <p><u>Program Components</u></p> <ul style="list-style-type: none"> • Component 1: Supply (\$29.1 million) AusAID will provide core funding and capacity building to up to 16 research organisations to enable them to provide better quality research; and small grants to support indigenous (community-level) knowledge practitioners and institutions. • Component 2: Demand (\$22.4 million) AusAID will provide funding for government agencies to procure research; technical assistance to review internal management systems; and training to help agencies use evidence in policy-making. • Component 3: Intermediation (\$8.6 million) AusAID will support intermediaries outside of government to use research findings to push for policy reforms and generate public debate; and support government intermediaries to procure the research needed for policy makers. • Component 4: Enabling Environment (\$2.2 million) AusAID will provide technical assistance to review and revise policies that restrict knowledge-to-policy transfer, and build constituencies across government to advocate for these reforms.

E: Quality Assessment and Rating (no more than 300 words per cell)			
Criteria	Assessment	Rating (1-6) *	Required Action (if needed) ‡
1. Relevance	<p>Consensus that this is a highly relevant program for a middle income country. It is an ambitious, high risk, high return investment that seeks to change policy making and debate in Indonesia. It is worth the risk, because of the potential to significantly influence Indonesia's democracy over the long-term, and aligns with senior management's agency vision for AusAID's role in middle income countries for the future.</p> <p>It fits well with AusAID Indonesia Program's sectoral programs and will strengthen them. It provides a comprehensive approach that other donors can also apply to the knowledge sector if they choose to engage.</p>	6	Design provides a high quality response to this issue. No further changes needed
2. Effectiveness	<p>The four components are clear and well thought through, and governance structures are appropriate. Effectiveness will depend on AusAID being able to maintain a good quality team for implementation and strong management oversight. Need for discrepancies in articulation of purpose to be cleaned up through document to ensure consistency.</p> <p>Component one (Supply) will need strong selection process, with consequences for non-performers. Consideration of role of private sector to be outlined in implementation. Link Indonesian knowledge sector to international knowledge sector in due course.</p> <p>Component two (Demand) is complex and high risk, the initiative will need to analyse respective agencies' organisational cultures and workload to be effective. Importance of working beyond Bappenas, in other agencies noted. Sub-national focus appropriate as area for work in second phase.</p> <p>Component three (Intermediaries) consider the role of media (including social networking) in implementation.</p>	5	<p>Effectiveness next steps:</p> <p>a) Tighten selection criteria for supply side by drawing from existing material</p> <p>b) Include some wording around theory of change work to date</p> <p>c) Sharper articulation of hypothesis with link to poverty, at the start of document. This should delineate that the program is based upon the credible development hypothesis that better development policies will have an impact on poorer Indonesians.</p> <p>d) Include in implementation arrangements that communications to Canberra will be absolutely critical over the life of 15 years.</p> <p>e) Reflect better efforts under Enabling Environment including selected policy reforms in first period</p>
3. Efficiency	<p>General consensus of the importance of 15 year timeframe for the program. Implementation and governance arrangement are sensible, roles of respective parties and AusAID resources/role of contractor are clear and appropriate.</p> <p>Need to ensure at implementation: (i) the importance of feedback to Canberra HQ on program progress, (ii) importance of links to sectoral teams to success; (iii) alignment with GOI funding mechanisms and other donors' work and (iv) importance of 2014 elections for the program.</p>	5	Design provides a high quality response to this issue. No further changes needed

1. Relevance	<p>Consensus that this is a highly relevant program for a middle income country. It is an ambitious, high risk, high return investment that seeks to change policy making and debate in Indonesia. It is worth the risk, because of the potential to significantly influence Indonesia's democracy over the long-term, and aligns with senior management's agency vision for AusAID's role in middle income countries for the future.</p> <p>It fits well with AusAID Indonesia Program's sectoral programs and will strengthen them. It provides a comprehensive approach that other donors can also apply to the knowledge sector if they choose to engage.</p>	6	Design provides a high quality response to this issue. No further changes needed
4. Monitoring & Evaluation	Consensus on M&E approach – comments included “it is absolutely right to prescribe this approach to M&E”	5	<p>M&E next steps:</p> <ul style="list-style-type: none"> i. Annex to be included on the terms of reference for Monitoring and Evaluation Specialist and expectations of Framework to be developed by them. ii. Include articulation of the program logic (with measurable indicators) iii. Note that AusAID will peer review the M&E systems once complete.
5. Sustainability	Timeframe of the program was agreed to: fifteen years (three phases of five years).	5	Design provides a high quality response to this issue. No further changes needed

6. Gender Equality	Consensus that the program will contribute to and advance gender equality in Indonesia, including through specific funding of gender-sensitive organisations.	5	Design provides a high quality response to this issue. No further changes needed
7. Analysis and Learning	Agreement that the design is solidly grounded in research, analysis and consultations with a wide range of stakeholders, and draws on lessons from pilots.	5	Design provides a high quality response to this issue. No further changes needed

*** Definitions of the Rating Scale:**

Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality; needs ongoing management & monitoring only	3	Less than adequate quality; needs to be improved in core areas
5	Good quality; needs minor work to improve in some areas	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

‡ Required actions (if needed): These boxes should be used wherever the rating is less than 5, to identify actions needed to raise the rating to the next level, and to fully satisfactory (5). The text can note recommended or ongoing actions.

F: Other comments or issues *completed by Activity Manager after agreement at the APR meeting*

- See Minutes from Peer Review for detailed discussion.

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Response to the issues raised – Dias Rahwidiati, Knowledge Sector Team (with additional inputs from Jacqui de Lacy, Minister Counsellor, Scott Guggenheim, Senior Social Policy Advisor, and broader Knowledge Sector team)

Demand side – selection of partner Ministries and political scope

- Explanation of Component Two, Demand side (likely activities, selection criteria based on ODI report). Highlighted that this program will work in sectors (sectoral ministries) where AusAID already has programs. This will build on the expertise, relationships and knowledge AusAID has to make this work effectively, and compliment the confidence AusAID has built over many years. Through our relationships with the FPO and MONE, for example, we know that ministers and Echelon I's want an evidence base to build reforms. While other sectoral areas may also be of interest, it is necessary to identify where AusAID knows demand already existed. The program is definitely beyond Bappenas, sectoral Ministries form an important part of this Component.
- The program will also choose policy issues that we know are relevant to the policy makers. Then using our relationships we will complement sectoral program support, to build capacity in sections where policy makers identify it is most needed. While it is challenging to prove that policies are not always based on evidence and lead to better policy outcomes, AusAID has had several high level dialogues on this approach and is confident that it will work.

Supply side – selection criteria and geographic reach

- Overview of Component One, Supply side provided. Highlighted that the team developed detailed selection criteria for the supply side candidates, based on learning from the pilot program. This is currently not included in the design (for concerns around length of document), but is available and will be incorporated into the next version. Noted that for the pilot program alone, current eight organisations were selected from a group of more than 70 organisations based on IDRC methodology, with attempts to ensure geographic balance – this led to the inclusion of the affirmative action approach in design.
- Highlighted that design is not limiting the supply side to those organisations that only work to the GOI research agenda. Some supply side organisations will be chosen based on topic, but program also provides core funding and technical assistance to help develop their own, independent research agenda. Highlighted that the program is targeted at policy relevant knowledge producers and communicating the national research agenda.
- Flagged the need to put some boundaries around what the program is supporting, acknowledgement that despite the long timeframe, there are finite resources, and one boundary is the knowledge that informs policy questions and decisions. The knowledge sector is not just another research fund. Noted that the program's focus is the space where government and researchers interact.
- Beyond life of this program or in other AusAID sectoral programs there is plenty of space for more work in this area – this program is not imposing limitations in any way. For example, legal reform work by governance team. Acknowledgement that the model is replicable and written to be applied by other areas should they choose to.
- Program team continues to liaise closely with the scholarships team on how to target and build capacity of individual researchers, as AusAID's scholarship program has significantly more reach in this area.
- By supporting both the demand side and supply side allows a linkage where there are meaningful requests from researchers and policy makers, to support demand driven research.

Appraiser response added (Budy Resosudarmo):

- Reassured that there is link between supply and demand that is flexible – process of selecting institutions is clearly transparent and open. Expressed caution regarding closeness of researchers with government and need to create incentives for researchers to be independent. Not convinced the enabling environment component is not cost intensive.

Enabling Environment – relevance to success, budget and analytical work to date

- Overview of process of designing the Enabling Environment component and the significant analytical work done through the diagnostics on this. Agreed that this is reflected in Chapter One; but perhaps need to attach summary

F: Other comments or issues *completed by Activity Manager after agreement at the APR meeting*

of diagnostics and our policy reform agendas as an annex.

- Budget – Emphasis that the program will need to identify entry points for the reforms, and these do not require high levels of funding. It requires resourcing key players (who understand the political landscape) with time to achieve these reform discussions. This area is crucial but not expensive.
- We agree this is the most important component. Acknowledged that the program will need all these components to generate individual successes for it to work as a whole; but also need to be realistic. Agreement that at end of phase one AusAID will need to check carefully whether Enabling Environment is starting to transform. Enabling Environment is the hardest part, and it is necessary to recognise that program cannot assume to change it immediately. It's not a financing issue; it requires building coalitions around senior officials to acknowledge identified reform issues and what would be required to fix them. Stop-go points will become increasingly more important as program goes on. Enabling Environment has been elevated so that it fits under the Program Director rather than a Component Leader, to reflect this consequence.
- Importance of national research financing system acknowledged, and progress to date in Indonesia by national government is minimal. Begin with getting the issue on the agenda, and providing replicable examples from other Middle Income Countries that can easily be applied to Indonesia.

Monitoring and Evaluation

- Overview of work to date on program logic modelling. The team used a logic modelling exercise to produce the components in Chapter Two. However, it did not lend itself to a compelling narrative; the material is available and can be reflected in an annex.
- Agreement that Indonesia program as a whole is trending towards emergent Monitoring and Evaluation Frameworks for Governance programs. Agreement that the Indonesia Program will Peer Review these once actually designed (by managing contractor). Knowledge Sector Team will also run this by Neil when finished.
- Acknowledgement that under this program, the team can measure all the inputs that are being financed and also have a series of measurable hypotheses for each component, (see the table on page 45). The Monitoring and Evaluation Framework will need to demonstrate how these elements fit together – show if the system works as a whole.

Public Expenditure Review

- Agreement that while it may seem good to provide monetary incentives for GOI to make those reforms, all analysis to date shows that using GOI funding systems will experience significant problems until several reforms in the enabling environment are made (e.g. procurement law). The design will include a working in partner systems analysis at end of phase one as part of analysing future investments.

New media

- Agreement that this needs to happen organically, and the new media systems in Indonesia are proactive - no need to explicitly include these in design (covered implicitly by intermediaries component).