

# **Knowledge Sector Initiative Phase 2**

## **Program Implementation Strategy**

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## 1. Introduction

This program implementation strategy outlines in further detail the general directions and principles of engagement provided by the KSI Guiding Strategy for Phase 2. It is based on consultations and engagement with KSI stakeholders using the Guiding Strategy as the main point of reference, and outlines how KSI will operationalise the Guiding Strategy through the emerging theory of change and end of program outcomes (EOPOs). This program implementation strategy also incorporates feedback from KSI's Program Steering Committee (PSC) and Program Technical Secretariat (PTS) meetings in March 2018.

Importantly, the program implementation strategy covers how KSI Phase 2 will function as a catalytic program that combines facility and programmatic funding approaches in an adaptive and iterative manner throughout the life of the program. As outlined in the Guiding Strategy, the approach builds on achievements, knowledge and relationships gained in Phase 1, and looks towards leveraging these assets to achieve significant changes and reforms in Indonesia's knowledge sector.

### Purpose

The program implementation strategy serves a number of purposes:

- Provides guidance and direction for the team and key stakeholders
- Explains why we are doing what we are doing, and what our intended outcomes will be
- Provides boundaries for what KSI can support
- Provides a point of reference when we are reviewing our progress and deciding whether to continue or discontinue certain activities depending on the momentum and political economy
- Clarifies the team's approach to engaging and supporting partners to achieve results.

### Structure

The program implementation strategy is structured as follows:

- Part 2 – provides an overview of the context within which KSI Phase 2 operates, how KSI aligns with Government of Indonesia and Government of Australia priorities and links with other programs
- Part 3 – outlines KSI's strategic approach, including implementation principles, playing a catalytic role, and its approach to adaptive management
- Part 4 – provides an overview of KSI Phase 2 governance arrangements, decision-making criteria and framework for entering or exiting new activities or key initiatives
- Part 5 – provides an overview and description of KSI Phase 2 focus areas, EOPOs and key initiatives, as well as its cross-cutting strategies.

## 2. Context

### Looking Ahead: Overview of the Context

The Guiding Strategy provides the rationale for investing in the knowledge sector, especially the potential high returns on investment and how this support can bolster other Government of Australia support for Indonesia. While considerable barriers to evidence-informed policymaking remain, there has been positive momentum. Recent developments include a new law on science and technology, which has been drafted and is currently under parliamentary review. There have been discussions on

the development of a new overarching national research body. President Jokowi recently approved changes to the procurement law, impacting on contracting research institutions.

Recently, there has been a greater push for more effective spending on research and the use of research. President Jokowi questioned the effectiveness of research undertaken by ministries and national institutions, highlighting the need to demonstrate the impact of research funded by government.<sup>1</sup> In a recent address (9 May 2018) to the National Agency for the Assessment and Application of Technology, Megawati Soekarnoputri, chairperson of the incumbent dominant political party (*Partai Demokrasi Indonesia Perjuangan*) stated that research must be the basis of development, not just “input”, and that this should be a key feature of the draft law currently under deliberation on Indonesia’s national science and technology system.<sup>2</sup>

There has been increasing demand from ministries for policy analysts, highlighting the need for improved capacity to source and synthesise research inputs for improved policies. The Ministry of Administrative and Bureaucratic Reform (*Kemenpan RB*) is currently reviewing the role of government research units (*Balitbang*). This may result in changes that give policy analysts a stronger role in government.

As Indonesia becomes more democratic and more dependent upon revenue gained from taxes, there is greater public pressure on the government to demonstrate the effectiveness of government spending and the impact of policies. Research, data and evidence, accessible to the public, are important for “citizens to make accurate judgements as to whether to trust, justify, or legitimize the political system and the authorities that manage it” (Zeineddine B. & Pratto 2014). Without this, public dissatisfaction and mistrust of government can increase, undermining government legitimacy. This dissatisfaction can take many different forms, including the rise of radicalisation and extremism. This emphasizes the underlying importance of improving Indonesia’s knowledge systems and transparent use of evidence.

### Alignment with Government of Indonesia and Government of Australia Priorities

The governments of Indonesia and Australia both have an interest in helping Indonesia to transition from a lower-middle country to a higher-middle-income country, which in turn promotes prosperity, security and stability in the region. This requires effective public policy to promote economic growth and reduce poverty. To develop effective public policies, Indonesian policymakers need to access and use a range of evidence to inform policy. KSI supports this need by putting in place the building blocks required for a vibrant knowledge sector.

More effective public policy, informed by quality, timely and relevant evidence is critical for Indonesia to achieve its long-term vision for the country’s development, as set out in Indonesia 2045 and the Sustainable Development Goals. As directed by the KSI Steering Committee, KSI’s support for policy research will help inform development of Indonesia’s upcoming visioning processes, including the Medium-Term Development Plan (RPJMN) for 2020-2024 and the next 20-year Long-Term Development Plan (RPJP) commencing in 2022.

Key aspects of KSI’s support align with other specific Government of Indonesia priorities. KSI is supporting better practices for commissioning and using research to inform development planning. Its support for policy analysts aligns with the RPJMN priority of increasing the level of professionalism

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<sup>1</sup> <https://www.cnnindonesia.com/ekonomi/20180409171951-532-289503/jokowi-pertanyakan-penelitian-k-l-yang-habiskan-rp249-t>

<sup>2</sup> <http://www.beritasatu.com/nasional/491759-megawati-dorong-riset-wajib-jadi-dasar-kebijakan-pembangunan.html>

and capacity of the Indonesian bureaucracy. Synchronising planning and budgeting has been a major issue at the national level for almost two decades. KSI's support for developing a single online system for planning and budgeting (KRISNA) addresses this issue, while directly responding to President Jokowi's call to better track progress on national development priorities and ensure budget is allocated to ministries based on the programs they implement ("money follows program") rather than their functions ("money follows function").

KSI aligns with Australia's aid policy, which calls for a change in the way aid is delivered. Aid in Indonesia is only a small proportion of Indonesia's national budget. This means KSI needs to act as a catalyst for change, including by leveraging domestic resources. To this end, KSI's investments will seek to leverage domestic funding and resources, particularly from the Government of Indonesia and the private sector. This includes work at sub-national levels with local governments who have funds but are desperate for expert advice. Australia's aid policy states that aid should be delivered in a way that reinforces the responsibility of partner governments to plan and fund their own economic development and poverty reduction strategies. KSI does this by creating the conditions necessary for Indonesian policymakers to access and use evidence to make informed choices about how best to spend its development budget.

Over time, a stronger knowledge sector will enhance Australia's other investments in evidence-informed policymaking in priority sectors outlined in its Department of Foreign Affairs and Trade (DFAT) Aid Investment Plan for Indonesia. KSI plays an important role in promoting people-to-people links, through providing access to its broad networks and promoting connections with Australian universities.

### Links with DFAT and other Donor Programs

KSI has numerous links with other development investments in Indonesia. Its Indonesia Development Forum (IDF) will provide an opportunity for a wide range of DFAT and other donor programs to participate, learn and share their experiences to help inform Government of Indonesia policy, as well as profile the breadth of Australia's overall support as a committed development partner. It underpins the intent of Australia as a serious economic partner. KSI's support for the passage of new procurement regulations that enable the government to contract universities, research organisations and civil society organisations to provide research will boost efforts of other programs seeking to promote evidence-informed policymaking. KSI's investment in policy research institutes (PRI) has boosted their organisational and policy research capacity and confidence, which is benefiting other programs and institutions who use their services. The UK's Department for International Development (DFID) Newton Fund is leveraging KSI's investment in building the capacity of the Indonesia Science Fund (DIPI) and complementing this work with its own technical assistance and networks. At the same time, KSI is leveraging the Newton Fund's investment in research to help build the credibility of DIPI. KSI is collaborating with other DFAT programs through its work on the KRISNA online e-planning and budgeting system. KSI is working with Kompak on the use of KRISNA for local government planning and budgeting of Special Funding Allocations (*Dana Alokasi Khusus – DAK*). It is also collaborating with Prospera on integrating Indonesia's mid-term spending framework (KPJM) into KRISNA. KSI is providing tools and guidance to other DFAT programs to improve the effectiveness of DFAT funding for the Ministry of National Planning/National Development Planning Agency (*Bappenas*) studies to inform the RPJMN.

## 3. Strategic Approach

Bearing in mind KSI is just one small player with limited resources, it can make a difference by focusing on pockets of reform and playing a catalytic role. KSI will work with research providers and the government to improve the policy relevance and quality of research, increase research funding,

promote better quality spending on research, and better data availability and accessibility. KSI will continue to progress work on underlying systemic issues in the knowledge sector and support, learn from, and promote examples of positive deviance.

KSI will support stakeholders to work on key issues they have an interest in addressing. KSI will identify information gaps and produce knowledge to deepen understanding of these issues. It will also facilitate dialogue and collaboration between stakeholders in addressing policy problems. This will take advantage of developments in KSI's operating context, including critical junctures such as the lead up to the presidential elections.

### Key Principles of Implementation

Implementation of KSI Phase 2 will be informed by the following key principles:

- *Collective action* – Development problems in the knowledge sector are essentially collective action problems, whereby stakeholders lack the incentives to collaborate, even though this would lead to better outcomes for all. Overcoming collective action problems requires stakeholders from government, research providers, the private sector and others to find ways to act collectively in their own best interests. Consequently, KSI's approach is to identify key stakeholders with an interest in an issue and facilitate collaboration to solve issues affecting the knowledge sector.
- *Addressing underlying incentives, not just capacity* – While insufficient capacity is often an issue, the most significant barriers in the knowledge sector relate to insufficient incentives to produce policy-relevant, quality research and to use this research to inform policy. Government stakeholders are not held to account for developing evidence-based policy and as such they do not demand quality research from research providers, creating little incentive for its production. However, there are sometimes other interests or motivations at play, or pockets of demand for reform that can provide an opening to address issues. KSI's approach is to understand the underlying incentives and political economy and use this understanding to identify potential opportunities to strengthen incentives. KSI will address capacity as well, but only where this complements work on incentives.
- *Backing locally led efforts* – For solutions to succeed, they need to be locally<sup>3</sup> owned and led. Issues need to have salience for local actors who require the space to drive the process and develop locally relevant solutions. KSI's approach is to facilitate stakeholders to come together to reflect on issues and develop and test solutions to issues in the knowledge sector. At the same time, KSI will play a critical friend role by providing new ideas (e.g. international experience) that could be adapted to the local context, and by testing stakeholder ideas. If possible, KSI should build upon, embed and scale up local initiatives that are already working. In some cases, KSI may demonstrate new ideas, but it is important that these are tested and adapted to the local context.
- *Strategic selection of partners* – KSI's general approach will be to identify stakeholders with the interest and power to affect change and facilitate collaboration to address issues in the knowledge sector. At the same time, KSI will engage stakeholders who are not normally part of these deliberations, in order to introduce different perspectives and ideas.
- *Promoting systemic change* – KSI will have greater impact if it addresses broader systemic issues underpinning the production and use of knowledge for policy. KSI's approach will be to

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<sup>3</sup> 'Local' means Indonesian stakeholders or institutions at the national or local level.

address key policies, regulations and mechanisms affecting the knowledge sector as a whole, while at the same time building better practices within key organisations as a demonstrative effect for others.

- *Strategic risk taking* – KSI works in a dynamic, complex and unpredictable environment. In such an environment it is important to try a range of different initiatives, some of which will work and others which will not. KSI needs to take risks to try new things where there are windows of opportunity, but closely monitor these and be willing and able to adapt by either scaling up successful initiatives or making timely decisions to withdraw support if prospects for success are poor.
- *Change requires long-term horizons and happens incrementally* – Achieving change in the knowledge sector is complex and difficult. It is important to be realistic about what KSI can influence and accept that change will be incremental and requires time.

### KSI's Catalytic Role

As stated previously, KSI is only one small player in the knowledge sector, with limited resources. To affect change in such a complex environment, it is important for KSI to leverage and catalyse Indonesia's own substantial assets and resources. KSI will be a catalyst in a number of different ways:

- *Initiator*: Getting new ideas on the agenda, including through policy dialogue, funding studies to generate debate and discussion, identifying and promoting examples of positive deviance, and demonstrating and testing new ideas through pilots.
- *Connector and aligner*: Bringing together interested stakeholders around key issues, encouraging or helping them to develop a shared agenda, to share knowledge and to collaborate in pursuit of this agenda. This includes building an understanding of the political economy and stakeholder interests and incentives, and using this understanding to identify the right stakeholders to bring together, convening workshops and other forums (funding and logistics), and funding studies to inform agenda setting.
- *Critical friend*: Providing input to strengthen, develop and implement local solutions through sharing knowledge (e.g. international experience, funding studies), testing ideas and encouraging stakeholders to reflect on and address emerging strategic issues.
- *Accelerator*: Supporting stakeholders to speed up implementation of existing ideas. For example, KSI may fund implementation where government budget is not available due to various planning and regulatory restrictions, however it will be important to ensure that KSI does not end up substituting Government of Indonesia funding for government initiatives. KSI may also play an accelerator role by providing strategic advice or evidence to support leaders to make decisions, or connecting key stakeholders to enable progress on the issue.
- *Amplifier*: Broadcasting information to raise awareness, build support and momentum, and encourage replication of good practices. This includes using media and communications, and funding and disseminating studies.
- *Embed*: Support on-going sustainability of solutions by ensuring that ideas are locally led, build on existing local initiatives which are working, ensure solutions are appropriate to the local context and are within local capacity to implement, and facilitate local stakeholders to take ownership and responsibility for implementing solutions over the longer term.

## Adaptive Management

Change in the knowledge sector happens in complex and unpredictable ways and the broader context is constantly in flux. Therefore, it is important that KSI can operate in a flexible and adaptive manner. KSI will implement an adaptive management approach by:

- *Integrating monitoring, evaluation and learning* – KSI will operationalise adaptive management by integrating it within its Monitoring, Evaluation, Reflection, Learning and Adaptation (MERLA) system. The MERLA system will provide regular information on the external context, political economy and progress towards outcomes that will inform monthly reflection sessions with each team, as well as formal six-monthly learning weeks. These reflection sessions will enable double-loop learning by facilitating teams to reflect not only on KSI's progress towards outcomes, but also whether the assumptions underlying the theory of change continue to hold true or not, and KSI's role in contributing to the change. This will include reflection on emerging opportunities and risks due to changes in the context and political economy. Learning from these sessions will be used to adapt the program strategy and implementation. Regular reflection sessions will also help to facilitate a culture of critical thinking, learning and adaptation with KSI's team. The MERLA Plan has also been specifically designed to intentionally monitor and evaluate KSI's adaptive management approach. Further details on KSI's MERLA approach are outlined in its MERLA Plan.
- *Flexibility in program structures and process to enable adaptation* – KSI's team is structured around generalist core functions rather than technical areas, which means staff can work on any emerging issue and bring in technical expertise as needed (e.g. through local or international consultants and international partners). Work planning on an annual basis allows for reflection of the previous year's progress and adaptation of the approach for the following year. There is a level of budget flexibility, with KSI's contract with DFAT allowing for some movement of funding between contractual line items. The MERLA Plan will also have some flexibility by not locking in intermediate outcomes, including only a selection of key indicators per EOPO, and allowing for updates every year.
- *Emerging priorities fund* – Linked to the previous point, KSI will have a small flexible allocation of funding for emerging priorities that fall outside of existing key initiatives. This fund can be used to: 1) respond quickly to emerging issues or opportunities; 2) scope out potential new key initiatives that may be needed; and 3) respond to key political priorities. These activities must meet the following criteria:
  - Contribute to the EOPOs and focus areas
  - Have the potential to allow KSI to play a catalytic role and promote systemic change
  - Can be completed in less than one year
  - Are supported by members of the relevant working group (*Pokja*) and approved by the PTS.
- *Relationship management* – Being adaptive will sometimes require deciding to withdraw from activities that prove to have poor prospects for success. In such cases, it will be important to carefully manage relationships with key stakeholders involved. KSI will do this by being transparent at the outset about how it may make decisions to withdraw support and by ensuring these decisions are made jointly with key stakeholders as part of KSI's governance arrangements, applying clear decision-making criteria. Applying this approach



will require commitment from all key parties, especially KSI, DFAT and Bappenas.

## 4. Program Governance and Decision-Making Framework

### Decision-Making Criteria

As a flexible and adaptive program, KSI may support new key initiatives during Phase 2. However, it will be important to balance new opportunities with the reality of KSI's existing financial and human resources. KSI will seek to apply the rule of 'one thing in, one thing out' – meaning any decision to include a new key initiative must be accompanied by a decision to withdraw support from another key initiative or activity, unless additional resources are available to undertake large new initiatives without dropping existing commitments.

### Criteria for New Key Initiatives

To inform its selection of which new key initiatives to support, KSI will use the following decision-making criteria:

- Is necessary (though not necessarily sufficient) to achieve the EOPOs and is relevant to the focus areas.
- Allows KSI to play a catalytic role (see above) and promote systemic change across the knowledge sector. This means KSI does not fund research, hold events, train people or provide technical assistance unless this is catalysing local actors to drive change and is contributing to systemic changes.
- Must be feasible in terms of a clear likelihood of contributing to change, considering:
  - Stakeholder and political feasibility – stakeholder interests, power and ability
  - Regulatory feasibility – formal laws, regulations and policies
  - Systemic feasibility – motivations and incentives, informal norms and culture.
- Builds upon KSI experience and assets.

### Criteria for Exiting Activities or Key Initiatives

There is a possibility that some key initiatives or activities supported by KSI will not work or will end up having poor prospects for success. KSI has limited resources and it is important these are used to pursue the best possible opportunities. For this reason, KSI will sometimes need to withdraw from existing activities or key initiatives. To do so, KSI will use the following decision-making criteria:

- Given changes in context, the area of support is no longer necessary to achieve the EOPOs.
- Prospects for success are poor, for example because it is no longer:
  - Politically feasible – the alignment of stakeholder interests, power and ability is no longer providing sufficient openings for change. This may become apparent, for example, if stakeholders are no longer collaborating, key champions do not appear to have the power or relationships to affect change, or stakeholders who originally committed to the initiative are not showing signs of ownership (e.g. driving the work, committing resources).

- Legally feasible – because policies, laws or regulations have passed which prevent the change from occurring.
- It is no longer feasible for KSI to support, given the human and financial resources available.

## Governance Arrangements and Decision-Making Framework

KSI is governed by a two-tiered governance structure (see diagram at Annex 2).

**The Program Steering Committee:** PSC is the highest decision-making process or mechanism for KSI. It is co-chaired by DFAT (at Minister-Counsellor level) and Bappenas (at Echelon 1 level) and the members consist of Echelon 1 representatives from Bappenas and relevant line ministries and agencies. PSC collectively provides strategic direction; endorses program implementation strategies; approves the annual work plan, progress report and other strategic documents; and endorses the coordinators and vice-coordinators of KSI's four working groups or *Kelompok Kerja* (Pokja). The PSC members meet at least once per year and, when necessary, out-of-session meetings will be held.

**The Program Technical Secretariat:** PTS is the technical advisory body for KSI. It is co-chaired by Bappenas (at Echelon 2 level) and DFAT (at Counsellor level). Members consist of Echelon 3 levels of relevant Bappenas directorates, relevant line ministries and agencies and representatives of KSI key partners. The PTS collectively provides inputs for the annual work plan and recommendations to PSC for approval; provides technical oversight for KSI key initiative implementation; and endorses emerging priorities that are not listed in the approved annual work plan. It meets at least twice per year and, when necessary, out-of-session meetings will be held.

To support the PTS in providing technical oversight for KSI, the PTS is supported by four working groups (Pokja). The coordinators and vice-coordinators of Pokja are members of the PTS. Pokja members consist of key staff from relevant Bappenas and line ministries and agencies, as well as representatives of KSI's key partners, including PRIs. The Pokjas address emerging issues or challenges relevant to program implementation, support KSI program accountability (BAST), and facilitate collaboration and coordination among KSI partners, both government and non-government stakeholders. Pokjas meet at least quarterly. Work with new ministries, agencies and regions, if and when required, will incorporate representatives from these institutions in the Pokjas. In addition to each Pokja, there will be clusters of interested stakeholders collaborating more intensively to progress key initiatives or activities.

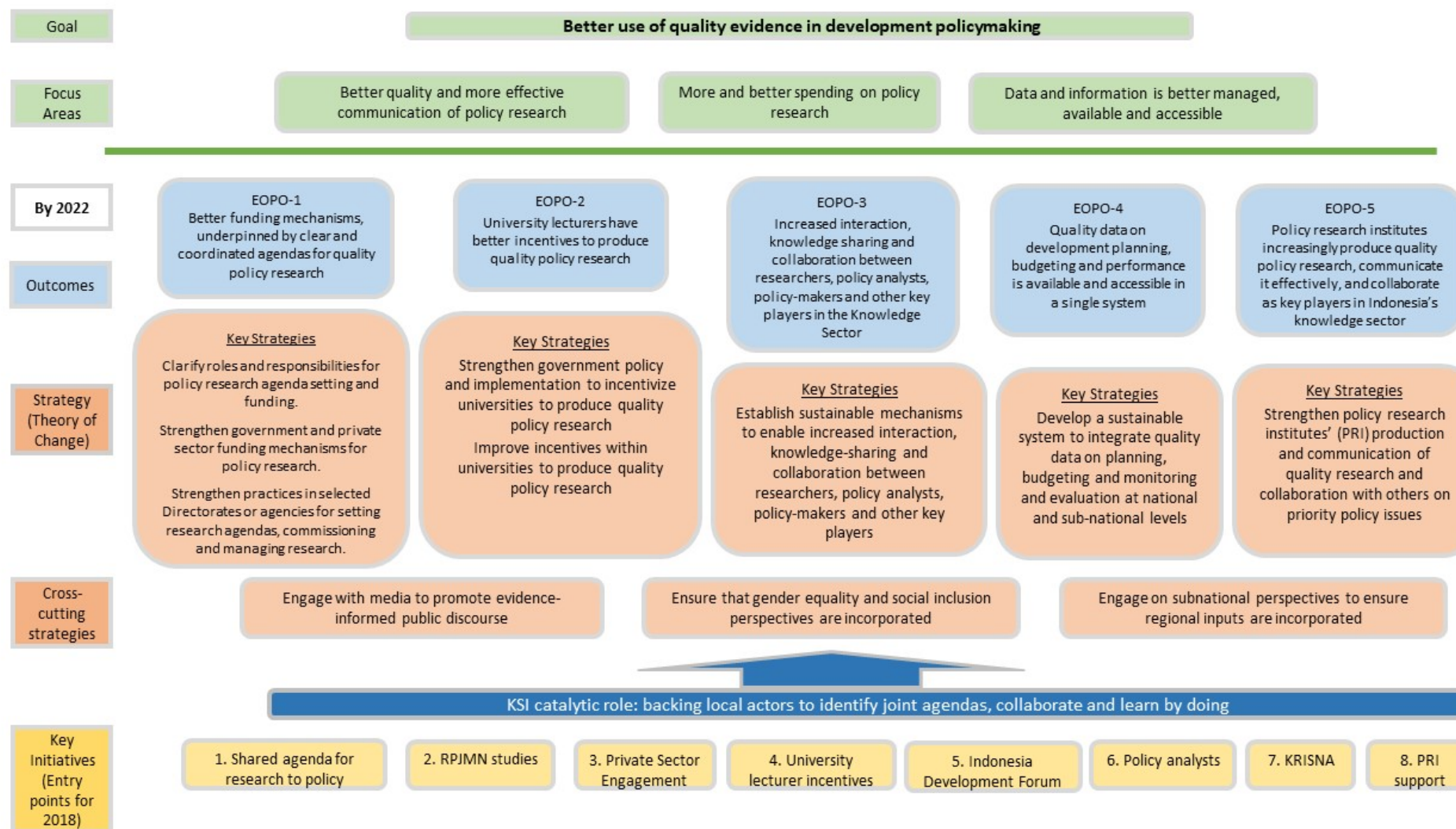
Outlined below is the process for making decisions to change program direction at different levels of the program structure. This helps provide clarity and accountability for how decisions are made. Whether these decisions need to be elevated to the PSC or PTS for approval will depend upon the level at which the change is being sought.

- **Goal, focus areas and EOPOs:** These are relatively fixed and unlikely to change during KSI Phase 2. However, should a change at this level be required, this would need approval from the PTS and PSC.
- **Key initiatives:** Ideas for new activities or key initiatives must first be discussed and agreed by KSI's senior leadership team to ensure alignment with the EOPOs and to judge prospects for success, prior to being elevated if needed to PTS or PSC for approval. All proposals for new key initiatives must apply the decision-making criteria above and prepare a key initiative paper using the outline in Annex 3.

- **Activities:** Activities for each key initiative are included in the annual work plan, which is endorsed by the PTS and the PSC. To respond quickly to changing needs and adapt to learning emerging from program implementation through an iterative approach, the KSI program team may make changes to activities (including amending, cancelling and scaling up activities). Proposals for new activities must fit within one of the key initiatives and contribute to the achievement of the relevant EOPO. The KSI team itself can make changes to activities where this requires budgetary changes of less than AUD 100,000. Where new activities are valued at more than AUD 100,000, or where the value of changes to existing activities results in a change in budget allocation of more than AUD 100,000, then approval from the co-chairs of the PTS is needed. Where proposed activities are substantial, a new key initiative may be needed, following the process outlined above for proposing new key initiatives.

## 5. Overview of KSI Phase 2

This section provides a summary of KSI's goal, EOPOs and key initiatives. The diagram below provides an overview of the KSI Phase 2 theory of change. Definitions for terms in this diagram are included in Annex 1. A budget overview for KSI Phase 2 is provided in Annex 4.



## Goal

KSI's goal is: *To support Indonesian knowledge sector institutions and systems to generate better quality research and increase the application of evidence in policymaking, thereby contributing to more inclusive and equitable economic growth for Indonesia.*

This goal has been summarised in program diagrams as *Better use of quality evidence in development policymaking.*

## Focus Areas

The focus areas set out the boundaries for KSI Phase 2 and identify changes in the knowledge sector that the program aims to influence. It is not intended that KSI will achieve everything under a focus area, but all KSI's work should be relevant to these focus areas. The purpose of this section is to provide a brief overview of each focus area.

These focus areas originate from the six barriers identified in the Guiding Strategy, as follows:

1. Low quality of research and analysis
2. Insufficient funding for and low quality of expenditure on research
3. Inadequate rules and regulations for producing, accessing and using research
4. Inadequate availability and accessibility of data
5. Limited interaction between producers and users of knowledge in the policymaking process
6. Low capacity to demand and use evidence on the part of policymakers

### Focus Area 1: Better quality and more effective communication of policy research

This focus area is concerned with improving the quality of research conducted by PRIs and universities, the relevance of this research to policy, and its effective communication to policymakers and other key policy actors.

For the purposes of KSI Phase 2, quality research is defined as being:

- Credible (i.e. peer reviewed, rigorous, consistent, coherent)
- Policy-relevant
- Accessible, timely and appropriate for the intended audience
- Sensitive to gender equality and social inclusion (GESI) issues.

It will be important for KSI, shareholders and stakeholders to have on-going discussions to develop a shared understanding of the definition of quality policy research. Over time this may lead to a refinement or evolution of the definition above.

Effective communication of policy research includes:

- Communication style meets the needs of the intended audience
- Shorter, more targeted documents synthesising research findings
- Providing actionable policy recommendations.

## Focus Area 2: More and better spending on policy research

This focus area is concerned with increasing the amount of government and private sector funding for policy research and more efficient and effective spending on policy research to ensure better quality research. This could include, for example, reducing the administrative burden around research grant requirements, improving procurement processes, or improving research agenda-setting and planning processes.

## Focus Area 3: Data and information is better managed, available and accessible

This focus area is concerned with ensuring that quality data and information is available (or able to be procured) and easily accessible (in accessible formats, searchable) by researchers and policymakers, when needed. This includes reducing inconsistent or conflicting data.

## End of Program Outcomes and Key Initiatives

This section provides a summary of each EOPO for KSI Phase 2 and the key initiatives that contribute to these. Cross-cutting activities are considered where relevant. A table on each EOPO is included to provide more detail on the theory of change underpinning each one and its contributing key initiatives.

### *EOPO 1: Better funding mechanisms, underpinned by clear and coordinated agendas for quality policy research*

Indonesian government stakeholders recognise that research and innovation are critical in driving the nation's growth and competitiveness. However, Indonesia's funding and regulatory environment does not support this. Indonesia needs a national vision for its research-to-policy system, including clearer roles and responsibilities of agencies in the knowledge sector. Indonesia has a national research agenda (*Agenda Riset Nasional*, ARN), but this is not linked to funding. At the national level, research funding is distributed across 81 government agencies, which set their own priorities. Poor coordination between these agencies means that research is often duplicated, and findings are not shared with other agencies. There is also a lack of clarity on the roles and functions of Indonesia's national scientific and research funding agencies.

Gross expenditure on research and development (GERD) is low in comparison to other middle-income countries.<sup>4</sup> The Indonesian Government contributes to most of the funding for research in Indonesia (84 percent of all research in 2016).<sup>5</sup> Existing funding mechanisms do not encourage quality policy research. Apart from the Indonesian Science Fund (DIPI) (which focuses on basic research and faces a range of challenges), there are no funding mechanisms for policy research that provide multi-year research grants, underpinned by a merit-based peer review process for selecting applicants. The recent passage of Presidential Regulation 16 2018 on Procurement (*Perpres 16/2018*), enabling the government to procure non-government research institutions, provides a good opportunity to increase and improve funding for policy research.

Indonesia's private sector contributes just over 13 percent of all funding for research and development.<sup>6</sup> However, a recent study commissioned by KSI identified significant potential for

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<sup>4</sup> Indonesia's GERD in 2016 was 0.25 percent of GDP. This compares to an average of 0.5 percent in other lower-middle-income countries and 1.4 percent in upper-middle-income countries.

<sup>5</sup> *Perhitungan Belanja Litbang Nasional 2016* (Calculation of National Research and Development Expenditure).

<sup>6</sup> This figure comprises 9.15 percent from the manufacturing industry and 4.33 percent from private non-profit organisations. The private sector's contribution to research in Indonesia compares to around 52 percent in Vietnam and Malaysia, 60 percent in Singapore, and more than 70 percent in Thailand, China, Korea and Japan. See *Perhitungan Belanja Litbang Nasional 2016* (Calculation of National Research and Development

Indonesia's private sector and philanthropic organisations to invest in research.<sup>7</sup> Tax breaks are available for the private sector to invest in research, but these are poorly understood and implemented. If private sector funding for research is to contribute to better policymaking, it needs to be linked to government research agendas rather than discrete business interests of private sector organisations. However, there are some examples within Indonesia of collaborative policy research models with funding contributions from the private sector and government linked to government research agendas.

KSI will pursue the following key strategies to contribute to EOPO 1:

- Clarify roles and responsibilities for policy research agenda setting and funding
- Strengthen government and private sector funding mechanisms for policy research
- Strengthen practices in selected directorates or agencies for setting research agendas, commissioning and managing research.

EOPO 1 contributes to Focus Area 1 (quality of policy research) and Focus Area 2 (more and better funding for policy research). Clearer research agendas are an important means of agreeing and communicating government research priorities, allowing researchers to produce more relevant research. This can also lead to more efficient research spending by reducing overlapping research within and between ministries. Funding mechanisms can attract more research funding and, if well set up and managed, can enable better quality research and more efficient spending.

KSI will support three key initiatives to contribute to EOPO 1:

*Key Initiative 1: Shared agenda on research to policy*

This key initiative seeks to:

- Raise awareness among key stakeholders of the importance of research for policy
- Support stakeholders to clarify roles and responsibilities for key actors in the knowledge sector, including for agenda-setting and funding for policy research
- Identify and support opportunities to strengthen funding mechanisms for quality policy research (which over time may lead to greater funding for policy research).

KSI seeks to do this by engaging in recent government reform efforts affecting the knowledge sector. These various reform efforts are not coordinated or linked to a common vision of the research-to-policy process in Indonesia. This work will be iterative and exploratory, responding to opportunities in the rapidly changing context. KSI will convene and facilitate key stakeholders to raise awareness of the importance of research to policy and to increasingly work towards a common vision, to clarify roles and responsibilities and to consider links between separate reform efforts and the ramifications of decisions on the broader knowledge sector. KSI will play a critical friend role by offering suggestions and sharing other experiences (including international experience). Through engagement in these reform processes, KSI seeks to identify concrete opportunities to strengthen funding mechanisms for policy research and how these link to research agendas. However, it may take time to identify these concrete initiatives. KSI is uniquely positioned to play this role, as a neutral actor with relationships with many of these stakeholders.

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Expenditure), a booklet published by the Indonesian Institute of Sciences (*Lembaga Ilmu Pengetahuan Indonesia*, LIPI) and the Ministry of Research, Technology and Higher Education, October 2017.

<sup>7</sup> See *Mapping Philanthropic Organisations for Research in Indonesia* by the Public Interest Research and Advocacy Centre (PIRAC), April 2017.



The current reform efforts KSI will engage in are:

- Review of the Law on the National Science and Technology System (UU Sisnas Iptek) – This is looking at the system from scientific research to commercialisation and the role of key stakeholders. While KSI's focus is on research for policy, not commercialisation, there are strategic reasons for KSI to engage in the UU Sisnas Iptek process:
  1. It provides an opportunity to clarify the role of and funding for DIPI. As part of its exit strategy, KSI will advocate for DIPI to be the key funding mechanism for basic research and for the government to take responsibility for fully funding DIPI.
  2. To take advantage of discussions around the importance of research to broaden the government's perspective on how a piece of research can be used – i.e. it is not just about scientific research and its use to develop technologies for commercialisation. Research is also important to inform policy. KSI will support engagement of key stakeholders in these discussions with the designated parliamentary commission to raise awareness and explore opportunities.
  3. UU Sisnas Iptek is opening up discussions on the roles and functions of many key agencies in the knowledge sector. It is important to engage in these discussions to identify entry points to strengthen funding for policy research and the roles of key actors related to policy research.
- Kemenpan RB's review of Balitbangs – As part of its review of the machinery of government, Kemenpan RB are reviewing the effectiveness of Balitbangs (government research and development units). Related to this review, there has been recent policy debate by Kemenpan RB around the possible establishment of a national research body to centralise research funding. Both the review and this new body hold significant implications for the roles of Balitbangs, policy analysts, LIPI, universities and PRIs.<sup>8</sup> KSI is funding a study of the effectiveness of Balitbangs to provide evidence to inform Kemenpan RB's review of them.
- Ministry of Finance's development of a sovereign wealth fund – The Ministry of Finance is seeking to turn the existing LPDP into a sovereign wealth fund, which provides a more flexible governance arrangement. The fund will enable funding of policy research. KSI will explore opportunities to strengthen the way this funding is delivered to enable quality policy research, including its links to research agendas, provisions for multi-year funding and merit-based peer review of research proposals.
- Procurement regulations – The recent passage of Perpres 16/2018 on procurement allows the government to directly contract non-commercial entities. This opens new sources of funding for universities and PRIs, by allowing them to tender for government contracts to provide research and other services. KSI is likely to support the drafting of implementing regulations necessary to enact the Perpres, advocacy to ensure the regulations are passed, socialising the regulations, and contributing to the development of an e-catalogue of non-government organisations. KSI supports one of the PRIs, Akatiga, to pilot the implementation of the

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<sup>8</sup> There is a possibility that Kemenpan RB's review of Balitbangs may recommend these be converted into policy analysis units. Should this happen, researchers in Balitbangs may either convert to policy analysts or remain as researchers but move to LIPI. This would significantly boost the role of policy analysts and means the government may rely more on external research (e.g. by universities or PRIs). The recent passage of the procurement regulations also gives external research providers a greater role in providing evidence to inform policy. There have been some suggestions that LIPI be converted into a National Research Body.



regulations in selected agencies (starting in selected directorates in Bappenas), document good examples of government and research organisations working together, and to disseminate these.

In the lead-up to the national election, and because of President Jokowi's focus on the need to justify funding allocations to government agencies based on strategic needs, each government agency is trying to promote its relevance and importance to the president. There is a risk that KSI could receive requests for support to promote individual agencies in competition with each other, rather than supporting issues of strategic importance to the whole knowledge sector. KSI will manage this risk by acting as an honest broker—being a neutral middle ground, using evidence to support its policy dialogue, and promoting contestation of ideas being put forward by convening stakeholders and bringing in alternative voices.

#### *Key Initiative 2: RPJMN studies*

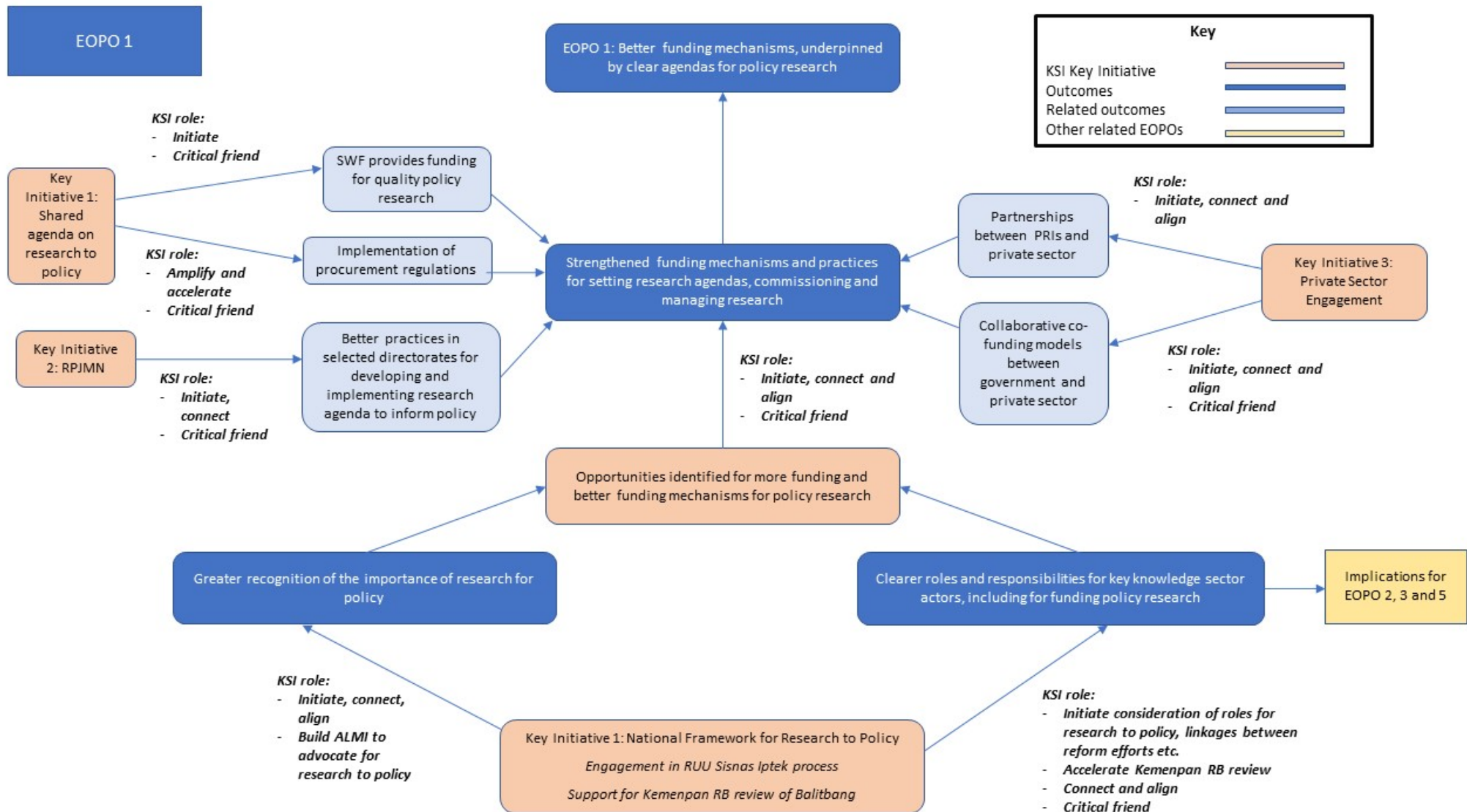
One of the key strategies for achieving EOPO 1 is to identify opportunities to strengthen practices within selected directorates or agencies for setting research agendas and commissioning and managing research. This key initiative is one such opportunity. It seeks to develop practices within Bappenas for anticipating research needs, developing a research agenda, and resourcing, commissioning and using research to inform RPJMN. Currently there are no set processes within Bappenas for identifying and commissioning these studies. There are issues with how research priorities are identified, including few references to previous studies, poor coordination across directorates and a lack of forward planning to anticipate evidence needs. There is also a reliance on donor funding to fill evidence gaps. This work will use current interest within Bappenas to commission studies to inform RPJMN 2020-2024 as an opening to learn and explore options for developing underlying practices over the longer term. There is a risk that interest in this work will die down once the RPJMN is completed. Should this happen, KSI will re-assess whether to continue supporting this work.

#### *Key Initiative 3: Private sector engagement for research funding*

This key initiative seeks to increase private sector investment in policy research through facilitating links between the private sector and research providers, as well as exploring the establishment of collaborative models for co-funding policy research by the government and the private sector. It will take time to see examples of collaboration between the private sector, research providers and the government, as this requires intensive facilitation to scope potential models, identify interested parties, build understanding and trust between them, and identify areas of mutual interest. The emphasis will be on supporting a small number of quality examples of collaboration and learning from these processes.

This work builds on knowledge sharing and interest generated during Phase 1 with the government and private sector on the potential for private sector investment in research. It also capitalises on the experience of KSI's international partners with collaborative research models in Australia.

The diagram and table below provide an overview of EOPO 1 and how the key initiatives contribute, as well as links to other EOPOs.



End of Program Outcome 1: Better funding mechanisms, underpinned by clear and coordinated agendas for quality policy research			
<b>Change expected by 2022:</b> <ul style="list-style-type: none"> <li>Selected directorates or agencies have better practices for developing and implementing research agendas</li> <li>Funding mechanism/s in place for quality policy research linked to research agenda</li> <li>Increased private sector funding for PRIs to do policy research</li> <li>Agreement on need for models of co-funding by government and the private sector for policy research, linked to research agenda</li> </ul>			
<b>Key initiative: Shared agenda on research to policy</b> Support key stakeholders to develop a common vision for the research-to-policy process in Indonesia, including links to funding mechanisms. Critical first step towards effectively increasing research funding and improving how this is spent.			
What needs to happen by 2022	Critical success factors	KSI's role	Expected outcomes for 2018
<p>Clearer roles and responsibilities for setting and funding research agendas.</p> <p>Progress towards establishing funding mechanisms for quality policy research, linked to research agenda.</p> <p>Passage of Perpres 16/2018 and implementing regulations allowing government to procure PRI research.</p>	<p>Key stakeholders recognise need for common vision for research-to-policy process in Indonesia, including funding mechanisms.</p> <p>Alignment of key stakeholders' interests towards this vision.</p> <p>Greater alignment between reform processes affecting the research-to-policy process (e.g. RUU Siknas Iptek, KemenPANRB review of Balitbangs, Kemenkeu's sovereign wealth fund, and possible new national research agency).</p> <p>President signs Perpres 16/2018. Advocacy for passage of implementing regulations.</p>	<p><i>Initiate, connect, align, and critical friend:</i> Convene and facilitate key stakeholders to discuss and develop vision and roles for research to policy, using UU Sisnas Iptek process as entry point. Provide suggestions, share evidence and international experience. Help stakeholders see links and ramifications of separate reform efforts.</p> <p><i>Accelerate:</i> Provide evidence to inform KemenPANRB's pre-existing review of Balitbangs by funding UI CSGAR to assess the effectiveness of them.</p> <p><i>Build:</i> Fund Indonesian Young Academy of Sciences (ALMI) to enable it to grow its profile and influence as a key advocate for research to policy.</p> <p><i>Initiate and critical friend:</i> Explore possibilities for engaging in the development of the sovereign wealth fund as a funding mechanism for quality policy research. Provide technical advice if needed. Advocate for inclusion of GESI and sub-national perspectives.</p> <p><i>Build:</i> Funding and technical expertise for DIPI to strengthen its organisational capability and advocate for government funding, with a view to KSI exiting support for DIPI by 2020.</p> <p><i>Amplify, accelerate and critical friend:</i> Provide a range of support to accelerate implementation of procurement regulations. Provide technical input to drafting of implementing regulations to ensure they cover research providers beyond universities.</p> <p><i>Amplify:</i> Use media to promote increased awareness of funding issues.</p>	<p>UU Sisnas Iptek includes provisions or mention of policy research, which provides avenues to pursue greater clarity on the research-to-policy process with stakeholders.</p> <p>Minister of KemenPANRB uses evidence from KSI-funded review of Balitbangs to make decisions on future direction of Balitbangs.</p> <p>Bappenas and Kemristekdikti take lead role in convening several ministries and agencies to take action on a specific policy issue to address bottlenecks to commercialisation of research.</p> <p>Key stakeholders learn from Australian partners to encourage innovation and promote basic and applied research, including policy research.</p> <p>Kemenkeu interested in strengthening use of sovereign wealth fund to fund quality policy research.</p> <p>ALMI has strengthened organisational capacity and plays active role in advocating for reforms to Indonesia's research environment and promoting evidence-informed policymaking.</p> <p>Key stakeholders recognise need for government to fully fund DIPI as a funding mechanism for basic research.</p>

Key initiative: RPJMN studies – Better practices within Bappenas for anticipating evidence needs, developing a research agenda, and resourcing, commissioning and using this research to inform RPJMN.			
What needs to happen by 2022	Critical success factors	KSI's role	Expected outcomes for 2018
<p>Bappenas understands existing practices and how to strengthen them.</p> <p>Selected directorates model better practices in developing and implementing research agenda to inform RPJMN.</p> <p>Learning on better practices captured and disseminated to build interest from other directorates.</p> <p>Research used to inform RPJMN.</p>	<p>Bappenas leadership and selected directorates are interested in improving practices.</p> <p>Bappenas understands what knowledge already exists, so it can identify knowledge gaps.</p> <p>Bappenas has access to research providers to fulfil evidence needs.</p> <p>Demand from Bappenas for quality research to inform development policies.</p>	<p><i>Initiate, connect and critical friend:</i> Put improved practices on the agenda by funding assessments of existing practices and facilitating discussions with Bappenas leadership and interested directorates on findings. Fund nine studies to inform RPJMN 2020-2024 to learn and identify ways to improve.</p> <p><i>Initiate and critical friend:</i> Provide technical expertise to develop knowledge repositories of existing studies (including donor-funded) in selected directorates. Use this process to open up dialogue on how these studies have been used in the past and identify ways to improve.</p> <p><i>Connect:</i> Facilitate links between Bappenas and PRIs to fulfil key research needs. Fund PRIs to undertake nine studies for RPJMN 2020-2024.</p> <p><i>Initiate:</i> Engage international partners to build Bappenas' understanding of and demand for quality research and facilitate learning by doing through nine commissioned studies.</p>	<p>Improved practice in producing nine studies to inform RPJMN (i.e. clearer research questions, better communication between PRIs and policymakers, and facilitated discussions on findings with policymakers).</p> <p>New connections between Bappenas and PRIs.</p> <p>Openings to improve existing practice are identified and there is support from Bappenas to address these.</p>
Key initiative: Private sector engagement			
Understand barriers to and identify models for co-funding between the private sector, government and research providers for quality policy research linked to the research agenda. Engage with the private sector to increase funding for policy research.			
What needs to happen by 2022	Critical success factors	KSI's role	Expected outcomes for 2018
<p>Strengthen links between PRIs, the private sector and government for policy research funding.</p> <p>Understand barriers to co-funding, different models available, and relevance to the Indonesian context.</p> <p>Understand categories of private sector funding available for policy research.</p> <p>Understand incentives for private sector funding of research.</p>	<p>Private sector, government and PRIs better understand each other and are interested in engaging with each other (more likely around specific policy issues).</p> <p>Incentives in place to encourage private sector investment in research (e.g. tax).</p> <p>Mechanisms to enable interaction between private sector, government and PRIs.</p> <p>Ethical issues surrounding private sector engagement in research are managed.</p>	<p><i>Initiate, connect and align:</i> Introduce new ideas about co-funding models for policy research (including ethical issues) through funding studies, sharing international experiences and convening key actors.</p> <p><i>Initiate:</i> Introduce ideas for addressing private sector incentives for funding policy research by funding scoping studies and facilitating meetings.</p> <p><i>Connect and align:</i> Fund CCPHI to convene a forum for private sector organisations, PRIs and government officials to meet, understand and align interests, and identify opportunities for research collaboration.</p> <p><i>Accelerate:</i> Fund CIPG to work with Kemenristekdikti to improve its measurement of levels of private sector funding for policy research.</p> <p><i>Amplify:</i> Use media to build public awareness of private sector funding.</p>	<p>Greater understanding and interest from selected government units and private sector organisations in developing co-funding models for policy research.</p> <p>Improved understanding of incentives for private sector funding of research.</p> <p>One to two targeted policy research collaborations between private sector organisations and PRIs. Lessons documented and shared.</p> <p>Improved measurements of private sector funding for policy research.</p>

## *EOPO 2: University lecturers have better incentives to produce quality policy research*

There are long-standing issues in Indonesia's higher education system that require significant reform efforts. One key part of that system that impacts on the Knowledge Sector are the disincentives within the sector for universities to produce quality and policy-relevant research to inform policy.<sup>9</sup> These disincentives are imposed by government policy and regulations, as well as policies, systems and cultures within universities. This inhibits universities from being internationally competitive, with broader implications for the development of Indonesia's knowledge economy.

There are a range of government policies and regulations that create disincentives. However, the most significant barriers are created by the implementation of the *Tridharma* policy, which requires all university lecturers to play three roles: teaching, research and community service. The lecturer promotion policy (*kum* system) rewards career promotion on accumulation of points but provides disproportionately more points for teaching than research and for international publications over policy research. This in turn creates incentives for universities, as part of their accreditation level looks at the ranking of their staff, which in turn is determined by credits earned under the *Tridharma* system. Consequently, changes to this university promotion policy can affect the incentives of individual lecturers as well as their universities.

How universities translate and implement government policies and regulations may also affect incentives of university lecturers. In addition, many universities have the autonomy to determine their own internal policies, systems and processes, which can create disincentives. For example, within universities there is often no peer review culture or mechanisms for quality control. As many universities' main revenue source is teaching, the emphasis is more on teaching than research.

EOPO 2 seeks to address these issues and contribute to Focus Area 2 (quality of policy research) through two key strategies:

- Strengthening government policy/regulation and its implementation to create better incentives for university lecturers to produce quality policy research
- Improving incentives within universities for lecturers to produce quality policy research, including for female academics and academics from socially excluded groups.

KSI will contribute to EOPO 2 through:

### *Key Initiative 4: University lecturer – incentives for quality research*

Reform within Indonesia's higher education system is difficult, however there are small windows of opportunity to improve incentives for university lecturers to produce quality policy research through backing the efforts of reform-minded coalitions and by building on positive deviance examples. This key initiative is exploratory in that it seeks to implement a range of small activities to improve incentives for university lecturers. There is a relatively high risk that these initiatives may not prove successful, given the difficult enabling environment. KSI will closely monitor these activities and at the end of 2018 a decision will be made on whether to continue or scale up successful approaches and

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<sup>9</sup> See *Addressing Barriers to University Research*, by Yanuar Nugroho, Budiati Prasetyamartati and Siti Ruhanawati, KSI Working Paper, May 2016. See *Addressing Barriers to University Research: A Case Study of Four Universities in Indonesia*, by Sri Hartati Suradijono, Ari Probandari, Didin Syafrudin, Hana Panggabean and Teguh Kurniawan, KSI Working Paper, April 2017. See the two White Papers produced by the Indonesian Academy of Sciences, *Science, Technology and Higher Education towards Indonesia 2045*, and *The Era of Disruption: Opportunities and Challenges for Higher Education in Indonesia*.

withdraw from unsuccessful ones. This process is also valuable in developing a deeper understanding of what does and does not work in improving incentives for university lecturers.

Activities will focus on two streams:

1. *Addressing policy/regulatory barriers to incentivising universities to produce quality policy research.* This builds on work in KSI Phase 1 supporting the Working Group on Research and Higher Education reform, which demonstrated that change is possible by backing the efforts of reform-minded stakeholders in the sector. During Phase 2, KSI will continue to engage key stakeholders (many of whom were involved in the original working group) to address key policy/regulatory barriers and where necessary the implementation of these. Policy/regulatory changes that key stakeholders would like to pursue with KSI support are:
  - *Regulations governing the university promotion system* – The proposed changes to these regulations are to amend the definition of the community service arm of the Tridharma system to include producing a policy brief. The changes would mandate that at least 10 percent of a lecturer's credit points must come from the community service arm. Previously it was not mandatory for a lecturer to show points in the community service arm. KSI will support this process as a starting point to explore with the working group other possible avenues for amending the university lecturer credit system regulations to better incentivise quality policy research. This work commenced under the Phase 1 Working Group and is now being taken forward by the Ministry of Research, Technology and Higher Education (Kemenristekdikti), ALMI and Kemenpan RB.
  - *Buying out time for research* – Currently civil servant lecturers wanting to undertake post-graduate research must take leave from their regular position, and yet are unable to access government research grants. To enable such lecturers to have the time and funding to pursue post-graduate research, the working group is investigating whether the relevant regulations can be amended to allow government research grants to be used by post-graduate students. Work on this reform commenced during the transition period between KSI Phase 1 and 2 and is being taken forward by Kemenristekdikti, ALMI, universities and Kemenpan RB.
  - *GESI-sensitive research grant guidelines* – With support from KSI Phase 1, Kemenristekdikti has passed new GESI-sensitive research grant guidelines. KSI is continuing to support Kemenristekdikti to socialise these with universities and to implement the guidelines (including engaging GESI expertise to peer review grant applications). This reform started in Phase 1 through policy dialogue with KSI and research by the Sayogyo Institute (funded by KSI), which raised awareness of these issues.
2. *Improving practices within universities.* This will be done by identifying good practices within selected universities seeking to make the best of the existing incentive system to enable better-quality policy research. The focus will be on top autonomous universities, as they have strong alumni networks that link into government and are already influencing government, but the quality and policy relevance of their research could be strengthened. These universities also mentor regional universities, so could be well placed to catalyse changes at that level. However, there may be examples of good practices in some private universities (including some at the regional level) that may be of relevance to top autonomous

universities. KSI will conduct a scoping study to identify good practices, primarily in top autonomous universities but also potentially in private universities, and then seek to document and, where necessary, strengthen these approaches. Throughout this learning process, KSI will seek to convene meetings to disseminate results and generate interest from other universities (particularly targeting rectors, deans and heads of study centres) and government in these models. It is expected that universities' interest in improving domestic accreditation rankings, international rankings and a potential new revenue stream through procurement regulations now allowing government to contract universities could motivate this work.

EOPO 2 also links to work under the other EOPOs as follows:

- EOPO 1 – Kemenpan RB's review of Balitbangs and recent changes to the procurement regulations enabling government to contract non-commercial entities to provide research could increase the government's reliance on external research providers, including universities. This may create an addition revenue source for universities and incentivise them to produce more policy-relevant research.
- EOPO 3 – Several universities are now official providers for policy analyst training, and university staff may themselves be trained as non-public servant policy analysts. This enables greater interaction between universities and policymakers and an increased awareness within universities of the importance of policy research. This in turn may contribute to improved incentives for university lecturers to produce quality policy research.
- EOPO 5 – Some universities will benefit from KSI's support for PRIs, as a number of these are university based.

The diagram and table below provide an overview of EOPO 2 and how the key initiatives contribute, as well as links to other EOPOs.







End of Program Outcome 2: University lecturers have better incentives to produce quality policy research			
<b>Change expected by 2022:</b> <ul style="list-style-type: none"> <li>Selected government policies/regulations in place and/or implemented creating better incentives for university lecturers to produce quality, policy research.</li> <li>Learning on successful models for incentives within universities disseminated and attracting interest from other universities and government.</li> </ul>			
<b>Key initiative: University lecturers: incentives for quality research</b> – Strengthening incentives for university lecturers to produce better quality and more policy-relevant research.			
What needs to happen by 2022	Critical success factors	KSI's role	Expected outcomes for 2018
<p>Key interested stakeholders identify and start addressing selected policy or regulatory barriers to incentivise universities to produce quality policy research.</p> <p>Selected universities model improved incentives for universities to produce quality policy research, including for female academics.</p>	<p>Key stakeholders have interest and power to address policy/regulatory barriers.</p> <p>Alignment of key stakeholder interests to ensure passage of policy/regulation.</p> <p>Relevant agencies have capacity and motivation to implement these policies/regulations.</p> <p>Universities are aware of regulatory/policy changes.</p> <p>Selected universities already implementing approaches to improve incentives or have capacity and motivation to try new approaches (e.g. top, autonomous universities wanting to improve their ranking).</p>	<p><i>Connect and align:</i> Fund and provide logistics for key stakeholders to meet to identify and address priority policy/regulatory barriers. Commission studies to inform these discussions. Fund and provide logistics for Change Leadership Network (Echelon 1) to meet, discuss and address high-level strategic issues. Ensure right people are involved.</p> <p><i>Critical friend:</i> Engage with key stakeholders to provide suggestions, test ideas and bring in experts or alternative voices to gain exposure to different ideas to better address university incentives.</p> <p><i>Accelerate or initiate:</i> Identify universities implementing approaches to improve incentives or that are interested in trying new approaches – including improving incentives and opportunities for female academics. Provide technical expertise as needed to strengthen approaches. Commission action research to capture learning.</p> <p><i>Amplify:</i> Use media and facilitated workshops with universities and government to generate discussion and interest in university models to improve incentives for quality policy research.</p> <p><i>Amplify:</i> Use media to promote better understanding of challenges within the research environment in Indonesia's universities.</p>	<p>Kemenristekdikti considers recommendations from review of lecturer credit system to revise regulation to incentivise policy research.</p> <p>Kemenristekdikti passes GESI research grant guidelines (April 2018), socialises these and starts implementing (including engaging GESI expertise to peer review grant applications).</p> <p>Design of study on research competitiveness in Indonesian universities to introduce new ideas to working group. Support from key stakeholders for this research.</p> <p>Identification and development of university models and action research approach. Support from key stakeholders for this work.</p> <p>Design of Athena SWAN/SAGE pilot program (to improve incentives and opportunities for female academics) and support from key stakeholders for this work.</p>

*EOPO 3: Increased interaction, knowledge sharing and collaboration between researchers, policy analysts, policymakers and other key players in the knowledge sector*

Policymakers tend to use evidence from researchers with whom they have trusted personal connections.<sup>10</sup> However, there are few formal spaces or mechanisms providing opportunities for researchers and policymakers to establish and strengthen these connections. KSI will support collaboration between researchers and policymakers across all its EOPOs and seek to document and learn from these approaches. While KSI will directly facilitate much of this interaction, the focus of EOPO 3 will be on establishing sustainable mechanisms that continue to enable interaction between researchers, policy analysts, policymakers and other key players beyond the life of KSI Phase 2. These mechanisms may be physical or virtual forums or intermediary players that broker connections.

KSI expects to see increased interaction, knowledge sharing and collaboration through these KSI-supported forums. Based on the theory of exchange-based trust, more regular interactions and positive experiences collaborating can lead to greater trust between stakeholders. Over time, this may lead to more organic and spontaneous interactions, with stakeholders drawing upon these pre-existing relationships to collaborate on new emerging issues.

This work can improve research relevance (a key aspect of research quality–Focus Area 1) as increased interaction provides an opportunity for researchers to better understand policymakers’ evidence needs. EOPO 3 contributes directly to KSI’s goal, as repeated interaction can help build trust and relationships between researchers, policymakers and policy analysts, making it more likely that policymakers will demand and use their evidence to inform policy.

KSI will initially support two key initiatives to contribute to EOPO 3:

*Key Initiative 5: Indonesia Development Forum (IDF)*

This is envisioned as a sustainable platform for presenting quality research to inform development policy and fostering interactions between policymakers, policy analysts, researchers and other key actors in the knowledge sector. There is no other forum that brings together such a wide range and number of actors to discuss development policy issues in Indonesia. This exposes Bappenas and other ministries to a wider range of evidence and ideas than they would otherwise encounter, which in turn can lead to better development policy. Bappenas and its minister have been strong supporters of IDF, as it builds Bappenas’ profile and helps it perform its role in coordinating national development planning and as a system integrator. KSI will build on interest generated from the first IDF it supported in 2017, but expand the approach to include pre- and post-conference events to encourage on-going interaction and collaboration between participants and a clearer link to policy. Smart practices generated at the IDF will be captured in the Bappenas Knowledge Centre repository.

*Key Initiative 6: Policy analysts*

Policy analysts play an important bridging role between researchers and policymakers, as they synthesise policy-relevant research and evidence, develop policy recommendations and advocate these to policymakers. Policy analysts may be within or outside government (e.g. in universities, PRIs). LAN’s target by 2022 is to have 1500 functional policy analyst positions in government and to have 10,000 trained and certified policy analysts within or outside government. This key initiative seeks to

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<sup>10</sup> See *The Acquisition of Research Knowledge by National-Level Decision Makers in Indonesia*, by Ajoy Datta, Medelina K. Hendytio, Vidhyandika Perkasa and Tobias Basuki, KSI Working Paper, November 2016, and *Indonesia’s Knowledge Sector: A Stocktake*, by Daniel Suryadarma, Rivandra Royono and Diane Zhang, December 2017.

support more competent policy analysts in the government, universities and PRIs so they can play this bridging role and build demand for evidence-based policymaking.

Several universities are now delivering training for policy analysts and there is potential for PRIs to deliver courses to enable policy analysts to specialise in particular areas (for example, in poverty analysis). This will bring universities and PRIs into more frequent contact with policy analysts, which can also help to build connections. In addition, KSI will support the development of an online platform enabling interactions, knowledge sharing and collaboration between policy analysts, policymakers and researchers.

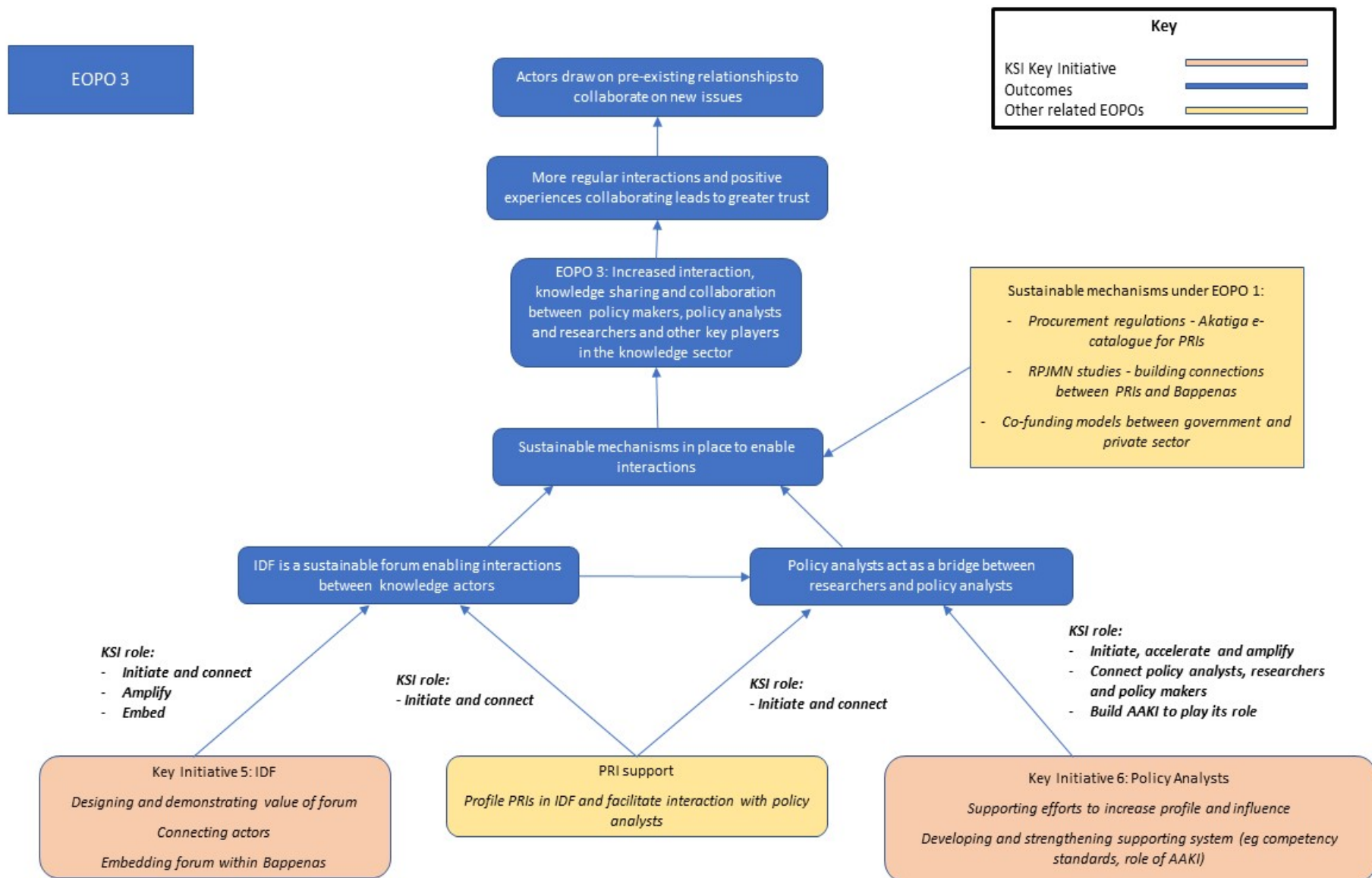
This work builds on KSI's Phase 1 success in supporting the establishment of a new functional position for policy analysts in government and progress on enabling systems for this. There is good momentum behind the policy analyst work. The Institute of Public Administration (LAN) has strong ownership over, and is driving the development of, policy analysts. There is increasing demand from ministries for policy analysts (e.g. Kemenkeu's BKF, Ministry of Foreign Affairs, Ministry of Health). KemenPAN RB is currently reviewing the roles, functions and overall performance of Balitbangs, which may result in a decision to configure them as policy analyst units. This would substantially bolster the standing of policy analysts in government. If this decision does not happen, there is a risk that policy analysts will become small pockets within each government agency, rather than a broader critical mass with influence.

#### *Sustainable mechanisms for interaction supported by other EOPOs*

Several key initiatives under EOPO 1 will also support sustainable mechanisms for interaction:

- *Key Initiative 1: Shared agenda on research to policy* – Part of this work involves supporting the implementation of the procurement regulations that enable the government to contract universities and PRIs to produce research. KSI will support one of the PRIs, Akatiga, to develop an e-catalogue to help profile PRIs and connect them with government.
- *Key Initiative 2: RPJMN studies* – KSI's support for better practices within Bappenas for identifying research needs to inform the RPJMN, and commissioning and managing this research, includes building and institutionalising links between Bappenas and PRIs.
- *Key Initiative 3: Private sector engagement* – Part of this work will involve encouraging the establishment of co-funding models between the private sector and the government for policy research.

The diagram and table below provide an overview of EOPO 3 and how the key initiatives contribute, as well as links to other EOPOs.



End of Program Outcome 3: Increased interaction, knowledge sharing and collaboration between researchers, policy analysts, policymakers and other key players in the knowledge sector			
<b>Change expected by 2022:</b> <ul style="list-style-type: none"> <li>• More and better interactions (in person and virtual) between researchers, policy analysts, policymakers and others through forming new connections and strengthening pre-existing connections.</li> <li>• These interactions enable increased sharing of knowledge and collaboration on policy issues.</li> <li>• Interactions initially through KSI-supported forums, eventually leading to interactions outside these forums.</li> </ul>			
<b>Key initiative: Indonesia Development Forum – Sustainable platform for presenting quality research to inform development policy and fostering interactions between policymakers, policy analysts, researchers and others.</b>			
What needs to happen by 2022	Critical success factors	KSI's role	Expected outcomes for 2018
<p>Bappenas implements and funds IDF, with funding contributions from the private sector and development partners.</p> <p>Quality policy research, practices and innovations presented at IDF.</p> <p>More and better interactions, knowledge exchange and collaboration between stakeholders, including sub-national actors through IDF.</p> <p>IDF research and evidence aligns with government research agenda and informs policymaking in Bappenas and other ministries.</p>	<p>Continued strong support from senior officials across Bappenas, and its minister.</p> <p>Bappenas engages an events manager to run IDF.</p> <p>Private sector and development partners are interested in funding IDF.</p> <p>Key stakeholders are aware of and interested in IDF.</p> <p>Bappenas demands quality research and has quality assurance mechanisms in place for IDF.</p> <p>IDF design facilitates interaction, knowledge sharing and collaboration.</p> <p>Bappenas picks IDF topic that will be useful for current policy needs and ensures that timing feeds into key policy processes.</p>	<p><i>Initiate:</i> Demonstrate to Bappenas how to hold a quality policy forum that aligns with government research agenda by co-funding and providing expertise to develop IDF (conference, pre and post events and website).</p> <p><i>Embed:</i> Build support of Bappenas and its minister by demonstrating benefits of IDF – including by building Bappenas profile (through media) and ensuring that the content and timing of IDF meets policy needs.</p> <p><i>Embed:</i> Facilitate Bappenas to take greater responsibility for running IDF (e.g. more funding, engaging events manager). Build Bappenas' understanding of research quality and provide support to embed IDF quality assurance mechanism.</p> <p><i>Amplify:</i> Use media and communications to build profile and interest in IDF, using messaging that appeals to the interests of participants.</p> <p><i>Connect:</i> Facilitate Bappenas to involve other stakeholders in development of IDF agenda. Convene and facilitate workshops to encourage collaboration between interested stakeholders to pursue key policy issues raised at IDF.</p>	<p>GESI perspectives are well represented in IDF sessions and women and socially excluded groups participate as speakers and presenters.</p> <p>Quality assurance processes ensure that quality policy research, practices and innovations are presented at IDF.</p> <p>Participants report increased interaction and collaboration on policy issues.</p> <p>IDF online forum established and being viewed.</p> <p>IDF 2018 and 'Road to IDF' events attract coverage in national and local media and on social media.</p> <p>Selected research presented at IDF is further developed into concrete policy recommendations to inform policy and planning.</p> <p>Bappenas commits to funding IDF 2019 and allocates adequate funds from the state budget to manage and implement the event (with small funding contribution from KSI).</p>

Key initiative: Policy analysts			
<ul style="list-style-type: none"> <li>Increased number of policy analysts in national and sub-national government, universities and PRIs.</li> <li>These policy analysts meet competency standards and act as a bridge between researchers and policymakers and build demand for evidence-based policymaking.</li> </ul>			
What has to happen by 2022	Critical success factors	KSI's role	Expected outcomes for 2018
<p>More ministries are requesting policy analyst positions and more researchers in universities and PRIs are interested in becoming policy analysts.</p> <p>1500 policy analyst functional positions in government agencies.</p> <p>10,000 policy analysts in and outside government are trained and certified.</p> <p>Increased profile and influence of policy analysts at national and sub-national level.</p> <p>More and better interaction, knowledge sharing and collaboration between policy analysts, policymakers and researchers.</p> <p>Indonesian Association of Policy Analysts (AAKI) increasingly performs its role in facilitating links, advocating for and certifying policy analysts.</p>	<p>Competency standards and training modules in place and training centres and AAKI able to deliver these.</p> <p>Formal position of policy analysts gives them greater power to influence.</p> <p>LAN and AAKI build awareness and advocate for more policy analysts in national and sub-national government.</p> <p>Senior government officials (national and sub-national) are aware of and perceive benefits of having policy analysts.</p> <p>Growing network of policy analysts building demand for evidence-informed policymaking and advocating for policy analysts. Includes those in high-level positions and non-government policy analysts.</p> <p>Mandated steps in policy process provide opening for policy analyst input (e.g. requiring technocratic paper).</p> <p>Mechanisms exist for interaction between policy analysts, policymakers and researchers.</p> <p>AAKI has the capacity and motivation to perform its role.</p>	<p><i>Connect</i>: Convene meetings to progress ministerial decree on policy analyst competency standards.</p> <p><i>Accelerate</i>: Provide technical expertise and capacity building to LAN to develop competency standards, curriculum, syllabus and training modules for policy analysts. Fund trainers to enable LAN to deliver more training to university training centres on these.</p> <p><i>Initiate</i>: Fund PRIs to develop specialisation courses for policy analysts.</p> <p><i>Accelerate</i> – Fund UI CSGAR to assess Balitbang effectiveness to inform KemenPAN RB's Balitbang review. This may boost position of policy analysts.</p> <p><i>Accelerate and connect</i> – Provide funding and technical expertise to help LAN hold the Policy Quality Index (IKK) Conference to award best policymaking in Indonesia, to build policy analyst profile and foster interactions. Facilitate PRIs to be included as judges on panel. Technical expertise to incorporate GESI perspectives into the Policy Quality Index.</p> <p><i>Initiate</i>: Policy dialogue and technical expertise to help UI CSGAR develop a new training module for policy analyst competencies for Echelon 1 or 2.</p> <p><i>Amplify</i> - Use media to promote work of policy analysts and build their profile. Document and promote good practices in using policy analysts.</p> <p><i>Initiate</i> – Facilitate discussions and provide technical expertise to LAN and AAKI to develop an online collaborative forum for interaction between policy analysts, policymakers and researchers. This includes an online repository for policy research and briefs.</p> <p><i>Build</i> – Provide funding and technical expertise to AAKI for organisational development.</p>	<p>Ministerial decree on policy analyst competency standards passed.</p> <p>National competency standards approved.</p> <p>Curriculum, syllabus and training modules for policy analysts (government non-functional positions and non-government) finalised.</p> <p>LAN and eight universities deliver training to 260 new policy analysts (government, functional).</p> <p>LAN's IKK conference attracts good media attention and attendance from policymakers, policy analysts and researchers.</p> <p>GESI perspectives incorporated into LAN's Policy Quality Index.</p> <p>LAN/AAKI online platform established and being used to store knowledge and for interaction between policy analysts, policymakers and researchers.</p> <p>Training module for Echelons 1 and 2 finalised and being trialled in Ministry of Health.</p> <p>AAKI has secretariat, strategic plan, annual work plan, standard operating procedures, financial management and procurement systems, and community strategy in place, and these are starting to be implemented. AAKI is officially declared the certification body for policy analysts, creating a new source of revenue.</p>



*EOPO 4: Quality data on development planning, budgeting and performance is available and accessible in a single system*

It has been difficult to evaluate the effectiveness of development programs as it is not always clear what has been funded and why. Annual development plans and budgets (at national and sub-national levels) often do not match up. Previously, line ministries manually submitted plans to Bappenas and budgets to Kemenkeu for approval, but there was no way for either agency to view and ensure alignment between plans and budgets. Without a system to properly link development planning and budgeting, it is impossible to effectively monitor and evaluate development programs and use this data to inform planning and budgeting decisions. Further, while monitoring and evaluation of development planning, budgeting and program performance exist, they are not always good quality (including insufficient gender disaggregated data) and are rarely used to inform decisions to better achieve national development targets. Finally, data is not systematically shared within government agencies, between government agencies or between national and sub-national governments, and there is limited public access to government information.

EOPO 4 seeks to address these issues by supporting the development and implementation of a sustainable system (*Kolaborasi Perencanaan dan Informasi Kinerja Anggaran* or KRISNA) to capture development planning, budgeting and performance data in one spot. This will enable better alignment between plans and budgets. Making this data more available and accessible across government will enable better monitoring and evaluation of development planning, budgeting and implementation. It also provides the potential for a range of analysis that can be used to inform development policy, planning and budgeting. Over time, this will lead to more effective and efficient development spending.

KSI will initially contribute to EOPO 4 through:

*Key Initiative 7: KRISNA*

This work supports a real-time, online system to capture and integrate data on planning, budgeting and monitoring and evaluation of development programs at national and sub-national levels. KSI Phase 1 supported the development of KRISNA for integrating data on single-year planning and budgeting for the national government. Building on this, KRISNA will be expanded to include national multi-year planning and budgeting and local government planning and budgeting for DAK funding. Opportunities will be sought to integrate monitoring and evaluation data into KRISNA and improve monitoring and evaluation quality in selected agencies or directorates. Over time, KRISNA will also link to the Bappenas Knowledge Centre, a knowledge repository of smart practices. KSI will support Bappenas to scope and identify the appropriate government mechanism and set up to ensure the Knowledge Centre can be effectively operationalised.

There is a range of macro-level levers creating a push for a system like KRISNA. Increased competitiveness between political parties is leading to greater use of data to prove or criticise government performance. Further, as government becomes more dependent upon revenue gained from taxes, there is greater public pressure to provide effectiveness in government spending. President Jokowi has been pushing for more integrated planning and budgeting to ensure his development priorities are realised. Bappenas reports directly to the president, and so will have the incentive to implement KRISNA. However, there is a risk that any new president may change reporting arrangements, which could shift incentives. KRISNA is currently a key priority of the Bappenas minister and enjoys broad support within Bappenas, as it gives greater control over development planning, links it to budgeting, and enables its System Integrator role.

There has long been debate over the division of roles between Bappenas and the Ministry of Finance, ever since planning and budgeting functions were split between them in the early 2000s. KSI's support for KRISNA has helped build relationships between these two agencies. The Ministry of Finance is more likely to support KRISNA over the longer term if it continues to see the benefits in terms of more efficient and effective planning and budgeting. The Regulation on Synchronisation of Planning and Budgeting (Government Regulation PP 17/2017) also provides a legal push for the Ministry of Finance to use KRISNA.

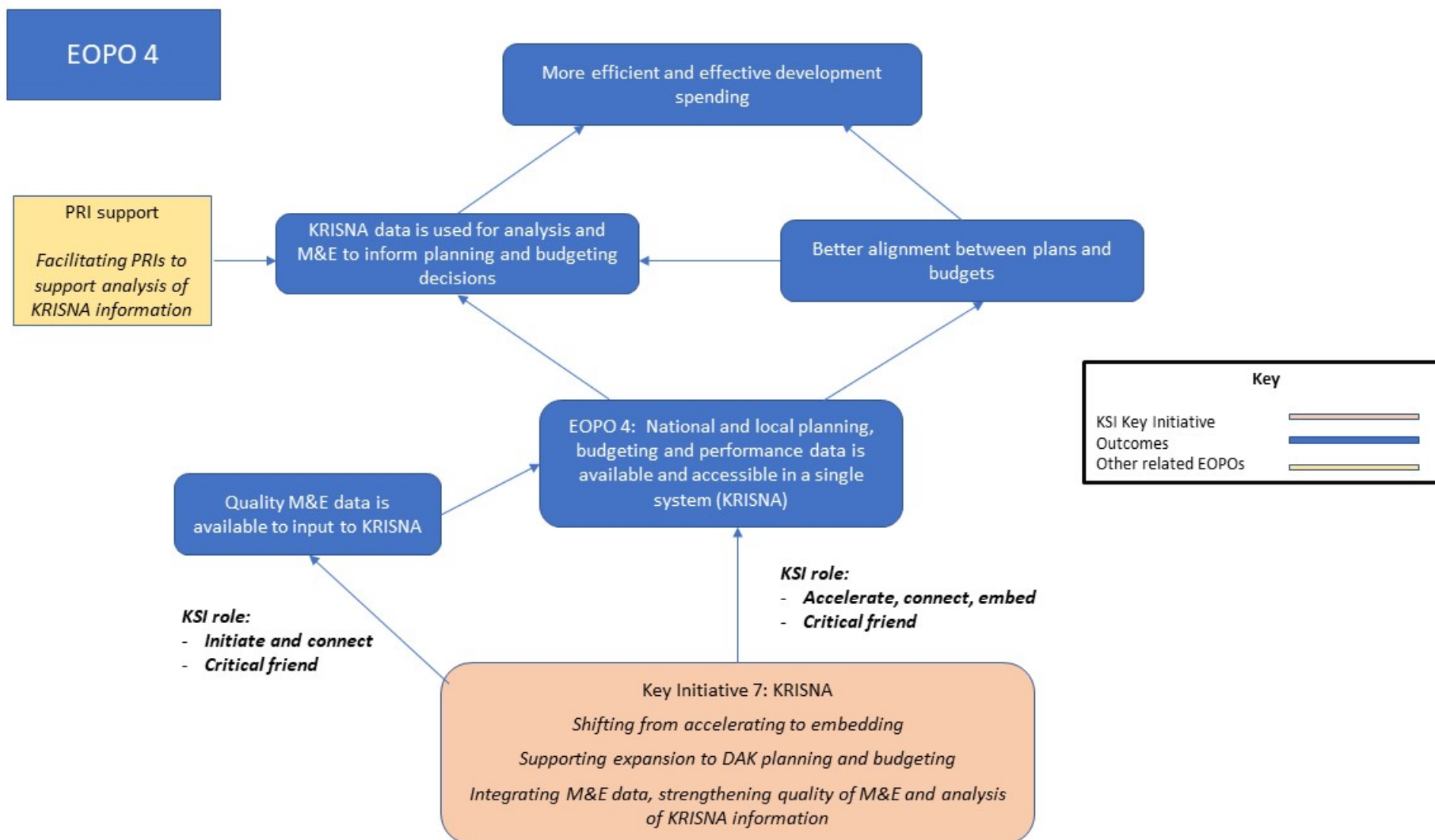
There is a risk that incentives may change following the national elections, if new leaders are installed or reporting arrangements between ministries and the president are changed. KSI will regularly monitor and review these risks and take action to adapt if necessary.

The diagram and table below provide an overview of EOPO 4 and how the key initiatives contribute, as well as links to other EOPOs.

EOPO 4 also links to the other EOPOs as follows:

- EOPO 1 (Research agenda and funding mechanism) – KRISNA can potentially contribute to the clarity of budget allocation to research and policy research, if there is budget tagging for 'research' activity (at both national and sub-national levels). This is important for having an annual GERD calculation to be analysed by Kemristekdikti and LIPI Pappiptek, and hence providing more accuracy for a national and global (international) calculation. Once the annual GERD data is easily/regularly available, it is possible to monitor and evaluate effectiveness of research funding.
- EOPO 5 (PRI support) – KSI will explore how PRIs can conduct analysis on their own data sets and aggregated KRISNA information to enrich the government's understanding and use of KRISNA data.





End of Program Outcome 4: Quality data on development planning, budgeting and performance is available and accessible in a single system			
<b>Change expected by 2022:</b> <ul style="list-style-type: none"> <li>Stronger connection between annual development planning and budgeting.</li> <li>Better use of monitoring and evaluation data to inform development policy, planning and budgeting.</li> <li>Data on planning, budgeting and monitoring and evaluation of development programs more accessible.</li> </ul>			
<b>Key initiative: KRISNA</b> – A real-time, online system to capture and integrate data on planning, budgeting, and monitoring and evaluation of development programs at national and sub-national levels.			
What needs to happen by 2022	Critical success factors	KSI's role	Expected outcomes for 2018
<p>Embedding existing KRISNA system, which captures single-year planning and budgeting within key government agencies.</p> <p>Expanding KRISNA to integrate multi-year planning and budgeting and local-level planning and budgeting (DAK).</p> <p>Incrementally integrating quality monitoring and evaluation data on development policy, planning and budgeting.</p> <p>PRIs use their own data sets and aggregated KRISNA information to enrich Bappenas' understanding of KRISNA data.</p>	<p>Continued strong support from Bappenas and its minister.</p> <p>Minister of Finance and Kemenkeu are convinced of the added value to them.</p> <p>Relationship between Bappenas and Kemenkeu continues to strengthen.</p> <p>Line ministries and local governments go beyond compliance and address quality.</p> <p>Bappenas and Kemenkeu actively use the system and its transparency to improve data quality.</p> <p>Bappenas invests in expertise to maintain KRISNA.</p> <p>Bappenas has connections with and trust in PRIs, perceives benefits of collaboration and provides PRIs with access to aggregated KRISNA information on a case-by-case basis.</p>	<p><i>Embed:</i> Build support from key agencies through media coverage of KRISNA achievements, commission an evaluation of KRISNA (including cost-benefit analysis) to demonstrate benefits and facilitate regular meetings to discuss progress (including occasionally at minister level). Build line ministry support through supporting Bappenas to convene meetings for them to provide feedback on use of KRISNA.</p> <p><i>Accelerate and critical friend:</i> Fund consultants to develop, enhance and expand system (as cost of required quality consultant exceeds government regulatory limits). Share knowledge (including international experience) and encourage stakeholders to reflect and devise solutions.</p> <p><i>Connect:</i> Strengthen relationships between Bappenas, Kemenkeu and increasingly KemenPAN RB by convening and facilitating regular meetings.</p> <p><i>Connect:</i> Facilitate institutional relationship between Bappenas and UI's Lab-e-Gov, by convening meetings and initially funding Lab-e-Gov to provide technical supervision and maintenance of KRISNA.</p> <p><i>Accelerate:</i> Support Bappenas to identify effective approaches and internal governance for operationalising its Knowledge Centre.</p> <p><i>Connect:</i> Link Bappenas and PRIs to build trust and enable PRIs to conduct analysis using KRISNA information and their own data sets.</p> <p><i>Initiate:</i> Identify and champion ministries interested in improving the quality of monitoring and evaluation data and integrating it into KRISNA ('positive examples').</p>	<p>Seven local governments pilot use of KRISNA for DAK planning and budgeting. Presidential support for rolling out KRISNA to other local governments. Process started for integrating multi-year planning and budgeting into KRISNA.</p> <p>Bappenas allocates increased funding for KRISNA for 2019 and 2020 budget.</p> <p>Strengthened relationship between Bappenas and Lab-e-Gov, with Lab-e-Gov providing technical supervision (with KSI funding).</p> <p>Scoping study conducted with Bappenas to identify appropriate governance mechanisms and set-up for the Knowledge Centre.</p> <p>Key agencies have better understanding of effectiveness and benefits of KRISNA.</p>

*EOPO 5: Policy research organisations increasingly produce quality policy research, communicate it effectively and collaborate as key players in Indonesia's knowledge sector*

PRIs play a critical role in shaping public policy by providing an informed and independent voice in policy debates. For PRIs to effectively play this policy-influencing role, they need to be able to produce quality, policy-relevant research and practice evidence-based communication and advocacy to influence across the policy cycle. They also need networks and relationships with key policy players to be able to affect change. Each PRI brings strengths and areas of expertise, as well as areas for further improvement. Through *Key Initiative 8: PRI Support*, EOPO 5 seeks to further strengthen PRIs' role as key policy actors through support to improve the quality and policy relevance of their research, and how they practice evidence-based communication and advocacy across the policy cycle. It also seeks to facilitate PRIs' collaboration with each other and other key players to address systemic issues in the knowledge sector, to improve the enabling environment within which PRIs operate. KSI's support to PRIs has recently been reviewed and the findings are still being considered. As such, the proposed approach to support PRIs in this Program Implementation Strategy is provisional and needs to be tested with PRIs, DFAT and Bappenas.

**End of Program Outcome 5: Policy research organisations increasingly produce quality policy research, communicate it effectively, and collaborate as key players in Indonesia's knowledge sector**

**Change expected by 2022:**

- PRIs produce better quality, policy-relevant research.
- PRIs practice better evidence-based advocacy and communication to influence across the policy cycle.
- PRIs collaborate with each other and other key players to create a better enabling environment for PRIs

**Key initiative: Policy research institute support**

- Funding, capacity-building and facilitation to enable PRIs to produce better quality policy research, evidence-based advocacy and communication across the policy cycle, and collaborate with others to address systemic issues in the knowledge sector.

What needs to happen by 2022	Critical success factors	KSI's role	Expected outcomes for 2018
<p>PRIs have capacity to produce better quality policy research.</p> <p>PRIs establish and use peer review mechanisms within or between institutions.</p> <p>PRIs have improved capacity for evidence-based communication and advocacy across the policy cycle.</p> <p>PRIs have strengthened links with each other (including with sub-national partners) and with policymakers.</p> <p>PRIs are less dependent on KSI funding.</p>	<p>PRIs have a shared understanding of quality policy research.</p> <p>PRIs are motivated to produce better quality, policy-relevant research.</p> <p>Knowledge sharing between PRIs can contribute to improved quality of research.</p> <p>PRIs have motivation to improve their communication and advocacy of research.</p> <p>PRIs have shared interest with others in collaborating on systemic issues affecting the knowledge sector.</p> <p>PRIs have capacity, motivation and networks to diversify funding. Passage of Perpres 16/2018 provides greater opportunity for PRIs to seek government funding.</p>	<p><i>Initiate:</i> Facilitate discussion with PRIs to agree on a common definition of quality policy research and peer review mechanisms.</p> <p><i>Accelerate:</i> Fund research and capacity building to demonstrate how to develop good quality, policy-relevant research. Encourage consideration of GESI and sub-national perspectives within their research, where relevant.</p> <p><i>Connect:</i> Facilitate PRIs to share knowledge and expertise to improve each other's practices relating to research quality, communication and advocacy.</p> <p><i>Connect and align:</i> Facilitate links between PRIs and other stakeholders to collaborate to address systemic knowledge sector issues.</p> <p><i>Accelerate:</i> Support advocacy on the passage of implementing regulations for Perpres 16/2018 and pilot application of these with Bappenas and PRIs.</p>	<p>Selected PRIs have greater access to and links with policy analysts and policymakers.</p> <p>Selected PRIs take action to improve research quality, research communication and organisational capacity.</p> <p>Selected PRIs influence policy issues.</p>

## Cross-Cutting Strategies

During planning, design and implementation, KSI will take into consideration three cross-cutting issues:

1. Gender equity and social inclusion (GESI)
2. Sub-national engagement
3. Media engagement.

As cross-cutting issues, KSI will look for opportunities and entry points that provide the greatest potential return through a limited number of interventions, building on and enriching key initiatives by adding GESI and sub-national perspectives, and engaging with media partners. The rest of this section elaborates further on each of the issues.

### GESI Strategy

The government needs quality evidence on the nature and extent of inequality and exclusion and the differential impacts of policies on women and socially excluded groups. This enables policies to be designed and implemented in a way that ensures women and vulnerable groups have equal access to public services, equal opportunities to participate in public life, and equal rights to a voice in decision making. This is essential if Indonesia is to achieve its poverty reduction targets and improve economic growth.

KSI's 2016 GESI strategy remains relevant to KSI's work in Phase 2. Based on DFAT's Gender Equality and Women's Empowerment strategy, it outlines a 'twin-track' approach:

1. *Mainstreaming*: This means ensuring that all program activities are inclusive, allowing women and socially excluded groups to participate on an equal basis. It also means ensuring that the perspectives of women and socially excluded groups are included.
2. *Specific interventions*: KSI will implement a selected number of targeted activities that aim to address specific issues related to GESI. These activities are integrated into the key initiatives and support the achievement of KSI's EOPOs.

Within the broad category of social inclusion, KSI will focus on disability inclusion consistent with DFAT's 2015 'Development for All' strategy.

GESI activities will be outlined each year in the annual work plan. GESI-relevant issues across the EOPOs include:

- EOPO 1 (Research agenda and funding mechanism) – Promote more research on GESI issues and greater access to research funding by female researchers and researchers from socially excluded groups by including GESI considerations in the development of research agendas, funding mechanisms and grant guidelines.
- EOPO 2 (University lecturer incentives) – Support better incentives and opportunities for female academics and academics from socially excluded groups by addressing regulatory and policy constraints, as well as practices within universities.
- EOPO 3 (Interactions between researchers, policy analysts and policymakers) – Encourage more and better sharing of research on GESI issues through IDF, online collaborative forums and knowledge repositories. Encourage consideration of GESI issues in the work of policy analysts.

- EOPO 4 (Integrated data on planning, budgeting, and monitoring and evaluation) – Support improved collection and analysis of GESI monitoring and evaluation data and integrate GESI disaggregated monitoring and evaluation data into KRISNA.
- EOPO 5 (Policy research institutes) – Encourage PRIs to consider GESI issues in their research, communication and advocacy, where relevant to their research topic. Support PRIs or research networks specifically focused on GESI issues.

KSI has engaged consultants with expertise in gender, social inclusion and disability who are currently reviewing the strategy and working with the program and operations teams to identify specific actions to ensure that the twin-track approach is fully applied across the program and its operations.

### Sub-National Work

Indonesia is a decentralised country where most public services and development policies are produced and implemented at the local level. To improve development policies, a national program needs to work not just in Jakarta, but with a broader geographical scope. KSI is not a sub-national program aiming to make local governments more effective and accountable, but will leverage DFAT programming at the sub-national level. KSI's sub-national work will differentiate by supporting the overall development goal of improving the use of quality evidence in local policymaking. The aim is to ensure that sub-national perspectives are incorporated into KSI's work.

To do this, KSI will:

- Engage on sub-national issues that support the overall development goal of improving the use of evidence in policymaking
- Focus on a limited number of activities where there is traction and opportunity
- Collaborate with existing networks of government counterparts and implementing partners, such as PRIs, policy analyst networks and the Indonesia Regional Science Association (IRSA)
- Leverage and add value to the efforts of other DFAT programs, but not duplicate them. Sub-national activities will be outlined each year in the annual work plan.

Potential avenues for including sub-national perspectives across the EOPOs are:

- EOPO 1 (Research agenda and funding mechanisms) – Encouraging consideration of sub-national perspectives in development of any research agendas and funding mechanisms (including with the private sector), including ensuring research providers at sub-national level are able to access research funding.
- EOPO 2 (University lecturer incentives) – Policy and regulatory change to improve incentives for lecturers to produce quality policy research will affect all universities, including those at sub-national level. Exploring opportunities to support approaches within selected sub-national universities to improve incentives.
- EOPO 3 (Interactions between researchers, policy analysts and policymakers) – Encouraging interactions between national and sub-national stakeholders in the knowledge sector through convening forums (offline and online). Encourage more competent policy analysts at sub-national level. Encourage sub-national perspectives to be represented at IDF.
- EOPO 4 (Integrated data on planning, budgeting and monitoring and evaluation) – Expanding KRISNA to integrate local government plans and budgets for DAK funding.

- EOPO 5 (Policy research institutes) – Where relevant, encourage PRIs to consider sub-national perspectives and connect with sub-national stakeholders through their research, communication and advocacy. Where relevant, support PRIs to link to DFAT’s sub-national programs.

## Engaging Media

Over the last two decades, media freedom in Indonesia has improved considerably and the number of media outlets has grown significantly. Despite this, there is still a serious shortage of high-quality, evidence-informed analysis on important public policy issues in the Indonesian media. Few academics and researchers engage with the public through the media, and researchers and academics who are interested in presenting evidence-informed perspectives on contemporary policy issues have limited space in the Indonesian media. Researchers who do find space often present convoluted arguments riddled with jargon. Coverage in the media is not always independent, reflecting the interests of media owners. These factors diminish the quality of public policy debate in Indonesia.

KSI’s work on media engagement aims to promote more evidence-informed public debate on key policy issues and raise awareness of the challenges within Indonesia’s knowledge sector, as well as the importance of evidence-informed approaches to policymaking. Across all EOPOs, KSI will look for opportunities to engage with the media and intermediary organisations to:

1. Promote and raise the profile of KSI and its partners’ work.
2. Raise awareness of key challenges in Indonesia’s knowledge sector to promote evidence-informed public discourse.

KSI will do this by engaging with selected Australian and Indonesian media as strategic partners, amplifying their efforts to promote the use of evidence in policy debates and building understanding of the challenges within Indonesia’s knowledge sector. KSI will use media engagement at high-level events, knowledge sharing events and other activities including IDF as part of the overall communications strategy. KSI’s more detailed approach to media engagement will be outlined in its Communications and Media Engagement Strategy, which is currently under development. Specific media engagement activities will be included in the annual work plan.

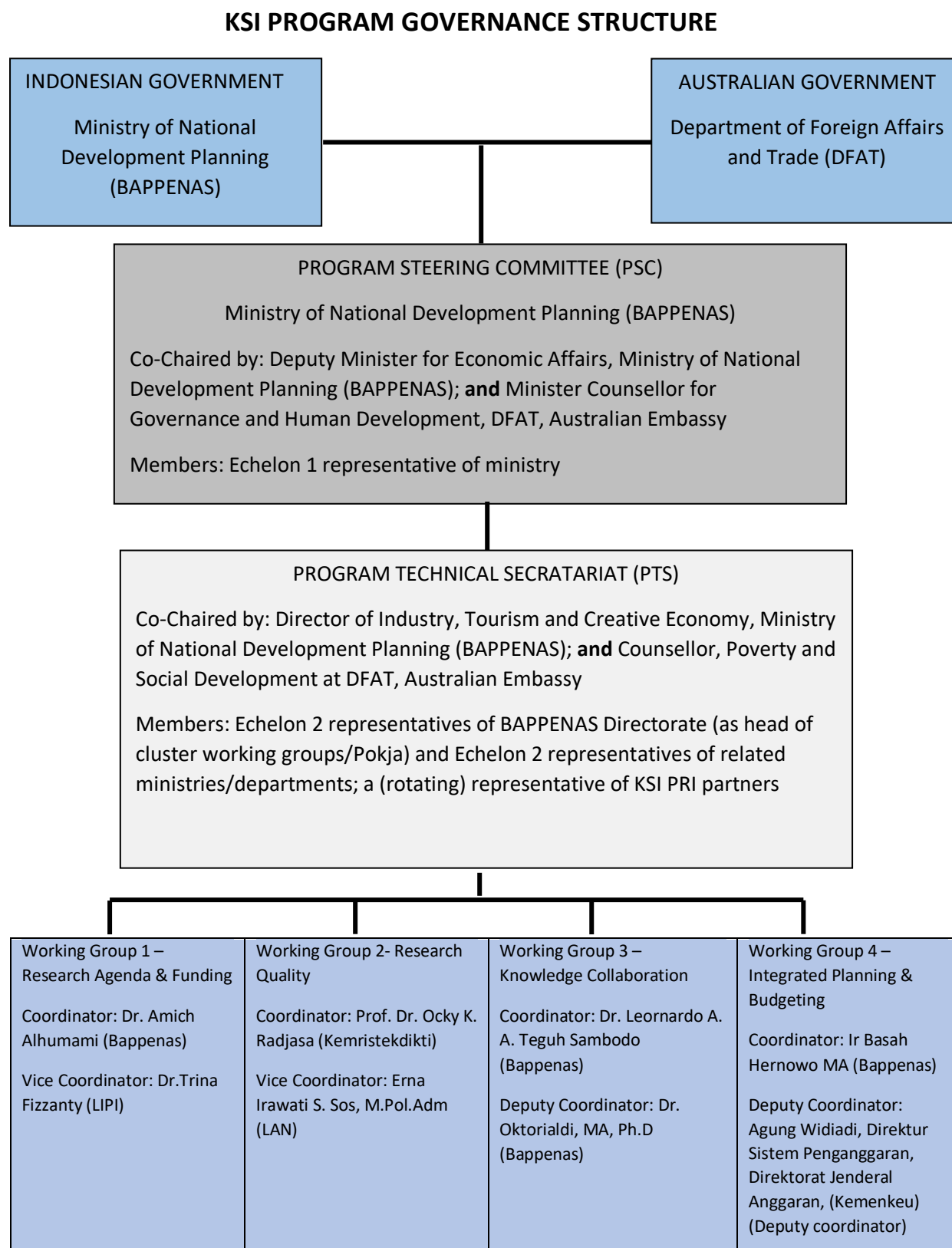
## Annex 1: Definitions of Key Terms

An explanation of key terms used to explain KSI Phase 2's program structure is outlined below. These definitions are intended to develop a common understanding of these terms among KSI's stakeholders.

- **Goal:** This sets out the long-term outcome that will be achieved beyond the life of KSI Phase 2.
- **Focus areas:** The focus areas articulate the key areas of the knowledge sector in which KSI would like to see change occur beyond the life of KSI Phase 2. Over the long term, these focus areas should contribute to KSI's goal. As the knowledge sector is so broad, the focus areas aim to clarify the boundaries within which Phase 2 programming will be developed. It is not intended that KSI will achieve everything under a focus area, but all KSI's work should be relevant to these focus areas.
- **EOPOs:** While focus areas set out the boundaries of KSI Phase 2, the EOPOs articulate the outcomes to which KSI will contribute by the end of Phase 2. KSI cannot achieve the EOPOs alone, but will need contributions of other stakeholders. Success in achieving the EOPOs is expected to contribute to improvements in one or more focus areas.
- **Key initiatives:** Key initiatives contribute to achieving the EOPOs. A key initiative represents a cluster of activities and a number of key initiatives may contribute to each EOPO. These key initiatives will often be multi-year, but not always.
- **Activities:** All activities must fit within one of the key initiatives. The KSI team assesses activities according to whether and how they contribute to the achievement of the relevant EOPO.



## Annex 2: KSI Program Governance Structure



Bappenas; related ministries; key initiative working group reps	Bappenas; related ministries; key initiative working group reps	Bappenas; related ministries; key initiative working group reps	Bappenas; related ministries; key initiative working group reps
<i>Key initiatives: (1) RPJMN; (2) Shared Agenda for Research to Policy; and (3) Private Sector Engagement</i>	<i>Key initiatives: (4) Policy Analysts; (5) University Lecturers Incentives; (8) Support for PRI Issues; Cross-Cutting Strategies (sub-national engagement)</i>	<i>Key initiatives: (6) IDF and Online Knowledge Exchange Platform; Cross-Cutting Strategies (GESI, media engagement, sub-national)</i>	<i>Key initiatives: (7) KRISNA: E-Planning, Budgeting and Performance</i>

## Annex 3: Outline for Key Initiative Paper

Where new key initiatives are proposed, a paper must be prepared that addresses the following questions:

	Content
<b>What?</b> <i>Description of the key initiative</i>	Briefly describe the key initiative and some examples of activities/types of activities.
<b>Why?</b> <i>Contribution to knowledge sector improvement</i>	Outline how the key initiative improves the knowledge sector including: How it contributes to the achievement of the EOPOs and focus areas?
<b>KSI's role?</b>	How can KSI play a catalytic role supporting this key initiative?
<b>Can it be done?</b>	
<i>Stakeholder and political feasibility</i>	Who are the people that are key to the success of this key initiative? Why are they key to success? (E.g. decision-making authority, influential voice)  Are they supporters? If not, is the key initiative likely to fail without their support?
<i>Regulatory feasibility</i>	What regulations and policies are relevant to this key initiative? Are they in place? Or do they need to be in place?  Are the regulations knowledge-sector specific, or across a broad number of sectors?  Do the regulations/policies hinder or support the key initiative?  If hinder, are there ways to overcome this obstacle?
<i>Systemic feasibility</i>	Are there other systemic issues that might affect the feasibility of the key initiative? E.g. institutional culture, norms, practices.  What motivations/incentives do the key stakeholders have?  How do those motivations/incentives support/hinder the success of this key initiative?
<i>Experience in KSI Phase 1</i>	Does KSI already have experience working in this area?  If yes, please explain experience and some lessons learned from Phase 1.
<b>How?</b> <i>Entry points</i>	Given the opportunities and constraints identified, what are the entry points for this work stream?  Does the entry point address a binding constraint?

<b><i>Cross-cutting considerations</i></b>	
<i>Gender and social inclusion</i>	How will gender equality and social inclusion be addressed?
<i>Sub-national issues</i>	Are there opportunities to work with sub-national partners or integrate sub-national perspectives?  If so, how? Which sub-national partners?
<i>Media engagement</i>	How can this key initiative be used to promote the use of evidence in policy debates, including in the media?
<b><i>Monitoring and evaluation and risks</i></b>	
<i>Monitoring and evaluation</i>	How will the contribution of the key initiative to the EOPO be measured?  How will data be collected to measure achievement of EOPO?  How will the MERLA system support adaptive management to ensure that the key initiative contributes to the EOPO?
<i>Risks</i>	What are the risks of this key initiative? What strategies can be put in place mitigate these risks?

## Annex 4: Budget Overview

KSI Phase 2 has a total budget of AUD 45 million for the period June 2017 to July 2022. For the transition period from July 2017 until March 2018, KSI has spent AUD 4,802,424 of the AUD 9,000,000 annual budget (period July 2017 until June 2018). For the remaining period, a significant spend is anticipated through to December 2018 to allow for implementation of eight key initiatives, emerging priorities, cross-cutting strategies and program management (monitoring and evaluation, knowledge exchange and learning, communications and program governance). Expenditure is expected to decrease slightly in 2019 in anticipation of the presidential general election. During 2020, expenditure is expected to increase again as activity implementation intensifies. From 2021 to 2022 expenditure will steadily decrease as gains are consolidated and KSI prepares to phase out of activities as Phase 2 ends. The tables below outline spending predictions per Government of Indonesia and Government of Australia financial years.

No	Description	TOTAL BUDGET	FORECAST GOVERNMENT OF INDONESIA FINANCIAL YEAR						TOTAL
			Year 1 (6mos)	Year 2	Year 3	Year 4	Year 5	Year 6 (mos)	
			Jul - Dec 2017	Jan - Dec 2018	Jan - Dec 2019	Jan - Dec 2020	Jan - Dec 2021	Jan - Jun 2022	
1	Program Cost	\$18,330,332	\$566,088	\$4,957,102	\$3,086,143	\$4,970,999	\$3,500,000	\$1,250,000	\$18,330,332
2	Labour Cost	\$11,825,496	\$912,423	\$2,244,853	\$2,357,096	\$2,474,951	\$2,598,698	\$1,237,475	\$11,825,496
3	Fixed Ops	\$7,959,172	\$1,457,267	\$2,272,417	\$1,125,000	\$1,181,250	\$1,240,313	\$682,926	\$7,959,172
	<b>Sub-Total</b>	<b>\$38,115,000</b>	<b>\$2,935,778</b>	<b>\$9,474,372</b>	<b>\$6,568,239</b>	<b>\$8,627,200</b>	<b>\$7,339,011</b>	<b>\$3,170,402</b>	<b>\$38,115,000</b>
4	Management Fee	\$6,885,000	\$0	\$1,032,750	\$1,583,550	\$1,308,150	\$1,308,150	\$1,652,400	\$6,885,000
	<b>Sub-Total</b>	<b>\$6,885,000</b>	<b>\$0</b>	<b>\$1,032,750</b>	<b>\$1,583,550</b>	<b>\$1,308,150</b>	<b>\$1,308,150</b>	<b>\$1,652,400</b>	<b>\$6,885,000</b>
<b>TOTAL</b>		<b>\$45,000,000</b>	<b>\$2,935,778</b>	<b>\$10,507,122</b>	<b>\$8,151,789</b>	<b>\$9,935,350</b>	<b>\$8,647,161</b>	<b>\$4,822,802</b>	<b>\$45,000,000</b>

No	Description	TOTAL BUDGET	FORECAST GOVERNMENT OF AUSTRALIA FINANCIAL YEAR					TOTAL
			Year 1	Year 2	Year 3	Year 4	Year 5	
			Jul 17 - Jun 18	Jul 18 - Jun 19	Jul 19 - Jun 20	Jul 20- Jun 21	Jul 21 - Jun 22	
1	Program Cost	\$17,588,117	\$3,440,768	\$4,888,920	\$3,086,143	\$3,672,286	\$2,500,000	\$17,588,117
2	Labour Cost	\$11,760,595	\$2,070,345	\$2,277,380	\$2,391,248	\$2,510,811	\$2,510,811	\$11,760,595
3	Fixed Ops	\$8,766,289	\$2,456,137	\$2,638,049	\$1,125,000	\$1,181,250	\$1,365,853	\$8,766,289
	<b>Sub-Total</b>	<b>\$38,115,000</b>	<b>\$7,967,250</b>	<b>\$9,804,349</b>	<b>\$6,602,391</b>	<b>\$7,364,347</b>	<b>\$6,376,663</b>	<b>\$38,115,000</b>
4	Management Fee	\$6,885,000	\$1,032,750	\$1,583,550	\$1,308,150	\$1,308,150	\$1,652,400	\$6,885,000
	<b>Sub-Total</b>	<b>\$6,885,000</b>	<b>\$1,032,750</b>	<b>\$1,583,550</b>	<b>\$1,308,150</b>	<b>\$1,308,150</b>	<b>\$1,652,400</b>	<b>\$6,885,000</b>
<b>TOTAL</b>		<b>\$45,000,000</b>	<b>\$9,000,000</b>	<b>\$11,387,899</b>	<b>\$7,910,541</b>	<b>\$8,672,497</b>	<b>\$8,029,063</b>	<b>\$45,000,000</b>