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| **KSI Phase 2 Guiding Strategy** | |
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# Abbreviations

AAKI Indonesian Policy Analysts Association

AIPI Indonesia Academy of Science

ALMI Indonesia Academy of Young Scientists

ARK Indonesia Indonesian Alliance for Policy Research

BaKTI Eastern Indonesia Knowledge Exchange

*Balitbang* government research and development unit

BAPPEDA Regional Development Planning Board(s)

Bappenas National Planning Agency

DFAT Department for Foreign Affairs and Trade

FITRA Indonesian Forum for Budget Transparency

GESI gender equality and social inclusion

GoI Government of Indonesia

IDF Indonesia Development Forum

IRE Institute for Research and Empowerment

IRSA Indonesia Regional Science Association

JiKTI Eastern Indonesia Researchers’ Network

K2P knowledge to policy

KSI Knowledge Sector Initiative

LAN National Institute of Public Administration

LIPI National Institute of Sciences

LKPP National Public Procurement Agency

LPDP Education Endowment Fund

M&E monitoring and evaluation

MoF Ministry of Finance

MoHA Ministry of Home Affairs

PIRAC Public Interest Research and Advocacy Centre

PKMK Centre for Health Policy and Management

PRI policy research institute

PSC Program Steering Committee

PTS Program Technical Secretariat

RTI RTI International (registered trademark and trade name of Research Triangle Institute)

SAINS45 Science 45 Research Agenda

ToC Theory of Change

# Purpose

This guiding strategy provides the overarching framework for implementation of The Knowledge Sector Initiative (KSI) phase 2 (July 2017 to June 2022). It outlines the rationale, areas of focus, programming approach and governance structure.

The strategy responds to lessons learnt from KSI phase 1 (detailed in Annex 1) including challenges associated with a lack of clarity around scope and weak links between activities and final outcomes as detailed in the Theory of Change for phase 1.

KSI phase 2 aims to support the Indonesian knowledge sector to generate better quality research and increase the application of evidence in policymaking contributing to more inclusive and equitable growth for Indonesia. This will be achieved through work in four priority areas:

1. Quality policy research and analysis and effective communication
2. Research funding (government, private sector and philanthropic) and quality of spending
3. Government knowledge management systems
4. Public discourse on the role of research, evidence and analysis in public policymaking.

More detailed sub-strategies for each of the four priority areas will be developed during the first 6 months of phase 2. The four sub-strategies will form the basis for work-planning and activity development for each annual cycle. Each area is expected to have a significant body of pre-planned work that continues and builds upon the work of phase 1. The nature of KSI’s approach, though, means that not all work can or should be pre-planned. In order to maintain flexibility and allow for opportunism, a set of decision-making criteria for each focus area, to be used by the program team and the Program Technical Secretariat, will be developed and socialized among key stakeholders by mid-December 2017.

Once approved by the Program Steering Committee, the strategy will become a living document that will be reviewed and updated as necessary to ensure it remains relevant to the changing context, emerging lessons and shifts in the political economy.

# Background

The Knowledge Sector Initiative (KSI) is a joint program between the governments of Indonesia and Australia that contributes to more inclusive and equitable growth in Indonesia by supporting the production of high-quality public policy grounded in rigorous research, analysis and evidence.

KSI sees Indonesia’s ‘knowledge sector’ as a system comprised of government, private sector and civil society organisations that provide analysis for policymakers.[[1]](#footnote-1) Working with key actors in this ‘sector’, the overall goal of KSI is to facilitate the production of better public policy. It achieves this by supporting government agencies to use research, analysis and evidence for better policy formulation, and non-government research organisations to produce better quality research and communicate it more effectively to policymakers; facilitating improved access to research, analysis and data to inform policymaking; and identifying and addressing the factors constraining the use of evidence and analysis in policymaking.

The first four-year phase of KSI commenced in May 2013 and concluded in June 2017. In its first phase, KSI succeeded in building the research and organisational capacities of 16 policy research institutes as well as a range of government bodies that play a crucial role in integrating evidence into policymaking (such as ministerial research and development units). It has built strong relationships among and between leading actors in the knowledge sector – both government and non-government – who, as a result, are more conscious of the importance of a dynamic knowledge sector to spur inclusive economic growth. With KSI’s support, these actors have committed to making changes in their own institutions and are interacting with other institutions to promote important reforms.

Phase 1 involved testing a range of approaches and ways of working. The lessons from phase 1 provide a much stronger understanding of what does and does not work in supporting more evidence-informed policymaking in Indonesia. These lessons also provide the basis for a more focused set of goals and objectives for phase 2.

# 2 Rationale for investment

## 2.1 Why work on the ‘knowledge sector’?

After two decades of robust economic growth and steadily decreasing poverty rates, the past few years have seen reduced growth, higher levels of inequality and a slowing of poverty reduction in Indonesia. Religious and racial intolerance are also negatively impacting on political and social stability. These trends jeopardise the Government of Indonesia’s targets for reducing poverty and inequality and increasing economic security and stability for all Indonesians.[[2]](#footnote-2)

A recent white paper published by Indonesia’s Academy of Science (*Akademi Ilmu Pengetahuan Indonesia*, AIPI) argues that addressing these challenges over the long term requires Indonesia to develop its innovation and manufacturing capacity to boost employment and economic growth at the local level. The paper paints a pessimistic picture of Indonesia in 2045, unless effective, evidence-informed policies are developed and implemented, including well-targeted investments in research and innovation. Indonesia’s 2018 work plan shows that the government is making efforts to address this issue.

High-quality and well-informed government policy is critical to enabling Indonesia to reverse current trends. Yet faced with increasingly complex development challenges, many of Indonesia’s key policymaking institutions struggle to propose effective solutions[[3]](#footnote-3). They remain sectorally-focused, with poor coordination between ministries and agencies at both national and sub-national levels[[4]](#footnote-4). More systematic use of high-quality evidence in policymaking will improve Indonesia’s ability to develop effective policies that address the multi-dimensional nature of its development challenges.[[5]](#footnote-5)

Support for effective, evidence-informed and inclusive policymaking is consistent with the principles underpinning the development partnership between Australia and Indonesia, which emphasises a shift to building Indonesia’s own capacity for better governance. KSI represents a strategic investment in this regard. Supporting Indonesia to improve its own ability to develop and implement evidence-informed policy is more sustainable than providing direct technical expertise to draft policies and will result in decreasing dependence on donor-funded technical assistance over time.

There is potential for a strong return on Australia’s investment in this area over the medium- to long-term. Indonesia currently spends around 0.09% of GDP on research, compared to an average of 0.5% in other lower-middle-income countries.[[6]](#footnote-6) If KSI is able to support Indonesia to double this investment to 0.14% over the next five years by increasing government and private sector funding (as well as influencing the quality of spending), this would leverage up to A$1.6 billion in research funding per year by 2022.

## 2.2 Indonesia’s knowledge sector: five years on

The results that KSI has been able to achieve in phase 1 have been shaped by four significant changes in the political environment since KSI commenced.

First, since 2014, Indonesia has seen the rise of a political leadership more focused on data, information and analysis, in part stimulated by an increased focus on social media. The government has also sought to reorient the approach to planning and budgeting, with a new emphasis on funding being allocated to ministries based on programs designed to achieve clear objectives (‘money follows program’) rather than on bureaucratic functions (‘money follows function’). This is driving a stronger focus on outcomes and increasing demand for evidence of what works to produce those outcomes. Demand for more evidence has also crept into the bureaucracy, with an increasing number of ministries requesting Australian or other donor support to establish or strengthen their analytical or ‘think tank’ capabilities. A number of entrepreneurial KSI research partners have taken advantage of this increasing demand to strengthen their relationships with government officials and use the results of their research to engage in dialogue with policymakers.

Second, the merger of the Directorate General of Higher Education into the Ministry of Research, Technology and Higher Education in 2014 introduced greater coherence in research and higher education policy. Ministry officials have been open to discussing the need for change and have collaborated closely with KSI on efforts to reform regulations and practices - particularly those relating to academics and researchers - to facilitate better quality research, including reforms to administration of research grants and increased funding for gender-related research.

Third, locally elected leaders are increasingly using the media to highlight their accomplishments and push for reform at the national level, presenting the challenges their constituents are facing in highly publicised events. The effective use of the media by influential governors and district heads is challenging the top-down political dynamic. The mayors of Surabaya and Bandung are two examples of local leaders pushing national ministries to ‘catch-up’ with local initiatives.

Finally, there is increasing recognition of the need for integrated policy solutions to address the multi-faceted development challenges the country faces. Widely-publicised criticism of poorly-coordinated development projects led the President to task the Ministry of National Development Planning (Bappenas) with the role of ‘systems integrator’, to lead a more cohesive approach to development planning, budgeting and implementation.[[7]](#footnote-7) It has also seen efforts to integrate government data sets and facilitate data sharing across government agencies through the *Satu Data Indonesia* (One Data Indonesia) initiative, led by the Office of the President and coordinated by Bappenas.

However, there are also strong vested interests in maintaining the status quo. Better quality data and analysis, and more open sharing of information has the potential to expose weaknesses or other issues within existing programs, systems and practices. Resistance to greater collaboration both within and between ministries can sometimes be strong. Upcoming changes to procurement regulations which will enable universities and non-government organisations to tender for government research projects may face resistance from local consulting firms competing for these funds. Moreover, while media – including social media - can potentially support an evidence-based agenda, it can also be used to spread opinion-based information and ideological messages to vast audiences.

Intense political competition in the lead up to 2019 presidential elections and sub-national elections in 2018 and 2021-2022 will have important implications for the program and its work. Potential changes in leadership and direction resulting from these elections may lead to disruptions to the program or loss of momentum for particular changes, although they may also open up new windows of opportunity.

# 3 Goal and areas of focus

KSI aims to facilitate the production of better public policy in Indonesia. More specifically, KSI’s program goal is to support Indonesian knowledge sector institutions and systems to **generate better quality research and increase the application of evidence in policymaking** contributing to more **inclusive and equitable growth for Indonesia**.

In phase 1, KSI developed a sophisticated understanding of the key barriers to a healthy knowledge sector through analysis and consultations with stakeholders across government, research institutes, universities and civil society. Annex 2 provides a full description of the barriers and sub-barriers. For the purposes of phase 2, these barriers can be summarised as:

* Policy research and analysis continues to be of low quality (with insufficient attention to issues of gender and social inclusion) and not communicated to policymakers in ways that facilitate uptake into policy;
* Levels of government and private sector funding for research are inadequate, available funds are spent ineffectively and inefficiently, and existing laws, regulations and practices do not promote the production of quality research or its use in policymaking;
* The systems and incentives for better knowledge management, improved coordination, greater use of research, analysis and data, and effective information flows within and between government and non-government bodies are ineffective; and;
* Limited public awareness of and demand for evidence-informed policymaking means there are weak incentives for policymakers to use research and analysis more systematically in policymaking.

In seeking to overcome these barriers, **four focus areas** have been identified:

1. Quality policy research and analysis and effective communication
2. Research funding (government, private sector and philanthropic) and quality of spending
3. Government knowledge management systems
4. Public discourse on the role of research, evidence and analysis in public policymaking**.**

The following sections elaborate briefly on each of the four focus areas, indicating the work that will be pursued under each, what it builds upon from the first phase of the program and the outcomes it will be aiming to achieve. All of these will be further developed from October to December 2017.

## 3.1 Focus area 1: Quality policy research and effective communication

In the first phase, one of KSI’s core activities involved working with non-government research organisations and government agencies to improve the quality of policy research and analysis and its communication to policymakers. This included support for 16 policy research institutes (PRIs) and a range of government institutions, including Bappenas’ Policy Analysis Centre (*Pusat Analisis Kebijakan*, PAK), ministerial research and development units, and a new cadre of policy analysts.

For the 16 PRIs this support resulted in improved capacity to plan, communicate and engage with policy makers on their research and enhanced their credibility with external stakeholders. The program also improved capacity for analysis and communication within government research units and among government officers responsible for research.

Towards the end of phase 1, the PRIs and government partners began to collaborate in their efforts to improve research quality and communication. KSI-convened working groups on specific policy issues were effective in bringing together researchers and policymakers and stimulating greater contestation and use of evidence to inform policy. These were also valuable in helping policymakers to clarify the evidence they needed.

More broadly, KSI has also established a strong working relationship with the Ministry of Research, Technology and Higher Education, responsible for issues of research quality, that has resulted in reforms to reporting requirements for research grants including greater integration of gender issues into Ministry research grant schemes. Similarly, work with the National Institute of Public Administration (*Lembaga Administrasi Negara*, LAN) and AAKI has provided the foundations for improved policy analysis capabilities across national and sub-national government agencies, with a new training package developed with KSI support.

KSI support to date has, however, been focused on improving the internal organisational capacity of PRIs and the research skills of relevant government agency cohorts without a shared understanding of what constitutes ‘quality’ policy research and analysis, what skills, capacities and resources policymakers need to demand evidence, how and when evidence enters (or does not enter) into policymaking processes, and how it is used effectively. While the program made a number of efforts to improve research quality, the concept of quality in relation to policy research was never defined nor was a shared understanding of that definition built among stakeholders.

**What will KSI do?**

KSI will continue to support research partners (both government and non-government) and policy makers to: further progress efforts to communicate actionable recommendations from research at key points in relevant policy cycles at national and sub-national levels; develop broader objective measures and shared understandings on what constitutes ‘good quality’ for policy research and analysis; and further strengthen considerations of embracing diversity and tackling inequality in research.

In Indonesia, KSI will capitalise on its partners’ existing networks as well as building relationships with other key Indonesian research networks, such as the Indonesian Regional Science Association (IRSA) and the Eastern Indonesia Researchers Network (*Jaringan Peneliti Kawasan Indonesian Timur*, JiKTI), to encourage improved information and knowledge sharing and to strengthen research quality through peer-to-peer learning and publishing research in peer-reviewed fora, including international journals.

KSI will also continue to encourage more institutional links between Indonesian and international universities, think tanks and research institutes – including key Australian partners – to strengthen efforts to improve research quality, including through joint research, mentoring relationships, and peer-to-peer knowledge exchange.

KSI will collaborate with institutions such as the Indonesian Young Academy of Science (*Akademi Ilmuwan Muda Indonesia*, ALMI), on the challenges of integrating scientific knowledge into policymaking and the kinds of science research policymakers need. This dialogue will be facilitated through engagement with relevant national and sub-national officials, capitalising on ALMI’s collaboration with the President’s office.[[8]](#footnote-8)

KSI will continue to support improvements in policy analysis capabilities within government in a way which addresses the systemic issues which inhibit the translation of research into policy, discussed further under focus area 3. This will include working with the LAN and the Indonesian Policy Analysts Association (*Asosiasi Analis Kebijakan* Indonesia, AAKI).

KSI will also support efforts to address bureaucratic policies, regulations and practices which make it difficult for government agencies to plan for and appropriately resource policy research and analysis and to manage and develop internal policy expertise.[[9]](#footnote-9) This will include addressing the policy, regulatory and funding issues which impact on research quality. KSI will work with the Ministry of Research, Technology and Higher Education to progress relevant reforms, including reforms to human resource policies, research management regulations and practices, and increasing allocations for innovation.

Indicative outcomes for this focus area include:

* Partner research institutes and networks are producing higher quality research and communicating it more effectively;
* Partner research institutes and networks are collaborating to find ways to strengthen research quality more broadly, including through fostering greater contestability and cross-disciplinary approaches;
* Government counterparts are more clearly articulating the research and evidence they need, and when, to researchers;
* Government counterparts are better able to analyse and incorporate evidence into policymaking.

## 3.2 Focus area 2: Research funding and quality of spending

As already mentioned, the Indonesian Government’s investment in research is significantly lower than that of other lower-middle-income countries, an issue that needs to be addressed if Indonesia is to continue on its path to higher income status. The inadequacy of research funding, and the inefficiencies with which it is being spent, has also been frequently cited by KSI stakeholders as a key challenge to research and innovation.

Aside from the disproportionately low allocations, existing funding suffers from weaknesses in the capacities of various government bodies to manage and disburse funds; weaknesses in relevant regulations to allow for procurement of research; administratively burdensome procedures for existing research funds; poorly communicated information for researchers on alternative funding sources and how to apply for them; weak links between researchers and philanthropic foundations who fund research; and challenges in garnering the political will to address these issues.

A key success in phase 1 was the insertion of changes to public procurement regulations that will allow national and sub-national governments to commission research from non-government and university-based research organisations. These regulations, once implemented, hold enormous promise for ensuring that existing research funding is well-spent.

**What will KSI do?**

KSI will focus on the successful allocation and disbursement of more government, philanthropic and private sector funding for research in phase 2 as a key leverage point for triggering an improvement to the system as a whole. This will involve new initiatives as well as strengthening successes from phase 1.

For example, ahead of endorsement by the President of the new public procurement regulations, KSI is planning their support for governments to successfully implement the regulations. At the national level, KSI will provide technical assistance to the Ministry of Research, Technology and Higher Education and the National Procurement Policy Agency (*Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah*, LKPP) and work with intermediaries to package and disseminate information on the changes to the procurement regulations. KSI will also work with pilot ministries to build their capacity to incorporate procurement of research into their annual plans and to improve their ability to understand and articulate their evidence needs. At the sub-national level, KSI has an established relationship with the Forum for Eastern Indonesian Heads of Regional Development Planning Offices (*Forum Kepala Bappeda Provinsi* Se-KTI) and JiKTI through which support on implementation will be provided to provincial and district research units in the 12 eastern provinces. Uptake of this new policy will be tracked to capture the effects, both qualitatively and quantitatively.

To support greater philanthropic and private sector investment in research, KSI will build on engagement to date with a number of private sector and philanthropic organisations and implement findings of two studies undertaken in phase 1 to map the potential for non-government funding of research in Indonesia. For example, KSI will facilitate links between research organisations and networks and interested philanthropic organisations and private sector companies, including multinationals, to support them to access available funds. KSI will also support government stakeholders to explore models for collaboration between government, the private sector, and universities/non-government research organisations.

At the national level, together with other donors and development partners, KSI will continue to build the capacity and credibility of the Indonesian Science Fund (*Dana Ilmu Pengetahuan Indonesia*, DIPI). An important part of this work involves building DIPI’s capacities in financial systems and funds management to support them in managing a large competitive research grant program.

KSI will also seek opportunities to encourage greater funding of research on pressing and under-researched development issues. For example, in phase 1, KSI worked with the Ministry of Research, Technology and Higher Education to increase levels of funding for research on gender-related issues. In the next phase, KSI will track the effects of those efforts as well as look for opportunities to channel more funds to research on vulnerable, disadvantaged and excluded social groups.

Indicative outcomes for this focus area include:

* Increased government budget allocation for research;
* Improved efficiency of existing government budget allocations for R&D units (*litbang*) and better managed research grants;
* Improved national systems for the procurement of policy research and the disbursement of research funding;
* More funding available for research related to gender and inequality; and
* Increased visibility and use of private sector research funding opportunities.

## 3.3 Focus area 3: Government knowledge management systems

It is widely acknowledged among KSI partners and stakeholders, including those from the government agencies with whom the program works, that facilitating more ‘demand’ for research and evidence from policy makers is a more difficult area in which to achieve results than was initially envisaged. In the first phase, KSI worked quite successfully with a range of government institutions, such as ministerial research and development units and with different parts of Bappenas tasked with taking forward the concept of Bappenas as a ‘system integrator’ between national ministries and/or Bappenas as a ‘think tank’ or driver of evidence-based policy reform. KSI also brought policymakers and researchers together in a range of different forums, including policy working groups, that stimulated the ‘demand’ for particular types of evidence on particular topics. KSI’s experience in supporting the development and implementation of a fully integrated e-planning system - the first of its kind in Bappenas – demonstrated that relatively small investments of time and effort, when targeted at an area where the potential for reform is high, have the potential to dramatically improve information flows in certain institutions.

However, understanding the institutional barriers to evidence informed policy making was less well understood. For example, the program’s work with ministerial research and development units had limited impact on institutional demand for evidence. This was in part because activities focused on building these units’ internal capacity and did not address the political economy of the broader institutional environment in which those units are situated. Further, while the program developed a reasonable understanding of the barriers policy makers face in accessing external knowledge, an understanding of those they face in producing and accessing information from within government institutions was more limited. This includes understanding government policy cycles from the perspective of information and data flows both horizontally between ministries and vertically from and to regions (and links also to Focus Area 1).

**What will KSI do?**

KSI has an ongoing role to play in **stimulating demand for evidence** among policymakers and in strengthening the quality of evidence available, where that demand exists in different parts of the policy cycle. KSI is already quite deeply engaged with improving national government planning and budgeting systems through its engagement with Bappenas and, increasingly, with Ministry of Finance (and AIPEG). KSI will continue to look for opportunities to strengthen information and knowledge management systems within and between national ministries to encourage standardization, in particular, of data. Given the need for greater standardization of data and information, particularly at a macro-level, KSI will strengthen its engagement with the National Bureau of Statistics (BPS), in phase 2.[[10]](#footnote-10)

In phase 1, KSI also helped create Bappenas’ ‘Knowledge Centre’. The Knowledge Centre is intended to become a repository of information for local government planning purposes on models for improving basic services and how to replicate them. KSI also has access to a wealth of information on pilots and models from current and former Australian aid programs working at district, sub-district and village levels which could be (and are being) replicated. Demand for evidence of smart local development practices is already strong in some parts of the country and could be leveraged by KSI. Working through relevant partners, KSI will play a stronger role in **managing knowledge of program implementation** (donor and government) at the sub-national level by providing the platforms necessary to collect, collate and disseminate information of ‘smart practices’ and how and where they might be replicated.

There are also areas – institutions, roles and processes – in which evidence is already utilized throughout the government policymaking cycle. Those areas – such as *balitbang* or the new cadre of government policy analysts, or the increasing number of areas interested in or undertaking monitoring and evaluation – continue to present KSI with a range of opportunities to strengthen the quality of the evidence being used. Yet they also need to be more clearly linked. KSI is developing a clearer picture of the linkages between different agencies, institutions and levels of policymaking that are using or could better use evidence and research to fulfill their existing role or mandate and the relevant laws, rules and regulations governing them. This depiction of entry points for evidence in Indonesian government policy cycle(s) will form the basis for a stronger shared understanding among key stakeholders of the opportunities for KSI engagement in phase 2.

Indicative outcomes for this focus area include:

* Improved linkages between information and knowledge management systems within and between selected ministries and agencies at national and sub-national levels, leading to improved cross-sectoral coordination;
* Better technological solutions to information and knowledge management problems in selected institutions;
* Better management of the different data and information sources available for development policymaking; and
* Reform of regulations and institutional arrangements that govern data and information flows.

## 3.4 Focus area 4: Public discourse

A diagnostic on the role of intermediary organisations (such as the media, think tanks, international and domestic CSOs) as key players in the knowledge to policy system was completed in phase 1. Consistent with this, KSI collaborated with a number of media organisations, including the Tempo Institute (affiliated with the Tempo News Group), to provide training and mentoring to partner research organisations on communicating research effectively to a broader audience. Through the Indonesia Development Forum, KSI also engaged with media organisations such as KOMPAS and the Jakarta Post, as well as with the Conversation. KSI also developed a relationship with PT. Sintesis Komunikasi Indonesia, the lead organisation behind the annual Indonesia Economic Forum. Sintesis has successfully built partnerships with over 12 major Indonesian media partners providing a combined social media footprint of 55 million contacts. These organisations provide avenues to develop a strong public communications platform for the knowledge sector. Many of the research partners themselves have strong contacts with the media, and a number have used these to communicate findings. KSI partner KPPOD (*Komite Pemantauan Pelaksanaan Otonomi Daerah*, Regional Autonomy Monitoring Committee), for example, has effectively utilised the media to disseminate its ranking of provincial capitals on the quality of economic governance.

Nevertheless, there is broad recognition among KSI’s stakeholders that there are unrealised opportunities to work with the media and other intermediaries to support better policymaking. A core group of organisations will support KSI in identifying effective and appropriate mechanisms, systems and networks that can facilitate the flow of research and information into policymaking.

**What will KSI do?**

In phase 2, KSI will deepen its engagement with national media organisations interested in engaging on evidence-based policymaking. These include Tempo, The Conversation, KOMPAS and Globe Asia. In the first instance, KSI will initiate dialogue between these media and researchers (or other intermediaries) to support the translation of evidence into media-worthy communications. Interested media organisations will also be encouraged to join knowledge communities on important and challenging policy issues and to report on the results of high-level policy dialogue, such as that which results from the annual Bappenas-led Indonesia Development Forum.

KSI has a wealth of information about different weaknesses in Indonesia’s policy cycle. To date, most of this has been directed towards government and research audiences. Some of the more newsworthy aspects of this information are yet to be packaged and disseminated to a broader audience. Working with various intermediaries KSI will implement a strategy to build a broader discourse on policymaking linked, for instance, to the predicted impact of changes in the government’s regulations on the procurement of research. The message of this dialogue will be practical, based on what is most likely to gain momentum in public discourse. For instance, KSI working groups will review existing overlaps and unclear institutional arrangements among the main government science and research agencies to highlight efficiency gains of key policy changes and will engage media organisations and others in the review.

Importantly, the media and other intermediaries will also be encouraged to engage critically with research material, to be able to assess, analyse and seek different perspectives on results and communicate that effectively.

Indicative outcomes for this focus area include:

* Increased public discussion of the impact of research (or lack thereof) on different development policies;
* Increased communication and informed critique of the findings of policy-related research in selected media;
* Increased linkages between think tanks and other advocates for evidence-informed policymaking with relevant national and sub-national government agencies.
* Improved engagement of media on priority government policy agendas (such as inequality through the Indonesia Development Forum).

# 4 Approach to program implementation

The experience of phase 1 underscored the fact that KSI operates in a complex and dynamic environment in which the pathways to a desired change cannot always be predicted and new opportunities and challenges frequently emerge. In order to operate effectively in this environment, the program aims to work in a highly flexible, iterative and responsive way, while remaining focused on achieving its objectives in the four focus areas. Operating *strategically* while also being flexible and responsive was one of the key challenges in the first phase.

KSI phase 2 will follow guiding principles for program implementation that align with DFAT’s governance strategy:[[11]](#footnote-11)

* Focus on addressing system-wide constraints to the knowledge sector
* Be flexible and responsive to emerging opportunities while maintaining a focus on the overall goal and objectives of the program
* Apply a problem-solving approach
* Invest strategically, with a view to achieving returns over the short, medium and longer term
* Focus on the differential impact on women, men and disadvantaged groups
* Put in place systems and processes to reflect, learn and adapt
* Build partnerships and collaborate strategically
* Understand the political context and navigate it astutely.

These principles will be expressed through approaches elaborated below.

## 4.1 Coalitions and collective action

KSI phase 2 will expand its collaborative approach between knowledge producers, users and intermediaries and apply it more broadly across the program, through an emphasis on supporting reform networks, composed of individuals and organisations from across the knowledge sector, to address the common challenges that they face. Membership of these networks will consist of opinion leaders and influencers committed to improving the quality of evidence and its application to policymaking. They will be chosen based on their capacity to lead change agendas and to galvanise support from within their own institutions and broader networks. The role of the program will be to convene and broker relationships between knowledge sector actors in order to catalyse and augment their efforts. A key lesson from the approach taken in phase 1 is the need for the program to play a strong facilitation role to support these networks to identify and work towards clear outcomes.

## 4.2 A hybrid approach

KSI operates as part-program, part-facility.[[12]](#footnote-12) Some aspects of the program’s work will require sustained engagement throughout the second phase and beyond, such as grants to research partners. These can largely be fully planned in advance. Other areas of work will be necessarily opportunistic, allowing the program to respond effectively to changes in the environment and to emerging opportunities. These will be defined broadly in program plans, with details developing as areas of support and reform agendas take shape. This flexibility was highly valued in the first phase and enabled the program to develop productive working relationships with key knowledge sector actors. A hybrid program–facility modality has also enabled the program to explore a range of potential pathways to change and test different approaches in some areas of work, such as the application of problem-solving approaches in several of the working groups.

A hybrid program-facility requires effective program management, well-defined strategies that have buy-in from shareholders and key stakeholders, and clear decision-making processes. Sub-strategies for each of the four focus areas will be developed during the first six months of phase 2. These will provide the basis for developing annual workplans, which will include pre-defined activities as well as activities that are partially elaborated. Where activities are only partially elaborated, the emphasis will be on utilising clear decision-making processes that have been developed collaboratively with and agreed to by program shareholders and relevant stakeholders. As such, during the transition phase, decision-making criteria, key decision points and appropriate decision-makers will be developed in consultation with program shareholders and stakeholders on the basis of the guiding principles presented above. These will be reviewed by the Program Technical Secretariat and endorsed by the Program Steering Committee.

Successfully applying this approach will require refining, adapting, and better coordinating existing project management processes for planning, risk management, and resource allocation, and incorporating new systems for monitoring, evaluating learning, and adapting. It will also require regular and open communication with stakeholders.

## 4.3 Participatory planning and decision-making

Stakeholder ownership of the program’s strategies, activities and outcomes is essential to KSI’s potential for success. Program planning will be based on a comprehensive process of consultation with relevant shareholders, led by DFAT and Bappenas as co-chairs of the Program Technical Secretariat and Program Steering Committee, with activities and streams of work adapted from the agendas emerging from working groups and networks, and supported by a participatory reflection and review process.

The outcomes of this planning process will be adapted into annual work plans, which will outline proposed activities for the coming 12-month period, aligned with the national government’s annual planning and budgeting cycle (January–December). An annual work plan will be submitted to DFAT in mid-October of each year, with the final work plan submitted to the Program Steering Committee for approval in December. The flexible and responsive nature of the program means that adjustments to the work plan will need to be made during implementation. These adjustments will be communicated to the Program Technical Secretariat and Program Steering Committee. The extent to which they require adjustments to the annual workplan will depend on their size and budget/resource needs.

## 4.4 Team structure and skills

The team structure for phase 2 incorporates a number of lessons from phase 1, particularly the need to work smarter and more flexibly, and to strengthen the application of lessons across the program. The new program structure also recognises that applying a problem-based, politically smart approach requires different sets of skills and knowledge than more traditional ‘project’ approaches. The team will therefore require a balance of strong interpersonal and leadership skills, including facilitation, influencing and negotiation skills, strategic thinking and strong communications. The team will also be leaner, reducing from 45 staff to around 28 staff at the beginning of phase 2.

To ensure that work across the four focus areas is integrated, the new KSI team will be structured according to function rather than by focus area. Four teams will have responsibility for the following functions:

**Policy and innovation:** This team will be responsible for convening and brokering relationships between key actors to support collective identification of problems and solutions. It will include staff skilled in building strong networks and facilitating collaborative processes.

**Partnership management:** This team will manage contracts and grants to partners. It will include staff experienced in contract management and with programmatic expertise to engage with partners and ensure their activities are linked to program outcomes.

**Knowledge exchange and learning:** This team will support external partners to build their knowledge management capabilities, conduct knowledge-sharing events, lead collaboration with media, and manage communications with program stakeholders.

**Performance, monitoring and evaluation**: Building from phase 1 experience, this team will be much more integrated into daily implementation, with responsibility for coordinating workplan development, monitoring progress, conducting learning and evaluation activities and providing input to program teams on how to adapt program activities based on emerging lessons.

These teams will work closely together in an integrated manner: although one team may take the lead, the other teams will be closely engaged in supporting implementation based on the nature of the activity and the skills and capacity required.

## 4.5 Risk management

Appropriate, well-managed risk-taking will be a feature of phase 2. The program’s risk register will be a living document and a central tool to guide regular discussions between KSI and DFAT and at Program Technical Secretariat and Program Steering Committee meetings. This risk-based approach reflects the reality of KSI’s operating context. It is also informed by DFAT’s experience supporting flexible facilities, where there is potential for fragmentation in the face of strong demand for support for isolated activities without clear links to program objectives.

The risk register will be adapted to KSI’s specific needs. It will be organised thematically, and focused on the program’s core objectives and resources. It will be updated regularly to incorporate changes in current risks and new risks, including risks associated with emerging opportunities as well as threats to the achievement of objectives. The risk register will be used to encourage reflection and discussion about the appropriate risk appetite under each thematic area. The risk register and current risks will be elaborated during the transition phase (July to December 2017).

## 4.6 Ensuring sustainability

KSI’s approach involves building capacities, encouraging changes in incentives and supporting changes in systems among a broad range of counterparts, *not* substituting capacity and, as much as possible, avoiding supplementing capacity. KSI does not undertake research itself, but rather supports policymakers to identify the research they need and to link with research institutions that can meet those needs – in all the dimensions that work involves. Sustainability is at the heart of such an approach. The achievement of increased funding for research will be tangible evidence of the sustainability of KSI’s efforts. Similarly, the way in which KSI supports the development of networks and relationships, as well as the organisational capacities it develops, is designed to involve less and less of KSI’s time and resources over time, such that self-sustaining momentum for reforms remains.

## 4.7 Links to other Australian programs

Rather than seeking to influence the substance of particular policies, KSI aims to engage in the *process* of government policymaking. As such, the lessons it learns through its work, the approaches it uses and the networks it fosters are of direct relevance to the many other efforts to improve government policy undertaken through Australia’s development partnership with Indonesia. In phase 2, KSI will play a role in convening discussion among a number of relevant Australian development programs with the aim of leveraging more impact through identifying opportunities to support evidence-based reform of government policy. This will involve supporting better knowledge management among relevant programs, sharing of relevant information and lessons and identification of opportunities for joint efforts. Importantly, KSI’s role is intended to be more than that of traditional ‘coordination’. KSI’s knowledge, skills and convening capacity should *underpin* relevant areas of the Australia-Indonesia development partnership.

# 5 Monitoring, evaluating, learning and communicating

## 5.1 M&E and learning

The challenges in finding a balance between the complexity of the program’s initial vision and the extent to which that vision was actually realisable confounded the program throughout its first phase, in part to the detriment of the outcomes it was able to achieve. The program’s communication challenges were compounded by a monitoring and reporting system, linked to a complex Theory of Change, which was insufficiently clear and difficult to adapt to the changing directions of the program or to the changing information needs of key stakeholders.

A review of the monitoring and evaluation system found that it was not effectively capturing relevant information on program performance and learning, and as such it was not serving the needs of program management to make decisions on program activities and strategic direction. Moreover, while the monitoring and evaluation system produced rich qualitative information on a range of different activities and workstreams, it was difficult to aggregate this information and communicate it to stakeholders in a way that succinctly explained the impact the program was achieving.

Building on the goal and focus areas elaborated in this document, more fit-for-purpose and adaptable theories of change will be developed for each of the focus areas in the first six months of phase 2. These will be revisited throughout the program as part of regular review and reflection processes to ensure that they integrate what is being learned through implementation. Incorporating lessons from phase 1, the theories of change and monitoring, evaluation and learning plan for phase 2 will:

**Be jointly developed and jointly owned**: The theories of change and relevant aspects of the monitoring, evaluation and learning system will be developed in conjunction with stakeholders to ensure that they are aligned with their own priorities and targets and meet their information needs. The broader program team will play a key role in developing the theories of change to ensure that they understand the program’s goals and objectives, how workstreams and activities contribute to these goals, and their own role in monitoring progress and impact.

**Be accessible and easily understood**: The theories of change for each of the four focus areas will aim to convey the program’s complexity in a straightforward way so that they can be used as a tool for communicating how the program works to shareholders and stakeholders.

**Be evidence-based and adaptive**: The theories of change will be developed on the basis of analysis of the systemic problems constraining the knowledge sector (obtained from diagnostics and assessments carried out prior to and during phase 1 and a stocktake of these to be carried out during the transition phase).

**Focus on meeting stakeholders and the program’s information needs:** The monitoring, evaluation and learning system will be ‘lean’, collecting and reporting ‘quality’ information rather than ‘quantity’. It will collect and enable the team to report on the information that is necessary and sufficient to meet shareholders and the program’s own information needs. It will reflect an appropriate balance of qualitative and quantitative information.

**Support learning, reflection and adaptation throughout the program cycle**: The monitoring, evaluation and learning system will provide timely and relevant information on progress and performance to facilitate program management to make decisions, particularly where activities are not progressing or performing as planned and should not be continued.

An independent mid-term review of the program will be conducted in the third year of phase 2.

## 5.2 Communications

KSI’s overall objectives for communications are to:

* Ensure strong understanding of the program and its objectives among shareholders and stakeholders and communicate program progress and successes; and
* Expand awareness of the importance of a healthy knowledge sector among a broader audience.

**Communication with stakeholders:** The program will communicate information on progress, impact and learning through a range of channels. These will include knowledge-sharing sessions, workshops, seminars and conferences; articles, opinion pieces and blogs in traditional and online media; social media; online platforms; and email and messaging apps.

Details of the program’s strategy and approach to stakeholder communications will be developed during the transition period.

The brokering of a formal partnership agreement between the DFAT and KSI/RTI teams in May 2015, and subsequent six-monthly health checks, has supported the program to negotiate some of the challenges faced in implementation during the latter part of the first phase. It did this by establishing clear principles, communication practices and approaches to risk management in the day-to-day relationship between the two. Everyday communication between the teams will continue to be informed by the principles of the partnership agreement.

The next health check, due to be held early in phase 2, will be scheduled to ensure that new members of the KSI/RTI and DFAT teams are able to participate. In line with the current practice on other related DFAT programs, the potential for engaging Indonesian government counterparts directly in the partnership process will be explored in the lead up to the health-check.

The KSI team will meet the information needs of DFAT and the Government of Indonesia through frequent engagement and communications. This will include regular technical and managerial updates, including minuted management meetings, to communicate information on program progress and plans, changes to program risks, including proactive communication of emerging risks and opportunities, and other strategic information, as well as prompt responses to DFAT and Government of Indonesia enquiries on program management and implementation, and policy briefings as required.

# 6 Partnerships

This section maps KSI’s main types of stakeholder relationships, including how relationships will be prioritised and activities funded to achieve end-of-program outcomes and future sustainability. Given the complexity of establishing robust partnerships - and the experiences of doing so in phase 1 - KSI’s approach to partnerships will be grounded in its knowledge of the incentives (and disincentives) and drivers within and between the institutions with which it works.

## 6.1 Policy research partners and networks

The 16 policy research institutes with which KSI partnered in phase 1 are a strong asset for KSI in phase 2. Evidence from phase 1 shows that core grants were effective in supporting these organisations to develop the technical, organisational and management capacities they need to strengthen their credibility and provide high quality analysis to policymakers. In phase 2, the approach to funding these and other research organisations will shift in two main ways:

**From core funding to performance-based grants:** In phase 1, KSI’s support focused on individual research organisations. Capacity development emphasised different areas of organisational capacity - strategic planning, research management, human resources, research skills, and data management. In phase 2 the focus will shift to an emphasis on the set of organisational capabilities that are necessary to address systemic barriers in Indonesia’s knowledge sector. This approach will support a stronger link between the research partners’ activities and KSI’s outcome of a healthier knowledge sector.

In terms of funding support, the new approach will see a shift from core funding of organisations to performance-based grants. This means that in phase 2, grants to research organisations will focus on the accomplishment of certain milestones in support of a healthy knowledge sector. For example, KSI may provide a performance-based grant to a research organisation to support them in mobilising national efforts to address problems in national data quality and accessibility or in convening dialogue on quality policy research. Since core funding has been critical for many of the research organisations in enabling staff development and other institutional development activities, a portion of the new performance-based grants will be available for institutional development, along with clear plans and accountability mechanisms for use of those funds.

**From support to individual organisations to funding for collaborative action:** The second dimension of this transition will be more support for collaborative action among multiple organisations to address common challenges in the knowledge sector. In late 2016, the 16 partner research organisations established a coalition – the ARK. The Alliance’s work focuses on building a network of research organisations which support policymakers to define critical policy problems, identify solutions, and assess policy outcomes. This includes establishing communities of practice on key policy areas; organising training events for members; expanding joint research with Indonesian and international organisations; cultivating networks with national and local policymakers to promote the use of knowledge in policy; engaging with the media to support communication of research to the public; and supporting efforts to increase public and private funding for research. The Alliance provides KSI with a platform to trial the new approach to grants.

The new funding model will also allow KSI to identify new partner research organisations with which to work. In particular it will allow the program to expand its engagement with research partners based in outer Indonesia and working on locally-relevant policy issues, and to thereby broaden the range of geographic, cultural and political perspectives informing the program’s work with national and subnational policymakers. KSI will also seek to engage with partner research organisations which focus on issues of gender and social inclusion.

## 6.2 National and sub-national government partners

Due to its position as chair of the Program Steering Committee and its central role in the integration of evidence into national policy cycles, Bappenas continues to be one of KSI’s core partners. Bappenas’ activities contribute to the goals that KSI aims to achieve. For example, Bappenas’ support for scaling-up of successful local-level reforms in service delivery through the Knowledge Centre is one of a number of initiatives that will strengthen sub-national evidence-based policymaking. The Ministry of Research, Technology and Higher Education will also continue to be a core partner for phase 2 given its central role in improving the quality of policy-directed research in Indonesia.

A lesson from phase 1 is that KSI needs to facilitate stronger linkages between other national ministries which have key roles in defining the processes for policymaking and policy implementation in Indonesia, both nationally and sub-nationally. To that end, towards the end of phase 1 KSI increased its engagement with the Office of the President, the Ministry of Finance and the Ministry of Home Affairs. In phase 2, KSI will continue to involve these institutions. For example, ongoing engagement with both the Ministry of Finance and Bappenas on the new e-planning system will support improved integration of the two ministries’ electronic systems, facilitating more evidence-informed planning and budgeting.

## 6.3 Strategic partners

KSI’s success is premised, in part, on its ability to facilitate and communicate information through broad networks of researchers, policymakers and intermediaries. In order to do this, KSI made strategic choices in phase 1 to work with a number of stakeholders with their own research and communications networks such as AIPI. In phase 2, the program will leverage these networks to achieve its outcomes. KSI’s strategic partners therefore comprise stakeholders (individuals or groups) with considerable skills and experience in the knowledge sector whose activities complement KSI’s in contributing to the broader goal of better public policy in Indonesia. These include networks such as ALMI and JiKTI. Relationships with these networks will allow KSI to significantly increase its reach, in particular at sub-national level. While engaging these networks will be resource intensive in terms of staff time, they provide good value for money in terms of the scale of access to knowledge and information flows they will facilitate.

KSI will continue to work with the Indonesian Academy of Science, on the Indonesian Science Fund, and the LAN, with which KSI works on training and skills development for government policy analysts.

A strategic partnership model also allows the program to work with new partners as advantageous opportunities arise, including other government institutions, research organisations and civil society organisations.

## 6.4 Resource partners

Resource partners include international or local organisations and individuals with the skills and expertise to contribute to a stronger knowledge sector. KSI will enter into working relationships with these organisations or individuals to address needs articulated by KSI strategic partners.

Members of the KSI consortium – the Australian National University, the Nossal Institute for Global Health at the University of Melbourne, and the Overseas Development Institute – will be key resource partners. Representatives of these institutions will be invited to participate in program planning and to identify the activities where they are best placed to contribute their expertise and resources. For example, the Australian National University plans to partner with the Ministry of Research, Technology, and Higher Education on issues of gender in higher education and research.

RTI International, as the lead contractor, will also draw on its broader institutional expertise to support the program. One area in which RTI’s expertise aligns with the needs of Indonesian knowledge sector stakeholders is data and innovation. Support could include technical advice for the Office of the President on data policy and systems and for the Ministry of Finance and Ministry of Research, Technology, and Higher Education on the policy framework for science, technology, and innovation.

In engaging with resource partners, KSI will apply a flexible mechanism for procurement, using umbrella agreements which will allow the program to issue task orders for short-term assignments quickly.

# 7 Program governance

## 7.1 Program Steering Committee and Program Technical Secretariat

Throughout phase 2, oversight of the program will continue to be provided by two governance bodies: the Program Steering Committee, and Program Technical Secretariat, which reports to the Program Steering Committee. Experience in phase 1 has shown that engaged, broad and high-level leadership of these two bodies – in particular by government counterparts – is critical in enabling the program to respond effectively to emerging opportunities and to coordinate within and between government ministries, agencies and other stakeholders.

The Program Steering Committee will continue to provide overall strategic guidance for the program through reviewing and endorsing annual work plans, while the Program Technical Secretariat will continue to advise the Program Steering Committee on technical and operational issues, engage in and monitor progress of the program and support program implementation. The details of the form, function and membership of both bodies are set out in the Subsidiary Arrangement between the Government of Australia and Government of Indonesia. Together, the two committees will:

* ensure that the program maintains a focus on the overall goal and the four focus areas, while being flexible and responsive to emerging issues and opportunities
* promote effective coordination within and between national and sub-national ministries and agencies, and other relevant stakeholders
* monitor changes in the program’s operating environment, including identifying areas of opportunity and significant risks, and assist in managing those risks where appropriate
* advocate for strengthening the knowledge sector among senior government and non-government stakeholders.

Membership of the governance bodies will align with the need to engage more systematically with ministries and agencies beyond Bappenas. This will include more active engagement by the Ministry of Research, Technology and Higher Education, the Ministry of State Apparatus and Bureaucratic Reform, the Ministry of Finance, the National Institute of Public Administration, and the National Institute of Science, as well as by representatives of other relevant ministries and agencies.

KSI will continue to provide administrative and logistical support to ensure the effective convening of governance committees, including semi-annual Program Steering Committee meetings and quarterly Program Technical Secretariat meetings. In addition, KSI will continue to engage closely with the co-chairs of the Program Technical Secretariat to ensure they are appraised of key developments and able to provide input and direction on issues as they arise.

Activity implementation and funding will be in line with KSI phase 2 Standard Operating Procedures and the Program Operations Manual.

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# Annex 1: Phase 1 lessons and implications

Reflections on phase 1, the results of the mid-term review as well as information and analysis from the program’s monitoring and evaluation system have identified a number of key lessons which have implications for how the program will work differently in phase 2.

**Greater strategic clarity and focus:** The original design for the program was based on extensive analysis and stakeholder consultations. Turning the design into a coherent program with realistic objectives, however, proved challenging for a range of reasons. A key challenge was determining the appropriate scope for the program. KSI was designed to work across the knowledge sector ‘system’ by addressing both supply and demand for research, evidence and analysis as well as the broader enabling environment for knowledge. While this approach was sound, in practical terms it meant that the potential areas of work were vast. The program struggled to define, work within and communicate clear areas of focus for its work and to link these together in a coherent way.

In phase 2 the program will concentrate its efforts and resources on aspects of the knowledge sector where strong foundations have been put in place during phase 1, where there is already momentum for reform or which are critical leverage points for generating change in the system. The program will also need to apply a more pragmatic approach to what can be achieved in the current political economy, taking into account the incentives and – just as importantly – disincentives to change.

**Clarifying key concepts:** While the experience of phase 1 has provided insights into the challenges to better use of evidence in Indonesia’s policymaking processes, the program still needs to build a better understanding of some aspects of the knowledge sector. These include what constitutes ‘quality’ policy research and analysis, what skills, capacities and resources policymakers need to demand evidence, how and when evidence enters (or does not enter) into policymaking processes, and how it is used effectively. While the program undertook a number of efforts to improve research quality, the concept of quality in relation to policy research was never defined and a shared understanding of that definition built among stakeholders. Similarly, the concept of ‘knowledge to policy’ (K2P), for instance, was not initially clear to partners, government and non-government alike. Indeed, some elements of K2P were not clear within the program (some explicitly so). This lack of clarity and the complexity of addressing the knowledge sector was one of the reasons the program struggled with its strategic direction.

Moreover, while stakeholders increasingly saw the importance and relevance of the program, they were often still unclear as to the program’s approach and what it was aiming to achieve. This pointed to the need for greater strategic clarity *and* better communication of the program’s aims and achievements to different audiences.

**Better understanding of the political economy of ‘demand for evidence’:** In phase 1KSI also grappled with the complex challenge of improving policymakers’ demand for evidence. Work under phase 1 to bring together researchers and policymakers in issues-based working groups was successful in helping to clarify what evidence was needed by policymakers. This resulted in uptake of evidence in a range of policy areas and generated increased demand for policy-directed research. On the other hand, the program’s work with ministerial research and development units tasked with translating research evidence for policymakers had limited impact on institutional demand for evidence. This was in part because activities focused on building these units’ internal capacity and did not address the political economy of the broader institutional environment in which those units are situated.

For instance, ministry-level research and development units tend not to be considered priority work areas and are not provided with a great deal of resources or high-level staff. While the program developed a reasonable understanding of the different barriers policymakers face in accessing external knowledge, the understanding of those they face in producing and accessing information from within government institutions was more limited. Phase 2 will place more focus on addressing the broader institutional incentives and drivers for better evidence within government. These include limited analytical capacity within government, lack of integrated data and information management systems, and bureaucratic regulations, practices and sometimes cultures which inhibit the use of evidence.

**Finding and using policy ‘hooks’:** The program initially focused its support on key actors within the knowledge sector: the organisations which produce research and knowledge (the ’supply’ side) and the government policymakers who use it (the ‘demand’ side). However, activities with supply and demand side actors were largely undertaken independently of each other. The restructuring of the program into working groups following the mid-term review created clear points of interaction between actors around particular policy areas. For example, the working group for village development enabled research organisations focussing on rural development, governance and economic growth to engage with policymakers and to provide research-based input on policies linked to implementation of the village law, with a newly-created Village Research Forum (*Forum Kajian Desa*) providing regular on-demand briefings to Bappenas, the Coordinating Ministry for Human Development and Culture and the Ministry of Villages. In phase 2, KSI will utilise relevant ‘policy hooks’ to convene coalitions of stakeholders on key reform issues within the knowledge sector, while also to determining effective strategies for exiting policy dialogue once momentum is established.

**Greater use of program evidence for decision-making:** In phase 1, KSI struggled to set up and implement a system to capture information on the program’s progress towards its goals in a way that could be used effectively for ongoing program management and day-to-day operational decision-making. ‘Learning Weeks’ were useful for sharing information across the different pillars of the program but were not effectively linked to a bigger picture, nor were the practical implications of lessons emerging from program implementation discussed. In phase 2, a stronger system will be put in place to facilitate feedback loops between learning and implementation, in part through a rethinking of the tools the program uses for monitoring and evaluation and how information collected by the system flows between the program teams and externally to stakeholders.

**More strategic entry points:** KSI was designedto work across the knowledge sector ‘system’ by addressing both supply and demand for research, evidence and analysis as well as the broader enabling environment for knowledge. While this approach makes sense in theoretical terms, in practical terms it meant that the potential areas of work were vast and at times overwhelming. More can be done to understand government policy cycles from the perspective of information and data flows both horizontally between ministries and vertically from and to regions. Learning from this – and in terms of seeking greater strategic clarity – in phase 2 the program will focus on more specific entry points for evidence in Indonesia’s development policy cycle; from agenda-setting, planning and budgeting through to implementation, monitoring or evaluation. Particularly important is identifying entry points based on priorities and emerging or problematic processes within government as “rally points”. For example, the alignment of phase 2 with the development of the next National Medium-Term Development Plan provides the program with an opportunity to support national ministries and agencies to improve data and information management systems related to national planning.

**Better integration of gender and social inclusion:** KSI’s mid-term review in 2015 highlighted the need for a more meaningful approach to gender and social inclusion. As a result, KSI provided targeted assistance to address gender and social inclusion more substantively, including a series of public discussions on issues of gender in research and higher education. One result of this work has been the commitment by the Ministry of Research, Technology and Higher Education to allocate grants for topics related to gender inequality. Work in phase 2 will identify specific entry points for addressing inequality and vulnerability across all aspects of the program, including in engagement with program partners and stakeholders, activity design and implementation, and, importantly, in the substance of research produced by partners and communicated to policymakers. In contrast to phase 1, KSI’s theory of change will also identify specific outcomes related to gender and social inclusion to be achieved in phase 2.

**More engagement with the media:** A diagnostic on the role of intermediary organisations was completed in phase 1. This assessment included an emphasis on the role of the media as a potentially powerful intermediary between researchers and policymakers. For a range of reasons, however, engagement with media was not pursued and, given the challenges faced in phase 1 of improving the flow of information between researchers and policymakers, perhaps should have been. Given the increase in quality investigative journalism in Indonesia, there are opportunities for KSI in phase 2 to work with specific media organisations to stimulate public awareness of and demand for greater use of evidence in policymaking.

# Annex 2: Barriers to a healthy knowledge sector

**Insufficient funding for and low quality of expenditure on research**

* Gross expenditure on research and development comprises only 0.09% of gross domestic product. This compares to an average of 0.5% in lower-middle-income countries, 1.4% in upper-middle-income countries, and 2.4% in high-income countries.
* Basic research and social science research are underfunded.
* Very few competitive, merit-based research grants are available.
* Private sector and philanthropic funding constitute only a small percentage of all research funding.
* Research funding does not take into account the needs of the economy.
* Nongovernment research institutes rely on short-term, project-based funding, primarily from international donors, resulting in externally driven research agendas and weaknesses in organisational capacity.

**Inadequate availability and accessibility of data**

* Only a small proportion of government data is shared publicly.
* Data are not systematically shared between government agencies or between national and sub-national governments.
* Data systems are not integrated: There is no standard classification scheme and there are significant disparities in data from different sources.
* The regulatory framework around data is weak: Stronger policies and procedures on data collection, classification, quality, privacy and protection are needed.
* Data collection and analysis do not adequately take into account gender and social inclusion issues.

**Low quality of research and analysis**

* Insufficient research training in universities results in weaknesses in research and analytical skills across government and nongovernment institutions. Only two universities are ranked in the top 1,000 world universities.
* Peer review and quality assurance mechanisms are not applied systematically.
* As civil servants, employees of public universities and government research agencies receive low salaries, meaning Indonesia’s best and brightest often pursue research careers overseas.
* Recruitment and promotion policies for university lecturers and researchers in government research organisations are not performance-based, providing little incentive to produce high-quality research.
* Many ministerial research and development units (balitbang) have insufficient capacity to produce high-quality research and analysis.
* There is insufficient domestic expertise on gender and social inclusion issues, with the result that research does not adequately consider these issues.

**Inadequate rules and regulations for producing, accessing and using research**

* Research is overregulated: There are more than 20 laws and hundreds of regulations relating to research.
* Overlapping authority and poor coordination between agencies responsible for the research sector mean that strategies and priorities are not always consistent or mutually reinforcing.
* Research funding is distributed across a range of government agencies, with the result that the national investment is not used strategically.
* Inflexible budgeting systems limit policymakers’ ability to commission research and analysis to respond to emerging issues or to fund research over multiple years.
* Financial reporting requirements for research grants place a disproportionate administrative burden on researchers.
* Procurement rules do not take into account the needs of policymakers commissioning research, and they inhibit nongovernment organisations from bidding on government tenders.

**Limited interaction between producers and users of knowledge in the policymaking process**

* Interactions between producers and users of knowledge often depend on personal networks and are ad hoc rather than systematic.
* There are few mechanisms to connect researchers to policymakers or to make policy-relevant research and evidence readily available to policymakers.
* Research findings are not systematically communicated to policymakers in easily accessible ways, with actionable policy recommendations. There are few high-quality policy journals.
* A bureaucratic separation of researchers as ‘functional staff’ and policymakers as ‘structural staff’ inhibits interaction.
* Policy dialogue and public consultation are limited and often take place after policies have already been designed. Women and socially disadvantaged groups have limited opportunities to participate in policy dialogue.
* Cultural norms do not support contesting evidence or policy options.

**Low capacity to demand and use evidence on the part of policymakers**

* Formal requirements for policymaking and limited discretion to act on evidence disincentives policymakers from seeking and using evidence in making policy decisions.
* Funding to acquire evidence through research is limited and internal requisition systems and processes are cumbersome.
* The push to demonstrate quick results means that policymakers are often under pressure to roll out policies quickly, without adequate research and analysis.
* Demand for evidence depends on individual and organisational attitudes towards evidence, and on values and interests related to the policy issue.
* Limited awareness and prevailing socio-cultural norms mean there is insufficient understanding of how to address gender and social inclusion in policymaking and limited demand for evidence on these issues.

1. Australian Government, [Aid Investment Plan: Indonesia, 2015/16 to 2018/19](http://dfat.gov.au/about-us/publications/Pages/aid-investment-plan-aip-indonesia-2015-16-to-2018-19.aspx). [↑](#footnote-ref-1)
2. As set out in Indonesia’s 2015-2019 National Medium-Term Development Plan. [↑](#footnote-ref-2)
3. A. Datta, H. Jones, V. Febriany, D. Harris, D. Rika Kumala, L. Wild and J. Young, ‘The political economy of policy-making in Indonesia: opportunities for improving the demand and use of knowledge, AusAID, Australia, July 2011. [↑](#footnote-ref-3)
4. P. M. Sutmuller and I. Setiano, ‘Diagnostic on evidence-based public policy formulation under decentralisation’, Australia-Indonesia Partnership, AusAID, Australia, April 2011. [↑](#footnote-ref-4)
5. Recent government initiatives align with this need, including the drive for more holistic, integrated and systematic approaches to government planning. [↑](#footnote-ref-5)
6. UNESCO Institute for Statistics. 2015. [Regional Totals for R&D Expenditure (GERD) and Researchers](http://www.uis.unesco.org/DataCentre/Excel/RD/Regional%20Totals%20-%20R-D%20Expenditure%20-%20Researchers%20-%20Totaux%20r%C3%A9gionaux%20-%20D%C3%A9penses%20en%20R-D%20-%20Chercheurs%20-%201996-2013.xls). 1996-2013; World Bank. 2013. [World Development Indicators](http://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS?order=wbapi_data_value_2013+wbapi_data_value&sort=asc). Science and technology. Research and development expenditure (% of GDP). [↑](#footnote-ref-6)
7. This has been strengthened by the enactment of Government Regulation No.17/2017 on Synchronisation of Planning and Budgeting. [↑](#footnote-ref-7)
8. This relationship has been formalised through the signing of a Memorandum of Understanding in February 2017 between the Indonesian Academy of Science, the Indonesian Young Academy of Science and the Office of the President on the provision of scientific research and advice to support the development of strategic government policies. [↑](#footnote-ref-8)
9. For example, in terms of explicating Bappenas’ role as a ‘think tank’ within the Indonesian Government. [↑](#footnote-ref-9)
10. Relating also to Focus Area 1; in terms of strengthening the relationship between government institutions and non-government research institutions, as well as how the role of policy analysts functions within government. [↑](#footnote-ref-10)
11. [Effective governance: Strategy for Australia’s aid investments](http://dfat.gov.au/about-us/publications/Pages/effective-governance-strategy-for-australias-aid-investments.aspx). [↑](#footnote-ref-11)
12. DFAT. (2016). *Practice Note 3: What is a facility? Documenting recent practice in the Indonesia program.* Jakarta: Department of Foreign Affairs and Trade. [↑](#footnote-ref-12)