FROM EVIDENCE TO IMPACT: DESIGNING EFFECTIVE POLICIES FOR INCLUSIVE GROWTH IN INDONESIA

THE ABDUL LATIF JAMEEL POVERTY ACTION LAB SOUTHEAST ASIA (J-PAL SEA)

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Contents

List of Acronyms

AIP		Australia's Aid Investment Plan
AIPEG		Australia Indonesia Partnership for Economic Governance
ANU		Australian National University
Bappenas	*Badan Perencanaan Pembangunan Nasional*	National Development Planning Agency
BKF	*Badan Kebijakan Fiskal*	Fiscal Policy Agency
BLT	*Bantuan Langsung Tunai*	Direct Cash Assistance Program
BNP2TKI	*Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia*	National Board for the Placement and Protection of Indonesian Overseas Workers
BPJS	*Badan Penyelenggara Jaminan Sosial*	National Social Security Agency
BREAD		Bureau for Research and Economic Analysis of Development
BTPN	*Bank Tabungan Pensiunan Nasional*	National Pension Fund Bank
CPI		Consumer Price Index
DFAT		Australian Department of Foreign Affairs and Trade
DfID		United Kingdom Department for International Development
DG Tax		Directorate General of Tax
Dishub	*Dinas Perhubungan*	Transportation Agency
Disnakertrans	*Dinas Tenaga Kerja dan Transmigrasi*	Jakarta Department of Labor and Migration
FKP	*Forum Kajian Pembangunan*	Forum of Development Studies
GDP		Gross Domestic Product
Generasi	*Generasi Sehat dan Cerdas*	Community block grant program, health and education
GoA		Government of Australia
GoI		Government of Indonesia
IPA		Innovations for Poverty Action
IRB		Institutional Review Board
IRF		Indonesia Research Fund
ITB	*Institut Teknologi Bandung*	The Bandung Institute of Technology
JKN	*Jaminan Kesehatan Nasional*	National Health Insurance
J-PAL		Abdul Latif Jameel Poverty Action Lab
J-PAL SEA		J-PAL Southeast Asia
KOICA		Korean International Cooperation Agency
KOMPAK	*Kolaborasi Masyarakat dan Pelayanan untuk Kesejahteraan*	Community and Service Collaboration for Welfare
KPS	*Kartu Perlindungan Sosial*	Social Protection Card
KUR	*Kredit Usaha Rakyat Program*	Credit for People's Enterprise Program
KSI		Knowledge Sector Initiative

LPEM FEB UI	*Lembaga Penyelidikan Ekonomi dan Masyarakat, Fakultas Ekonomi dan Bisnis, Universitas Indonesia*	Institute for Economic and Social Research within the Faculty of Economics and Business at the University of Indonesia
MAHKOTA	*Menuju Masyarakat Indonesia yang Kokoh Sejahtera*	Towards a Strong and Prosperous Indonesian Society
MAMPU	*Maju Perempuan Indonesia untuk Penanggulangan Kemiskinan*	Empowering Indonesian Women for Poverty Reduction
MCC		Millennium Challenge Corporation
MIT		Massachusetts Institute of Technology
MoEC, Kemendikbud	*Kementerian Pendidikan dan Kebudayaan*	Ministry of Education and Culture (MoEC)
MoF	*Kementerian Keuangan*	Ministry of Finance
MoH	*Kementerian Kesehatan*	Ministry of Health
MoSA, Kemensos	*Kementerian Sosial*	Ministry of Social Affairs (MoSA)
NBER		National Bureau of Economic Research
PAF		Performance Assessment Framework
PI		Principal Investigator
PKH	*Program Keluarga Harapan*	Family Hope Program
Raskin	*Beras untuk Keluarga Miskin*	Rice for Poor Families
SBMI	*Serikat Buruh Migran Indonesia*	Indonesian Migrant Worker Union
SMERU		SMERU Research Institute
TNP2K	*Tim Nasional Percepatan Penanggulangan Kemiskinan*	National Team for the Acceleration of Poverty Reduction
UGM	*Universitas Gadjah Mada*	Gadjah Mada University
Unimelb		University of Melbourne

I. Executive Summary

Since 1999, Indonesia has sustained a high rate of economic growth and cut the poverty rate from 23 to 11 percent.[1] Yet, it is facing tough new policy problems. The rate of poverty reduction has slowed and inequality has risen sharply, suggesting that the rich are disproportionally benefitting from growth. The Government of Indonesia (GoI) has proposed ambitious reforms to facilitate more inclusive growth, including launching national health insurance, pensions, and workers' compensation schemes and increasing tax cuts and credit for small businesses and farmers. However, the government faces challenges designing and implementing these policies, collecting taxes, and reducing program leakages, hindering its ability to create opportunities for all Indonesians to thrive and benefit from growth. Without inclusive growth, Indonesia's development and democracy could be threatened.

The Abdul Latif Jameel Poverty Action Lab (J-PAL) aims to help Indonesian policymakers address these challenges by ensuring that the policies that are designed to create a more productive and inclusive society are informed by scientific evidence. Established as a center at the Massachusetts Institute of Technology (MIT) in 2003, J-PAL is a global network of over 140 affiliated professors and seven regional offices that conduct randomized evaluations to measure the impact of development and social programs in over 70 countries. We also work with policymakers to translate this knowledge into policy change and help strengthen practitioners' capacity to conduct and use the results of evaluations. To date, J-PAL's work has contributed to the scale-up of evidence-informed programs reaching more than 300 million people worldwide, including 65 million Indonesians.

With support from the Government of Australia (GoA), J-PAL Southeast Asia (J-PAL SEA) was established in 2012 at the University of Indonesia's Institute for Economic and Social Research (LPEM FEB UI), and was formally launched in 2013 by then-President Susilo Bambang Yudhoyono. J-PAL SEA builds long-run partnerships with the government, donors, local research organizations, and the private sector to evaluate their priority programs, integrate the findings into policy, and build local capacity to generate and use evidence. Informing policy with evidence is a complex and political process that takes time. Through our model of long-term partnerships with policymakers, J-PAL SEA has contributed to at least four major public policy debates and decisions by the GoI since we launched. While these contributions are not always frequent, their benefits in terms of saving the GoI money and increasing the number of low-income and marginalized people with access to effective programs are many times the cost of the GoA's total investment in J-PAL SEA thus far.

To date, J-PAL SEA has increased the evidence base and informed policies related to GoA's key objectives in Indonesia, including creating an inclusive society through effective governance and social protection, improving human development and health, and building effective economic institutions by improving government spending. J-PAL SEA has built strong research partnerships with a wide range of Indonesian policymakers including the National Development Planning Agency (Bappenas), the National Team for the Acceleration of Poverty Reduction (TNP2K), the National Social Security Agency for Health (BPJS Kesehatan), and the National Board for the Placement and Protection of Indonesian Overseas Workers (BNP2TKI), among others. We have ten ongoing or completed studies on critical policy issues, which have informed at least four national policy decisions. We have trained 500 local researchers and practitioners in impact evaluation methods, and are collaborating with nine Indonesian co-authors on various studies. By outperforming our original

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[1] The World Bank, Global Poverty Working Group. "Indonesia poverty headcount ratio at national poverty lines (percent of population)." Accessed 15 December 2016. http://data.worldbank.org/indicator/SI.POV.NAHC?locations=ID http://data.worldbank.org/indicator/SI.POV.NAHC?locations=ID

outcome and output indicators within budget, and generating an outsized amount of research and policy influence that is large relative to our small team, we have demonstrated that J-PAL SEA is an effective contributor to the GoA's development objectives in Indonesia.

Between 2018–2021, J-PAL SEA proposes to expand its Indonesian portfolio beyond social protection to focus more broadly on policy questions related to inclusive growth, human capital and employment, domestic resource mobilization, and inclusion through effective governance. We will increase the policy influence of our studies by deepening our existing policy relationships, building partnerships with new government agencies, harnessing the power of social media to spread results, and collaborating with GoA-supported programs to improve Australia's aid effectiveness. To further build local research capacity, we will deepen our training portfolio by launching new training modules, including one on measuring women's empowerment, creating a full-time post-doctoral fellowship position, and supporting research development and capacity building in collaboration with LPEM FEB UI.

Incorporating lessons learned from our external partner-led review, we propose to focus on the key activities below over the next four years in order to contribute to a culture of evidence-informed, socially inclusive policymaking.

Research: Broaden the evidence base on Indonesia's priority development policies to create a more prosperous and inclusive society

1. Conduct demand-driven, policy-relevant studies on inclusive growth, human capital and employment, domestic resource mobilization, and inclusion through effective governance
2. Develop new partnerships with a wider range of government agencies, private sector firms, and GoA-supported programs to generate evidence that can improve policy

Policy Outreach: Increase the use of scientific evidence in policy debates and decisions by government, donors, and the private sector in Indonesia and Southeast Asia

1. Provide technical support to our government, donor, and private sector partners to use the evidence generated by J-PAL SEA's studies in policy debates and decisions
2. Communicate evidence and policy lessons to a broader group of policymakers through meetings, workshops, conferences, policy briefs and memos, media outreach, and expand our social media presence to take advantage of new channels for informing policy

Capacity building: Increase the capacity of Indonesian and regional researchers and policymakers to generate and/or use data and evidence

1. Deep capacity building activities: work side-by-side with Indonesian and regional researchers, post-docs, and research staff on randomized evaluations to build their capacity to conduct high-quality research independently
   a. Create a full-time J-PAL SEA Post-Doctoral Fellowship position and launch a research development and capacity building fund for work with LPEM FEB UI to foster greater collaboration between J-PAL SEA and its host university
2. Broad capacity building activities: train local researchers and practitioners in the basics of impact evaluation, data collection, and using evidence in courses, workshops, and a seminar series to improve awareness, knowledge, and perceptions about the usefulness of data and evidence, increase their use of specific skills and/or evidence, and spark new policy partnerships

II. Analysis and Strategic Context

A changing development agenda to create inclusive growth

Indonesia has had remarkable achievements in economic growth and development during the past twenty years, reaching middle-income status and substantially reducing poverty. Growth averaged between 5-6 percent per year since 1999, and the poverty rate halved from 23 to 11 percent.[2] During this time, the GoI dramatically expanded social protection programs for low-income families, including conditional cash transfers (*Program Keluarga Harapan,* PKH), the health fee waiver for the poor (*Jamkesmas*), and subsidized rice (*Raskin*).

Yet, with growth, Indonesia now faces new and complex challenges. While growth is projected to be 5.3 percent in 2017[3], sustaining such rapid growth in the coming years will likely be challenging, as prices for the commodities that fueled Indonesia's growth have fallen. Much of the workforce is in low-skill, low-productivity jobs and sectors. The GoI has set ambitious targets to generate two million new jobs per year just to keep up with new entrants.[4] Indonesia must make significant investments in human capital to transition its economy into higher-skill, higher-wage sectors. While educational attainment and life expectancies have increased, Indonesia lags behind other countries in the region in terms of maternal and child health, nutrition, and educational achievement, which depletes human capital and harms future productivity and growth.[5]

Inequality has also been rapidly increasing in recent years, with the Gini coefficient rising from 31 to 41 between 1999–2015.[6] Between 2003–2010, the consumption of Indonesia's richest 40 percent increased by 6 percent, while that of the poorest 40 percent only increased by 2 percent.[7] As the rich disproportionally benefit from growth, poverty could be exacerbated. Today, over 100 million people in Indonesia still live on less than $2 a day and are vulnerable to falling below the poverty line if they fall sick, lose a job, or prices for basic goods and services rise.[8] Addressing inequality is also imperative for stability and mitigating social unrest in Southeast Asia's most stable democracy.

Recognizing the need to create opportunities for its low- and middle-classes to thrive, the GoI has launched ambitious reforms to make growth more inclusive. This agenda focuses on labor as the main driver of growth, thereby prioritizing investments in human capital. Moreover, to address inequality and aid the working poor, it also prioritizes the expansion of social protection programs and insurance.

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[2] The World Bank, Global Poverty Working Group. "Indonesia poverty headcount ratio at national poverty lines (percent of population)." Accessed 15 December 2016. http://data.worldbank.org/indicator/SI.POV.NAHC?locations=ID and "Indonesia GDP growth (annual percent)." Accessed 15 December 2016.
http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2015&locations=ID&start=1999

[3] The World Bank. "Indonesia Economic Quarterly: Resilience through Reforms." Page iii. June 2016.
http://pubdocs.worldbank.org/en/269121466164485152/IEQ-JUN-2016-FINAL-for-web.pdf

[4] Emma R. Allen. "Analysis of Trends and Challenges in the Indonesian Labor Market." Asian Development Bank Papers on Indonesia No. 16. March 2016. Page 6. https://www.adb.org/sites/default/files/publication/182935/ino-paper-16-2016.pdf

[5] Australian Government Department of Foreign Affairs and Trade. "Aid Investment Plan: Indonesia 2015/16 to 2018/19." September 2015. Page 2. http://dfat.gov.au/about-us/publications/Documents/indonesia-aid-investment-plan-2015-19.pdf

[6] Badan Pusat Statistik (BPS). "Gini Ratio by Province, 1996, 1999, 2002, 2005, 2007 to 2016". Last Updated 24 October 2016. https://www.bps.go.id/linkTableDinamis/view/id/1116

[7] The World Bank. "Indonesia's Rising Divide." Page 7. March 2016.
http://pubdocs.worldbank.org/en/16261460705088179/Indonesias-Rising-Divide-English.pdf

[8] Australian Government Department of Foreign Affairs and Trade. "Aid Investment Plan: Indonesia 2015/16 to 2018/19." September 2015. Page 5. http://dfat.gov.au/about-us/publications/Documents/indonesia-aid-investment-plan-2015-19.pdf

This agenda is manifested in government programs to provide health care, pensions, worker protections, and education for Indonesian workers through the Workers' Social Security Agency (*BPJS Ketenagakerjaan*), the national health insurance scheme *Jaminan Kesehatan Nasional* (JKN), and the Indonesia Health Card (KIS) and Indonesia Smart Card (KIP) programs. Importantly, this constellation of programs is not just aimed at the extreme poor, but is instead focused on improving outcomes throughout the income distribution, including for the new middle class. The GoI is also encouraging workers to develop their skills and pursue entrepreneurial endeavors by offering subsidized loans to small businesses through the Credit for People's Enterprise Program (KUR) program, providing subsidized fertilizer to farmers, and creating more affordable housing and transportation.

To further reduce extreme poverty, the GoI is also expected to increase the national budget for social protection by 5.1 percent in 2017 to IDR 158.4 trillion, expanding PKH to reach six million women, continuing to distribute food subsidies to over 14.3 million low-income households, converting Raskin to a voucher program in 44 cities, and expanding rights for the disabled.[9]

Yet, Indonesia will face major challenges in sustainably financing this ambitious agenda if it cannot increase its capacity to mobilize domestic resources. The United Nations (UN) estimates that countries should collect tax revenue equal to 20 percent of their gross domestic product (GDP), yet in 2014, Indonesia's tax revenue was only 11 percent.[10] Fewer than 60 percent of Indonesians who owed taxes filed a return in 2014.[11] Insufficient tax revenue collection has contributed to a state budget deficit that has reached its highest level in decades and forced the GoI to scale back its budget. Improving Indonesia's capacity to mobilize domestic resources is thus critical for achieving its inclusive growth agenda.

As one of Australia's most important bilateral partners, helping build a more prosperous Indonesia also benefits Australia and contributes to regional growth and stability. Providing targeted development assistance that can help the Indonesian government design effective policies to boost inclusive growth, human capital, and productive jobs can increase bilateral trade, investment, and contribute to higher regional economic growth. Supporting catalytic reforms to help create a more inclusive society can further reduce poverty, inequality, and the marginalization of vulnerable groups to help Indonesia fulfill basic human rights and maintain stability. By strengthening Indonesia's ability to collect taxes and better spend its resources, Australia can ensure that Indonesia becomes an even stronger economic partner.

Responding to Knowledge Gaps

Government effectiveness is critical for achieving Indonesia's development goals to accelerate productivity, competitiveness, and inclusive development to become a high-income country by 2025.[12] Yet, the GoI faces serious challenges in financing, designing, and implementing policies to create a more prosperous and inclusive society. Furthermore, making good policy is inherently complex and political, involves many players with their own agendas, incentives, and ideologies, and is usually subject to serious time, budget, and administrative capacity constraints. One widespread

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[9] Sekretariat Kabinet Republik Indonesia. "Pemerintah Naikkan Anggaran Perlindungan Sosial Jadi Rp 158, 4 Triliun." Published 18 August 2016. Accessed 1 December 2016. http://setkab.go.id/pemerintah-naikkan-anggaran-perlindungan-sosial-jadi-rp-1584-triliun/

[10] OECD. "Development Cooperation Report 2014: Mobilizing Resources for Sustainable Development," OECD Publishing, Paris. 2014. DOI: http://dx.doi.org/10.1787/dcr---2014---en

[11] DGT. (2014), Directorate General of Taxes Annual Report 2014, Ministry of Finance, the Republic of Indonesia.

[12] Indonesia's National Long Term Development Plan (RPJPN 2005-2025).

problem that exacerbates these challenges is that in most cases, policies are selected with little evidence about whether they work and why.

There are of course exceptions. In recent years, government bodies like TNP2K and Bappenas have been leaders in using evidence from impact evaluations to inform policy decisions related to national social protection programs. For example, TNP2K, Bappenas, and the Ministry of Social Affairs (MoSA) recently used the results from a randomized evaluation conducted by researchers at the World Bank to inform the expansion of Indonesia's conditional cash transfer program PKH.[13] TNP2K also used evidence generated in partnership with J-PAL SEA to inform two national policy reforms to improve Indonesia's social protection system in 2013 (see Section III for more details), and continues to request, consider, and use evidence independent of J-PAL.

While TNP2K and Bappenas are leading the charge to use data and evidence to improve policy, most of Indonesia's social policies still emerge largely through trial and error, often in response to a shock, and struggle to anticipate key implementation challenges. When it is feasible and cost-effective, it is important to monitor and evaluate major programs and policy reforms at the pilot stage, to test whether they work and identify implementation challenges and solutions early before they are rolled out nationwide, in order to ensure that government and aid funds are used wisely to boost economic development.

In some cases, programs fail to achieve their ultimate impact in part because they were not evaluated for effectiveness at a small scale before launching them nationwide. For example, Indonesia's Teacher Law and certification program doubled salaries for public school teachers in order to improve the quality of teaching and ultimately increase student test scores. This was not evaluated prior to the law's passage, but a J-PAL affiliated professor worked with the GoI's Ministry of Education and Culture (MoEC) after the law was passed to test its impact using a randomized evaluation and found that it did not lead to any measurable improvements in student learning. Had the evaluation been done in advance of the nationwide scale-up, perhaps a portion of the USD 5 billion in additional annual spending on salaries, which will be in place once this policy is fully implemented, could have been considered for alternative education policies that have been shown to increase student learning,[14] an important component of increasing human capital and productivity in Indonesia in the long-run.

Similarly, many of the programs that the GoI has recently proposed as promising ways to catalyze inclusive growth remain untested or unproven in Indonesia. While there is evidence from other contexts, little is known about which education and health investments, vocational training programs, and labor policies can promote greater labor market mobility and help Indonesians move into more productive and higher-wage jobs. J-PAL SEA is already working to help address this knowledge gap by conducting pilot research and developing a full-scale study to evaluate whether reducing the cost of migration in Indonesia can help people secure better jobs.

We are also exploring opportunities to evaluate programs or policies related to vocational training. In late 2016, five government ministries signed an MoU to strengthen Indonesia's struggling vocational

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[13] Alatas, Vivi. 2011. *Program Keluarga Harapan: impact evaluation of Indonesia's Pilot Household Conditional Cash Transfer Program.* Washington, DC: World Bank.
http://documents.worldbank.org/curated/en/589171468266179965/Program-Keluarga-Harapan-impact-evaluation-of-Indonesias-Pilot-Household-Conditional-Cash-Transfer-Program

[14] de Ree, Joppe, Karthik Muralidharan, Menno Pradhan, and Halsey Rogers. "Double for Nothing? Experimental Evidence on the Impact of an Unconditional Teacher Salary Increase on Student Performance in Indonesia." Working Paper, January 2016.
https://www.povertyactionlab.org/sites/default/files/publications/166percent20Teacherpercent20Salarypercent20Increasepercent20Indonesiapercent20Jan2016.pdf

school system. Yet there is little evidence from impact evaluations in Indonesia on this topic and the evidence from randomized evaluations of vocational training programs in other countries suggest their impact on jobs and employment is mixed.[15]

A second key knowledge gap relates to financial inclusion, entrepreneurship, and the potential of small businesses to contribute to job creation and economic growth. There is a wealth of knowledge about the impact of financial services like credit, insurance, and digital finance from other contexts that can be aggregated and used to design and test products to help businesses become more profitable in Indonesia, for example to help improve programs like KUR. J-PAL SEA is currently developing a new study in partnership with a large public bank, which will be supported in part by this proposal, to test the impact of branchless banking on women entrepreneurs, and another to test whether credit products that are tailored to farmers' needs can help them invest and earn more.

Tax policy is another key area where evidence is lacking and sorely needed to help the GoI finance reforms to create inclusive growth, and which J-PAL aims to pursue under this grant. Finance Minister Dr. Sri Mulyani Indrawati is keen to understand how improving human resource management in her team (e.g. performance pay, salary changes, organizational structure of audits, etc.) can improve tax collection. Furthermore, in July 2016, President Joko Widodo's administration launched a Tax Amnesty plan to reward large tax evaders for repatriating their money to Indonesia, and is more than half way to reaching its goal of raising IDR 165 trillion in tax revenue.[16] The goal of the amnesty was to bring in information on who has assets where, who is a likely tax evader, and by how much. However, this new wealth of "big data" generates new policy questions. Specifically, how should the data be used and who should the GoI audit going forward? J-PAL SEA is developing a new partnership with the Directorate General of Tax (DG Tax) to evaluate the impact of its past tax reforms (including performance incentives) and to try to help the GoI design and test new ways to improve tax collection.

Lastly, as the GoI becomes more sophisticated in its ability to deliver social protection and is poised to adopt emerging technologies to help in its delivery, important new questions relating to the role of policy in alleviating poverty and inequality arise. At the forefront of this is whether technologies like mobile money can improve the delivery of government transfer programs to vulnerable groups like women and the disabled and whether converting transfers to voucher programs can help stimulate small business and entrepreneurship. J-PAL SEA is working closely with TNP2K to plan a new study on the 44-city pilot of the reform to convert Raskin to a voucher program to generate evidence on these very questions.

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[15]For example see: 1) Card, David, Jochen Kluve, and Andrea Weber. "Active labour market policy evaluations: A meta-analysis." *The economic journal* 120, no. 548 (2010): F452-F477. 2) Betcherman, Gordon, Amit Dar, and Karina Olivas. "Impacts of active labor market programs: New evidence from evaluations with particular attention to developing and transition countries." Social Protection, World Bank, 2004. 3) Attanasio, Orazio, Adriana Kugler, and Costas Meghir. "Subsidizing vocational training for disadvantaged youth in Colombia: Evidence from a randomized trial." *American Economic Journal: Applied Economics* 3.3 (2011): 188-220. And 4) Hirshleifer, Sarojini, David McKenzie, Rita Almeida, and Cristobal Ridao-Cano. "The impact of vocational training for the unemployed: experimental evidence from Turkey." *The Economic Journal* (2015).

[16] Herdaru Pernomo. "Wealthy Indonesians Line Up for Tax Amnesty After Slow Start." Bloomberg News. Published 29 September 2016. Access 15 December 2016. https://www.bloomberg.com/news/articles/2016-09-30/wealthy-indonesians-line-up-for-tax-amnesty-after-slow-start

The supply of and demand for rigorous evidence to improve policy in Indonesia

It is clear that many policies could be improved using evidence from existing and new impact evaluations. The ecosystem of evidence-informed policymaking in Indonesia is growing, but still nascent. It is limited in both the supply of and demand for evidence.

On the supply side, there are only a small number of research organizations and universities in Indonesia that produce rigorous research and policy analysis in response to the GoI's development priorities, including the University of Indonesia (UI), Gadjah Mada University (UGM), SMERU Research Institute, and J-PAL SEA. Government agencies often rely on individual professors from Indonesian universities for small advisory inputs. There are few high-quality research institutions that GoI can collaborate with on large, multi-year research partnerships. Another supply side problem is that even when researchers produce high quality and relevant studies, they often fail to communicate their results and policy implications in plain language and clear recommendations that policymakers can act on quickly. There is also often a mismatch between the evidence policymakers want and the evidence that exists.

On the demand side, there is significant demand for evidence within institutions like TNP2K and Bappenas, which we define as key decision-makers within an institution requesting, considering, and/or using evidence in policy debates and decisions on their own. These agencies frequently reach out to J-PAL SEA and other research organizations for data and evidence on priority policy issues and there are several examples of them using evidence to inform policy debates and decisions.

However, there is a broader lack of demand for policy-relevant evidence among most decision-makers in government outside of key champions. The incentive structures for civil servants in most government agencies in Indonesia rarely reward or encourage experimentation and evaluation. Even when there is demand for evidence and relevant evidence exists, decision-makers may consider it in their deliberation process, but ultimately may not base their decisions on it because there are many other important factors on which politicians and civil servants base policy decisions and design. Evidence of effectiveness is only one of them; other factors include budget, time, and administrative constraints, constituents' preferences, political party agendas, current crises, pressure from special interest groups, media coverage, ideology, inertia, and in some cases private or professional gain.

J-PAL does not believe that these considerations can or should be abandoned in favor of purely evidence-based policymaking—these factors will always be salient in government decision-making and addressing them is crucial for the successful implementation of most policies. Yet, there is much greater scope for governments to consider evidence in important policy discussions and use it to inform policy tradeoffs, even in the presence of political or administrative constraints. Collectively, research conducted by J-PAL affiliated professors has contributed to the scale-up of effective programs that have reached 300 million people around the world since 2003, and over 250 million were reached as a result of government scale-ups. Building close, long-term partnerships between researchers and policymakers is one effective way to increase the number of decisions informed by scientific evidence, improve the effectiveness of government programs, and help governments begin to foster a culture of learning and experimentation in social policy.

III. J-PAL Southeast Asia Performance 2012–2016

This new proposal builds on the GoA's previous support to J-PAL SEA. This section provides a brief summary of J-PAL SEA's performance on the high-level outcome and output indicators outlined in its original grant, how J-PAL SEA meets the GoA's eight investment quality indicators, and lessons learned from our October 2016 partner-led review.

J-PAL SEA has met or exceeded all of its performance indicators for the period 2012–2016 and contributed to large-scale policy impacts in Indonesia.

Outcome 1: Strengthened evidence-based policymaking in the Indonesian government

Output 1: Evidence for key policy questions provided and Output 2: Policy debates and needs for evidence identified. While J-PAL SEA's first output under this outcome called for conducting 2-3 full-scale randomized evaluations in Indonesia, the organization's research portfolio has surpassed this performance indicator. J-PAL SEA currently has ten ongoing and completed randomized evaluations, with eight additional randomized evaluations in development. See Annex C for descriptions of J-PAL SEA's ongoing and completed evaluations. As discussed below, we strategically leveraged the GoA's support for the core team and pilot funding to develop relationships and pilot projects that have allowed us to raise funds from other donors for a larger number of studies. In order to generate trust and buy-in for the research, in these projects we satisfied Output 2 by working closely with policymakers from the beginning to identify the key policy questions for study based on their objectives. By doing so, we have generated and provided many insights for our policy partners on a regular basis, most notably TNP2K, Bappenas, BPJS Kesehatan, and BNP2TKI.

Intermediate outcome 1: Rigorous evidence used in policy debates and Intermediate outcome 2: Policy designed or modified based on rigorous, scientific evidence. More importantly, J-PAL SEA research contributed to large-scale, evidence-informed policy change. Our work has informed numerous government policy discussions and several national policy decisions since 2012. These include the adoption of eligibility cards for social protection programs, incorporating a community feedback mechanism in the Direct Cash Transfers (BLT) program, stopping a price increase in JKN premiums, and launching report cards for migrant worker placement agencies:

1. In 2013, J-PAL SEA's evaluation of eligibility cards for Raskin contributed significantly to TNP2K's decision to scale up Social Protection identification (ID) cards (KPS) cards. In part based on a randomized evaluation jointly conducted with J-PAL SEA, which showed that giving beneficiaries eligibility cards drastically increased the Raskin subsidy poor households received, in 2013, TNP2K decided to scale up KPS cards nationwide. They distributed them to the 15.5 million poorest households in Indonesia (over 65 million people) to access Raskin and two other national programs. While the scaled-up card was adapted slightly from the version J-PAL SEA tested, if the scaled-up savings were the same as what we found in the experimental test, the scale-up has led to an additional AUD 82.5–174.3 million annually in reduced leakage and increased transfers to low-income households from 2013–2016.[17] Dr. Bambang Widianto, Executive Secretary of TNP2K, publicly acknowledged the role J-PAL SEA played in informing the design of the scale-up at a J-

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[17] This was calculated using the average annual IDR-AUD exchange rate for 2013-2016.

PAL SEA event in June 2013, where he stated that, "Today we distribute cards directly to the poor households. But actually the design of the card is based on the experiment with J-PAL."[18]

2. In 2013, TNP2K modified their methods for determining eligibility for the BLT program to incorporate community feedback on the beneficiary lists. This decision was informed by a randomized evaluation that J-PAL affiliated professors and researchers from the World Bank conducted in collaboration with the GoI. The study found that while community-based methods of selecting people who qualified for the cash transfer program were slightly less accurate than proxy-means tests, they greatly improved local satisfaction and better matched the poor's own concept of poverty.[19] At the J-PAL SEA launch in 2013, Bambang Widianto explained how this research informed their decision to incorporate feedback from communities in the beneficiary lists for national social protection programs like BLT. He said, "The answer is that if you want to know where the poor are located, you should ask the poor themselves. This came from our experiment with J-PAL…so from our experiment the best is asking the poor themselves, so this is how we developed our new database, what we call our unified database."[20] In August 2014, Pak Bambang presented TNP2K's 2010-2014 progress to then-Vice President Boediono and then-Australian Ambassador Greg Moriarty, in which he repeatedly referenced J-PAL and the research we conducted together. At the same event, then-Vice President Boediono said that one of the great aspects of TNP2K is their ability to collaborate with organizations like J-PAL to discover the best policy ideas and answers, and that TNP2K's partnership with J-PAL is an example of a successful international partnership that does not sacrifice Indonesian nationalism.[21]

3. In 2016, BPJS Kesehatan abandoned plans to increase premium prices for third-class membership in its JKN program, avoiding drops in enrollment, retention, and an increase in its budget deficit. This decision was informed in part by evidence generated by an ongoing J-PAL SEA study. In 2014, Bappenas invited J-PAL SEA to test and identify effective ways to increase JKN enrollment among informal workers. We found that informal workers are extremely sensitive to premium prices, and increasing fees for the lowest membership class would decrease enrollment and further harm JKN's financial sustainability. In January 2016, J-PAL SEA presented these results to officials from BPJS, MoSA, TNP2K, the Ministry of Health (MoH), and the Ministry of Finance (MoF) at a workshop co-hosted by Bappenas. J-PAL SEA held follow-up meetings with individual ministries and performed a detailed cost-effectiveness analysis showing that the price increase would hurt JKN's financial sustainability rather than help it. This analysis helped inform BPJS Kesehatan's decision to cancel the price increase, as credited in the Bappenas report, *Satu Tahun Pelaksanaan Jaminan Kesehatan Nasional* (One Year of Implementation of the National Health Insurance Scheme).[22] Many media outlets published articles about this policy decision, citing

[18] Bambang Widianto, Executive Secretary of National Team for Accelerating Poverty Reduction. "Translating Research Into Action." Remarks at the Launch of J-PAL SEA launch event. 25 June 2013. Video link: https://www.youtube.com/watch?v=GezGJkDLEZw. The remarks about community-based targeting evaluation begin at minute 5:10 and end at 7:15. Remarks about the Raskin card evaluation begin at 8:00.

[19] J-PAL Policy Briefcase. 2013. "Involving Communities in Identifying the Poor." Cambridge, MA: Abdul Latif Jameel Poverty Action Lab.

[20] Bambang Widianto, Executive Secretary of National Team for Accelerating Poverty Reduction. "Translating Research into Action." Remarks at the Launch of J-PAL SEA launch event. 25 June 2013. Video link: https://www.youtube.com/watch?v=GezGJkDLEZw. The remarks about community-based targeting evaluation begin at minute 5:10 and end at 7:15. Remarks about the Raskin card evaluation begin at 8:00.

[21] TNP2K. "WAPRES: TNP2K Dapur Kebijakan Efektif Penanggulangan Kemiskinan." Published 13 August 2014. Accessed 9 February 2017. Link: http://www.tnp2k.go.id/id/artikel/wapres-tnp2k-dapur-kebijakan-efektif-penanggulangan-kemiskinan/

[22] Nur Nisahairini, *Satu Tahun Pelaksanaan Jaminan Kesehatan Nasional* (Jakarta: Kementerian Perencanaan Pembangunan Nasional/Badan Perencanaan Pembangunan Nasional, 2015), 36-40.

financial sustainability as the main motivation, in line with the evidence generated by J-PAL SEA.[23]

4. BNP2TKI recently adopted a quality ranking system for placement agencies that match international migrants with an employer, inspired by an intervention J-PAL SEA is currently testing in partnership with Bappenas, BNP2TKI, the Jakarta Department of Labor and Migration (*Disnakertrans*), and the Indonesian Migrant Worker Union (SBMI). This is an example of how knowledge and innovations produced while a randomized evaluation is still ongoing can help inform policy and spur innovations in program design.

The short summaries above may give the impression that informing policy with evidence is simple, linear, and apolitical, when in reality the process, like all policymaking, was complex, iterative, and political. J-PAL's particular approach to long-run partnerships with governments helped us contribute in small, but important ways to these four policy decisions despite the political and administrative complexity of the policymaking process. Four things that helped us contribute to policy change were: 1) we investigated policymakers' priority questions; 2) we responded quickly to policy windows; 3) we provided analysis and support to our government partners throughout the life of the project (often embedding ourselves in their offices); and 4) we have built long-term partnerships with champions of evidence-informed policymaking in the GoI who trust the quality, accuracy, and objectivity of J-PAL research.

This approach was key in the scale-up that followed the Raskin evaluation. Following the Vice President's request for evidence about effective ways to reduce leakages in Raskin in mid-2012, J-PAL responded quickly and implemented a large-scale randomized evaluation in over 570 villages. We completed the study in less than a year so the GoI could have the results in time to incorporate the ID card program into the 2013 national budget if it was found to be effective. To make this possible, J-PAL affiliated researchers changed their initial ideas about what interventions to evaluate and instead tested the intervention the GoI thought was the most promising (ID cards). J-PAL SEA also conducted a midline survey we would not otherwise have conducted if this project was only for research purposes. This allowed us to share preliminary results with the GoI after just six months, just in time to inform the decision to allocate funds for the KPS cards in the national budget in December 2012. We pre-coded all our analysis programs while we were still collecting data so that we could present preliminary results to the GoI within a couple weeks of receiving the data. We were able to present our findings to the key GoI officials responsible for this decision because J-PAL's affiliated professors already had a nearly decade-long research partnership with key champions for evidence in TNP2K and the Vice President's Office (for more information on the Raskin evaluation and scale-up see Annex F).

We do not believe that J-PAL's strategy is the only effective way to inform policy. However, this example, and the three others above, demonstrate that even if our work only influences a few major policy decisions with objective evidence, the social returns of investing in this model of policy-relevant research far outweigh the cost of the original investment in the research itself.

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[23] For examples, see: Aditya Budiman, "Jokowi Batalkan Kenaikan Iuran BPJS Kesehatan Kelas III," *Tempo.co*, March 31, 2016, https://m.tempo.co/read/news/2016/03/31/087758549/jokowi-batalkan-kenaikan-iuran-bpjs-kesehatan-kelas-iii.;
Taufik Rachman, "Mengapa Iuran BPJS Kelas III Tidak Naik, Ini Alasannya," *Republika*, April 1, 2016, http://nasional.republika.co.id/berita/nasional/umum/16/04/01/o4xyw3219-mengapa-iuran-bpjs-kelas-iii-tidak-naik-ini-alasannya.

Outcome 2. Increased local capacity within academia and the government to use, design, and implement international-quality economic policy research

Output 1. Establish a new research center with an Indonesian university. In 2012, J-PAL SEA successfully established itself as a new research center based at LPEM FEB UI, launched by then-President Susilo Bambang Yudhoyono along with then-Director General of AusAID, Peter Baxter. After starting with only two full-time staff, J-PAL SEA now employs 19 individuals full-time. J-PAL SEA has been able to rapidly expand its research staff through grants for specific research projects, and now needs to expand its policy and training teams to meet demand from government partners, donors, and the private sector for J-PAL SEA's policy advice and capacity building support. In addition to our work in Indonesia, J-PAL SEA and our affiliated professors have started new research projects, policy partnerships, and hosted trainings outside of Indonesia in countries including the Philippines, Vietnam, Malaysia, and Cambodia. In total, the J-PAL network has 45 ongoing or completed evaluations in the SEA region.

Output 2. Senior fellow selected and works with J-PAL affiliates on evaluations. We have had two senior research fellows, both of whom collaborated with J-PAL affiliated professors on research, and have since continued to conduct high quality research on their own. Former J-PAL SEA Senior Research Fellow Dr. Elan Satriawan has gone on to become the Head of Monitoring and Evaluation at TNP2K and an Assistant Professor of Economics at UGM. After leaving J-PAL, he was a co-principal investigator (PI) on a randomized evaluation measuring the long-term impacts of the PKH program, which helped inform the GoI's recent PKH expansion. J-PAL SEA's second senior research fellow, Dr. I Dewa Gde Karma Wisana, received his PhD in Economics from the Australian National University (ANU) and is now the Associate Director of the Demographic Institute at UI. J-PAL affiliated professors also collaborated with several other Indonesian academics as co-authors on their research projects between 2012–2016.

Output 3. Junior researchers work with J-PAL affiliates on evaluations and continue to further study. All of J-PAL SEA's research and policy staff are Indonesian and work closely with J-PAL affiliated professors to design and implement randomized evaluations in partnership with policymakers. Seven of J-PAL SEA's current and former research associates graduated from top Australian universities including ANU and the University of Melbourne (Unimelb). Many of our former junior staff members are now undertaking, or have completed, graduate studies in economics and public policy at international universities, including Harvard and the University of Chicago. In 2016, J-PAL SEA Research Associate Francisco Fernando received an Australian Award Scholarship from the GoA's Department of Foreign Affairs and Trade (DFAT) and will start a graduate program at the Unimelb in fall 2017.

Output 4. Local researchers participate in J-PAL Executive Education course. In its first four years, J-PAL SEA conducted 17 trainings and increased awareness and knowledge of impact evaluation methods among 500 researchers and policymakers from Indonesia and Southeast Asia who participated.

Intermediary outcome 1: Local actors become partners on randomized evaluation. J-PAL SEA has successfully engaged local researchers in conducting randomized evaluations. Nine Indonesian researchers have been or are currently co-PIs on J-PAL SEA studies that are completed, ongoing, or in development. Since 2010, our Indonesian collaborators (including Vivi Alatas and Sudarno Sumarto) have published four economics articles coauthored with J-PAL affiliated professors in the top-tier economics research journals worldwide (the American Economic Review, the Journal of Political Economy, the Quarterly Journal of Economics, the Review of Economic Studies, and Econometrica). Additionally, J-PAL SEA has worked with at least 10 government and civil society organizations in conducting or developing new studies.

Intermediary outcome 2: J-PAL Alumni in government positions or pursuing Masters and PhD education in economics and public policy. Many of our former junior staff members are now undertaking, or have completed, graduate studies in economics and public policy. Others have transitioned to influential positions within the Indonesian government (Executive Office of the President and MoEC) or GoA programs (MAHKOTA) where they are able to encourage more evidence-informed decision-making.

Investment Quality Criteria

J-PAL SEA embodies the GoA's eight investment quality criteria, both as an organization and through our research, policy outreach, and capacity building activities.

1. **Relevance**: J-PAL SEA's work is well aligned with both Australia's Aid Investment Plan (AIP) and GoI's development priorities, particularly in the areas of effective economic institutions related to government spending (Objective 1), human development for a productive society (Objective 2), and an inclusive society through effective governance (Objective 3). To this end, J-PAL SEA has conducted studies and informed policy on improving government spending and reducing leakages from programs like Raskin (Objective 1 and 3), increasing access to universal health coverage through the national health insurance scheme JKN (Objective 2), and improving job quality and opportunities for low-income women through our international migration study (Objective 3). As mentioned above, the results of these studies helped the government make decisions that saved money and contributed to the effectiveness and financial sustainability of these programs.

2. **Effectiveness:** J-PAL SEA's effectiveness is exemplified by its success in achieving the outcomes and outputs specified in the initial grant from the GoA. We have had an outsized policy impact for our relatively small team, as our studies have helped inform at least four major policy changes that have contributed to greater social inclusion and to the Indonesian policy debate more generally. The cases summarized earlier in this section on pages 8-10 provide more detailed information and evidence that supports J-PAL's contribution to these policy decisions and the decisions' likely benefits in terms of saving GoI money and increasing the number of low-income and marginalized people with access to effective programs.

3. **Efficiency:** All of these milestones were accomplished within J-PAL SEA's planned budget expenditures, illustrating the efficiency of the office. J-PAL SEA's achievements in influencing GoI policies also demonstrates that J-PAL SEA generates substantial value for money. The value of these policy changes are many times the GoA's original investment in J-PAL SEA. For example, the KPS cards increased the amount of subsidized rice reaching poor families by an estimated AUD 82.5–174.3 million each year from 2013 to the present. Even at the lower bound of this range, the one-year benefits alone are about fourteen times the cost of GoA's investment to create J-PAL SEA.

4. **Monitoring and Evaluation:** In Phase 1, J-PAL SEA used a comprehensive log frame and monitoring and evaluation framework to report progress on our outcomes, outputs, and Performance Assessment Framework (PAF) indicators in our semi-annual reports to GoA. We provided evidence of our contributions to policy debates and decisions mainly in the form of documents and statements by Indonesian government officials acknowledging J-PAL SEA's contribution to a particular debate or decision and the interviews conducted with government officials during our partner-led review. Additionally, every J-PAL SEA study uses high-quality methods to measure the causal impact of the programs we evaluate so that policymakers can have confidence that this evidence is reliable for informing policy decisions. The quality of our research is validated by the fact that the studies are rigorously scrutinized by the top journals worldwide for quality of methods and analysis. Furthermore, in the external partner-led review, we had many lessons-learned about J-PAL SEA's theory of change, and we are incorporating

feedback from our government and research partners into our current work and proposed activities for 2018–2021. As the review showed, J-PAL SEA has not yet provided sufficient evidence of our outcomes related to capacity building, including whether and how people apply the skills they learn in our training courses. One of our top priorities for the first six months of Phase 2 is to work with an monitoring and evaluation (M&E) consultant and the GoA to finalize a new M&E framework that is more aligned with GoA's Standards for M&E, more outcomes-based rather than outputs-based, and practical and feasible to implement. Out new framework will include more regular monitoring activities to better track J-PAL SEA's contribution to our policy and capacity building outcomes (see Section VI.C for more information).

5. **Risk Management and Safeguards:** J-PAL SEA works to manage any potential risks to the quality, ethics, or policy relevance of our work. For all studies, researchers must seek approval from Institutional Review Boards (IRB) and register their studies to promote transparency. J-PAL SEA also engages in substantive monitoring and evaluation to manage these risks, including monitoring all studies and requiring process audits from contractors. High standards for monitoring are additionally expected of partners. Risks to the policy relevance of work have been managed through our investment in a policy team dedicated to building relationships, identifying emerging policy needs, and contributing evidence to policy dialogues.

6. **Sustainability:** J-PAL SEA has generated sustainable benefits through our research, policy, and capacity building efforts that are likely to endure past our institutional existence. For example, independent of J-PAL SEA, our close policy partners like TNP2K and Bappenas continue to request, consider, and use evidence to inform policy debates and decisions on their own, and work with researchers beyond J-PAL to generate evidence. The body of evidence we have generated in the past four years will also continue to provide useful guidance for decision-making, not only for the Indonesian context, but also in other regions that could learn from Indonesia's example. This is particularly the case for our evidence related to reducing leakages and improving targeting in social protection programs, a challenge that many developing countries face. J-PAL SEA has also increased the supply of Indonesian researchers who are conducting high-quality policy research. At least nine additional Indonesian researchers are conducting or have conducted high-quality studies in partnership with J-PAL affiliated professors, and several have moved on to conduct more rigorous studies on their own independent of J-PAL. We have also brought a broader network of academic researchers and policy practitioners to Indonesia through conferences and research projects, and the collaborations they have built will continue regardless of the institutional status of J-PAL SEA. Finally, to the extent that we equip our staff to go on to master's and PhD programs, and then to conduct high-quality research of their own, J-PAL SEA has and will contribute a lasting increase in local research capacity.

To increase the office's financial sustainability, J-PAL SEA secured two new research donors in 2014 and five more in 2015 and 2016, covering 28 percent of J-PAL SEA's total operations. Between 2018–2021, we aim to raise at least 40 percent of total funding for the office from other donors to ensure that we can progressively reduce our reliance on GoA funding. We will apply for additional sources of core and research funding from major foundations and other bilateral and multilateral donors, and work closely with MIT's fundraising office to reach out to alumni from Indonesia who may be interested in supporting our activities (See the Sustainability section for more details).

7. **Gender equality:** Gender equality is a core principle in J-PAL SEA's staff, leadership, research, and policy outreach. Not only do women comprise more than half of J-PAL SEA's staff—more than two-thirds of J-PAL SEA's middle management and executive management are female. This includes a female Executive Director, Scientific Advisor, and Scientific Director. About half of the co-PIs on J-PAL SEA's studies are women. Similarly, among Indonesian co-PIs, 44 percent (four out of nine) are women. Acknowledging that much of the research in the world focuses on the needs of men, J-PAL SEA's research portfolio emphasizes generating knowledge that also

benefits women, as three ongoing studies specifically tackle the issue of gender equality and female empowerment and most of our studies aim to test for policy impacts that accrue to women in particular. Women's empowerment and gender impacts are very much part of our discussions with policymakers when discussing evidence or developing new studies. In 2018-2021, we will enhance our efforts related to gender equality in several ways. First, in selecting which studies to pursue, we will prioritize testing programs and policies that aim to empower women or strengthen inclusion for women and other marginalized groups. We will work to build better capacity among our own staff and partner organizations, including GoA programs, to conduct research and implement programs that appropriately address gender in their research and M&E by adding a new gender measurement module to our trainings. Third, we will work to ensure that marginalized groups are well represented in all of J-PAL SEA's outreach activities in order to ensure that they are part of the policy conversation. Finally, our HR policies reflect the highest standards of social inclusion and having women in positions of power in the organization helps ensure that issues that relate to gender are part of the discussion.

8. **Private sector:** Acknowledging the importance of the private sector in creating more inclusive growth, J-PAL SEA aims to foster collaborations with private sector actors on socially responsible projects. For example, J-PAL SEA has collaborated with several private sector actors on studies, including Telkomsel, a large public bank, the National Pension Fund Bank (BTPN), and coffee exporter PT. IndoCafco. J-PAL SEA is exploring whether new collaborations may be possible, including with JPMorgan Securities and MasterCard, and we will prioritize further engaging with the private sector in 2018–2021.

Lessons Learned from 2016 Review

In October 2016, an external partner-led review of J-PAL SEA was completed to identify the successes and lessons-learned from our first four years of operation. This section summarizes the main findings and Section IV outlines our strategies to adopt its key recommendations.

The review found that J-PAL SEA has made considerable contributions in a relatively short time. Our government partners emphasized that J-PAL SEA's research is demand-driven, addresses key policy questions, and ensures policy buy-in from the start. The reviewer noted that we have developed credible partnerships with senior officials at key government agencies, most notably TNP2K, Bappenas, and BPJS Kesehatan. These officials conveyed that our work has provided them with new perspective and insights on the policy design process and that they want to continue collaborating with J-PAL SEA. The participants of J-PAL SEA's training courses, who include senior decision-makers in government agencies[24], reviewed them positively and found them useful for understanding impact evaluation methods. Additionally, the review found that J-PAL SEA is particularly strong at building capacity by hiring Indonesians extensively for research positions and preparing them to attend top graduate schools abroad and secure influential government positions. Lastly, the review found that while there is significant unmet demand for more research, training, and policy advisory work from J-PAL SEA, little local financing is available.

The review also identified several lessons and areas for growth that we have incorporated in our proposed activities for 2018–2021:

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[24] The training program alumnae have notably included the now Bappenas' Minister Expert Staff in Social Affairs and Poverty Alleviation, and Deputy III for Assessment and Management of Strategic Economic Issues from the Office of the President.

Research: Between 2012–2016, much of J-PAL SEA's research focused on improving the design and implementation of Indonesia's social protection programs. However, in line with the Government's changing development agenda, the review recommended that J-PAL SEA expand to other sectors. Many stakeholders emphasized that a key challenge in institutionalizing an evidence-informed approach to policymaking in government is to ensure that study timelines are synchronized to the decision timelines of policymakers, which makes early outreach and discussions to identify the future research agenda very important, as well as the continued availability of rapid-response funds for piloting and research activities. There is also demand for J-PAL SEA to provide smaller data analysis projects and technical advice particularly when developing new studies with a government partner. While we have done this in the past, we have had limited capacity to respond to as many of these requests as we get; building more core capacity to help with these analytics prior to the "project launch" is important in meeting more time-sensitive policy needs.

Policy outreach: Several stakeholders emphasized that they would value additional policy outreach support from J-PAL SEA, including more frequent knowledge-sharing, presentations on evidence from completed studies in various sectors, and learning more about how successful interventions could be scaled up. Several GoA-supported programs emphasized that J-PAL SEA has provided valuable insights into program design based on a deep knowledge of the Indonesian context and understanding of the relevant evidence from Indonesia and other contexts. Yet, to date, collaboration between J-PAL SEA and other GoA-supported programs has been project-based and opportunistic. These collaborations could be more systematic and strategic. Thus, as we discuss in section IV, further strengthening our policy team to help develop a more strategic approach to collaborating with GoA-supported programs is one of our program goals.

Capacity Building: Many stakeholders expressed the need for J-PAL SEA to expand its capacity building offerings beyond trainings and better track the outcomes of its trainings, especially in relation to strengthening long-term local research capacity and past training participants applying the skills they learned. Academic stakeholders emphasized that the opportunity cost for Indonesian academics to take a part-time fellowship at J-PAL is too high and that a full-time position may attract more top candidates. Our proposal below also aims to address these issues.

Monitoring & Evaluation: The review also highlighted several areas where J-PAL SEA can strengthen its M&E framework and activities. For example, our theory of change and log frame should be more outcomes-based rather than outputs-based and include more frequent M&E activities to better track our contribution to policy change and capacity building outcomes. Based on this feedback, one of our priorities for the first six months of Phase 2 is to work with an M&E consultant and the GoA to finalize a new M&E framework that is more aligned with GoA's Standards for M&E, more outcomes-based rather than outputs-based, and practical and feasible to implement (see Section VI.C for more information).

IV. Program Description 2018–2021

Table 1 on the next page summarizes the main components of our proposed program for 2018–2021 and how they map to our proposed outcomes and outputs, which will be further refined in collaboration with GoA and an M&E consultant in 2017. An in-depth description of each of our three main activities follows this summary table.

Table 1. J-PAL SEA Program Description 2018–2021

Goal	Outcomes	Outputs	Proposed Activities
Strengthen evidence-informed policymaking within our government, donor, and private sector partners in Indonesia	1. Rigorous evidence is used in policy debates and analyses **Indicator 1:** Instances of government, donors, and private sector partners using evidence to inform policy debates and analyses, and evidence of how J-PAL SEA contributed 2. More policies and programs designed or modified based on rigorous scientific evidence **Indicator 1:** Instances of government, donors, and private sector partners designing or modifying programs or enhancing government revenue or spending based on evidence, and evidence of how J-PAL contributed **Indicator 2:** Number of poor or marginalized people with access to more effective programs and policies and/or amount of government funding saved or raised as a result of these decisions **Indicator 3:** Instances of governments, donors, and firms requesting, considering, and/or using evidence in policy debates and decisions on their own	1. Identify key policy questions and generate evidence on them: **Indicator 1:** Conduct 4-5 full-scale randomized evaluations in partnership with policymakers in Indonesia, at least 1 with a private sector partner **Indicator 2:** Collaborate with at least 2 new government partners and 1 GoA-supported program on research, policy, or training 2. Synthesize and provide evidence on key policy questions **Indicator 1:** Provide evidence in at least 25 meetings with policymakers per year, 5 with GoA-supported programs **Indicator 2:** Provide evidence in 1 project-specific policy workshop each year, and 1 policy conference every other year	A. Research: Broaden the evidence base on Indonesia's priority development policies to create a more prosperous and inclusive society. Conduct demand-driven, policy-relevant studies on inclusive growth, human capital and employment, domestic resource mobilization, and inclusion through effective governance with a wider range of government, donor, and private sector partners: • Build partnerships with policymakers to identify local policy needs • Incubate research designs and conduct pilot research • Implement full-scale randomized evaluations • Communicate findings and provide technical advice on using them in policy B. Policy Outreach: Increase the use of scientific evidence in policy debates and decisions by government, donors, and the private sector in Indonesia and Southeast Asia: • Provide technical support to government, donor, and private sector partners to use the evidence generated by J-PAL SEA's studies in policy debates and decisions • Communicate evidence and policy lessons to a broader group of policymakers through meetings, workshops, conferences, policy briefs and memos, media outreach, and social media • Hold a policy conference approximately every other year to identify emerging policy questions and provide insights from J-PAL studies

Goal	Outcomes	Outputs	Proposed Activities

Increase the capacity of Indonesian and regional researchers and policymakers to generate and/or use data and evidence	1. More Indonesian and regional researchers and practitioners conducting high quality policy research
	
	Indicator 1: Instances of Indonesian and regional researchers and J-PAL SEA post-docs continuing to conduct high-quality policy research after collaborating with J-PAL or becoming co-authors on working and/or published papers
	
	Indicator 2: Instances of J-PAL alumni accepted into graduate school and pursuing Masters or PhDs in economics or public policy, or who secure jobs in policymaking
	
	2. More training participants apply specific skills or knowledge they learned in J-PAL courses in their work
	
	Indicator 1: Number of men and women who apply specific skills or knowledge they learned in J-PAL courses in their work (i.e. program theory, checklists for quality data collection, ethical research, finding high-quality research online)
	
	Indicator 2: Instances of training participants who later collaborate with J-PAL on research and/or policy
		1. Indonesian and regional researchers, post-docs, and research staff work with J-PAL affiliates on randomized evaluations.
		
		Indicator 1: Number of Indonesian and regional co-investigators
		
		Indicator 2: 1 full-time post-doc hired and works with J-PAL affiliated professors on evaluations
		
		Indicator 3: Junior research staff work with J-PAL affiliated professors on evaluations
		
		2. Local researchers and practitioners participate in J-PAL training courses
		
		Indicator 1: Number of men, women, and representatives from GoA supported programs who participate in trainings
			C. Capacity building: Increase the capacity of Indonesian and regional researchers and policymakers to generate and/or use data and evidence
			
			• **Deep capacity building activities:**
			  • Work side-by-side with Indonesian and regional researchers, post-docs, and research staff on randomized evaluations
			  • Support staff in applying to graduate school
			  • Create a full-time J-PAL SEA Post-Doctoral Fellowship position and launch a research development and capacity building fund for work with LPEM FEB UI
			• **Broad capacity building activities**: train local researchers and practitioners in the basics of impact evaluation, data collection, and using evidence in courses, workshops, and seminar series

Table 2. Comparison of Outcomes and Outputs 2012–2016 and 2018–2021

Activity	Outcomes 2012–2016	Outputs 2012–2016	Outcomes 2018–2021	Outputs 2018–2021
Research and Policy Outreach	1. Rigorous evidence is used in policy debates and analyses 2. More policies and programs designed or modified based on rigorous scientific evidence	1. Evidence for key policy questions provided: Conduct 2-3 full scale randomized evaluations in Indonesia 2. Policy debates and needs for evidence identified 3. Evidence synthesized for policy consumption	1. Rigorous evidence is used in policy debates and analyses **Indicator 1:** Instances of government, donors, and private sector partners using evidence to inform policy debates and analyses, and evidence of how J-PAL SEA contributed 2. More policies and programs designed or modified based on rigorous scientific evidence **Indicator 1:** Instances of government, donors, and private sector partners designing or modifying programs or enhancing government revenue or spending based on evidence, and evidence of how J-PAL contributed **Indicator 2:** Number of poor or marginalized people with access to more effective programs and policies and/or amount of government funding saved or raised as a result of these decisions **Indicator 3:** Instances of governments, donors, and firms requesting, considering, and/or using evidence in policy debates and decisions on their own	1. Identify key policy questions and generate evidence on them: **Indicator 1:** Conduct 4-5 full-scale randomized evaluations in partnership with policymakers in Indonesia, at least 1 with a private sector partner **Indicator 2:** Collaborate with at least 2 new government partners and 1 GoA-supported program on research, policy, or training 2. Synthesize and provide evidence on key policy questions **Indicator 1:** Provide evidence in at least 25 meetings with policymakers per year, 5 with GoA-supported programs **Indicator 2**: Provide evidence in 1 project-specific policy workshop each year, and 1 policy conference every other year

Activity	Outcomes 2012–2016	Outputs 2012–2016	Outcomes 2018–2021	Outputs 2018–2021
Capacity Building	1. Local actors become partners on randomized evaluation (researchers and government) 2. J-PAL Alumni in government positions or pursuing Masters and PhD education in economics and public policy schools	1. Research center established 2. Senior fellow selected and works with J-PAL affiliates on evaluations 3. Junior researchers work with J-PAL affiliates on evaluations and continue to further study 4. Local researchers participate in J-PAL Executive Education course	1. More Indonesian and regional researchers and practitioners conduct high quality policy research **Indicator 1:** Instances of Indonesian and regional researchers and J-PAL SEA post-docs continuing to conduct high-quality policy research after collaborating with J-PAL or becoming co-authors on working and/or published papers **Indicator 2:** Instances of J-PAL alumni accepted into graduate school and pursuing Masters or PhDs in economics or public policy, or who secure jobs in policymaking 2. More training participants apply specific skills or knowledge they learned in J-PAL courses in their work **Indicator 1:** Number of men and women who apply specific skills or knowledge they learned in J-PAL courses in their work (i.e. program theory, checklists for quality data collection, ethical research, finding high-quality research online) **Indicator 2:** Instances of training participants who later collaborate with J-PAL on research and/or policy	1. Indonesian and regional researchers, post-docs, and research staff work with J-PAL affiliates on randomized evaluations. **Indicator 1:** Number of Indonesian and regional co-investigators **Indicator 2:** 1 full-time post-doc hired and works with J-PAL affiliated professors on evaluations **Indicator 3**: Junior research staff work with J-PAL affiliated professors on evaluations 2. Local researchers and practitioners participate in J-PAL training courses **Indicator 1:** Number of men, women, and representatives from GoA supported programs who participate in trainings

A. Research: Broaden the evidence base on Indonesia's priority development policies to create a more prosperous and inclusive society

Summary

Between 2018–2021, J-PAL SEA will greatly expand our research agenda in line with both the GoI's development agenda and Australia's objective to deliver high-grade, responsive policy knowledge. We will continue to make progress on social protection in addition to conducting demand-driven randomized evaluations and pilot research on emerging priority policy questions on inclusive growth, human capital and employment, domestic resource mobilization, and inclusion through effective governance. J-PAL SEA is committed to utilizing randomized evaluations, but only when they are appropriate and we expect to be able to answer the policy question well. We will develop new partnerships and conduct every study in close partnership with government bodies, GoA-supported programs, donors, and/or the private sector to ensure that evidence is generated with specific policy decisions in mind from the start.

Outputs and Outcomes

Our first proposed output indicator for research is to generate evidence relevant to local policy priorities and needs. Our target is to conduct 4-5 randomized evaluations in partnership with Indonesian partners by 2021, including one in partnership with a private sector firm. Our second output indicator is to provide policymakers with evidence on key policy questions. Our target is to have at least 25 meetings with interested policymakers each year to develop new research projects, share data and analysis from ongoing projects or existing evidence in relevant sectors, including at least five meetings with GoA-supported programs. We will deepen our existing relationships and expand our research, policy, and/or capacity building collaborations to two new government agencies by 2021 and start at least one new partnership with a GoA-supported program.

We expect these outputs to lead to two outcomes. First, more evidence will be used in policy debates and analyses. Our proposed indicator for this outcome is instances of our government, donor, and private sector partners using evidence to inform policy debates and analyses and evidence of how J-PAL SEA contributed to them. The second outcome is that more policies and programs are designed or modified based on scientific evidence. For this outcome, we propose three indicators:

1. Instances of government, donors, and private sector partners designing or modifying programs or enhancing government revenue or spending based on evidence, and evidence of how J-PAL contributed

2. Number of poor or marginalized people with access to more effective programs and policies and/or amount of government funding saved or raised

3. Instances of governments, donors, and firms requesting, considering, and/or using evidence in policy debates and decisions on their own

Rationale

This section summarizes the motivation for our proposed research activities, which is based on our previous experience of what generates significant policy change, feedback from our partners, and lessons learned from our October 2016 review.

1. *Expand our research agenda:* As summarized in Section II, as Indonesia has grown, the GoI is focusing more on how to sustain growth and make sure it benefits the middle- and lower-classes, move workers into more productive jobs, and raise more taxes to make these efforts sustainable. These priorities are in line with the GoA's aid objectives to build effective economic institutions,

improve human development and health, and make society more inclusive through effective governance. Yet, there is a lack of rigorous evidence about the effectiveness of many of the policies and programs that have been proposed to achieve these goals. To generate evidence to answer policymakers' priority questions, J-PAL SEA must greatly expand its research agenda to cover inclusive growth, human capital and employment, domestic resource mobilization, and inclusion through effective governance.

2. *Launch new research in a timely way to respond to policy windows:* Our October 2016 review highlighted some key ways we can make our studies more useful for policy. Many stakeholders emphasized that a key challenge in institutionalizing an evidence-informed approach to policymaking is ensuring that study timelines are synchronized to decision timelines of policymakers. Government needs for input sometimes arise abruptly and evidence needs to be generated quickly in order for it to be ready in time to feed into the policy process. J-PAL SEA's Indonesia Research Fund (IRF) is the office's main mechanism for responding quickly to these policy windows by having funding available at the ready to respond to high return, but time-sensitive needs. Between 2012–2016, the quick IRF review process was critical for conducting studies in time to inform key decisions for Raskin and JKN, whereas most sources of funding take several months if not years to secure.

3. *Pilot studies and analysis are critical for building new partnerships.* New research does not emerge fully formed—it takes an investment to determine what the problem is, analyze existing data and the policy context to determine what challenges can be answered directly from existing evidence and which are in need of new field research, and piloting new studies in the field before they are implemented as a full-scale randomized evaluation. The review also found that there is significant demand for J-PAL SEA to provide smaller data analysis projects and technical advice when developing new studies with a government partner.

Activities and Mechanisms

Indonesia Research Fund: To expand J-PAL SEA's research to new sectors and partners, we propose setting up a new IRF to support both pilot studies and full-scale randomized evaluations on policy-relevant questions in Indonesia. The original IRF was important for two reasons. First, it has a relatively quick proposal review process, which helps ensure that J-PAL SEA's large-scale studies can be better synchronized to the decision timelines of policymakers. For example, timely evidence was generated for critical, nationwide policy decisions for the Raskin and JKN studies only due to the IRF; otherwise, applying for independent funds could have taken 9-12 months and we would have missed the window for providing evidence to inform the scale-up decision. Second, the IRF's pilot funding allows us to provide governments with useful analysis on a quicker timeline while at the same time assessing whether a full-scale study makes sense. This includes providing the GoI with analyses of existing datasets or baseline surveys, and findings from qualitative scoping studies to understand and diagnose policy issues.

New sectors: The original IRF focused on social protection, given both the Indonesian and Australian governments' policy priorities at that time. J-PAL SEA proposes a new IRF with a broader research agenda to focus on Indonesia's current development priorities, including inclusive growth, human capital and employment, domestic resource mobilization, and inclusion through effective governance, in addition to poverty reduction and social protection. J-PAL affiliated professors already have deep expertise in these sectors with more than a hundred randomized evaluations on these types of programs worldwide. Several research projects at J-PAL SEA focus on these priority topics. These include several studies in development, such as the new branchless banking study focused on women's entrepreneurship in partnership with a large public bank, the international and domestic migration studies focused on improving workers' wages and job opportunities, and the upcoming study of past tax policy reforms to identify promising policies for Indonesia to raise more tax revenue.

The new IRF can help ensure that this preliminary work becomes full studies that offer insights to these increasingly important policy issues.

Partners: J-PAL SEA will work to deepen our relationships with existing partners like TNP2K, Bappenas, BNP2TKI, and BPJS Kesehatan. In addition, J-PAL SEA will expand its government partners and explore building longer-term collaborations in research, policy, or training with 1-2 additional government bodies. These could include the MoEC, Ministry of Agriculture, and/or the Fiscal Policy Agency (BKF) and the Centre for Policy Analysis and Harmonization (Pushaka) under MoF.

Regional governments: In phase two, J-PAL SEA will continue to prioritize research and policy partnerships with national agencies, which often have the greatest opportunity for scale and impact, as demonstrated through our previous collaborations with the GoI. However, sub-national governments have an important role in policy implementation and at times can be important laboratories of policy innovation. In some cases, larger regional governments (such as Jakarta or that of other major cities) are important sources of policy in their own right. Thus, we will also look to collaborate with regional agencies on an opportunistic basis, focusing on relationships with sub-national governments that express a strong demand for evidence and which operate on a scale large enough to conduct randomized evaluations. For example, we are currently engaged with the Jakarta Transportation Department (Dishub) to explore policy needs surrounding electronic road pricing for traffic management in the city. To facilitate such collaborations in the future, we will invite innovative regional government leaders to all of J-PAL SEA's policy conferences, workshops, and other public events. Even if we are not able to collaborate with regional governments on research due to constraints related to scale and sample size, we will invite officials from innovative local governments to participate in our trainings and meet with them to share evidence on their priority topics.

Examples of potential research areas: In this section, we summarize some examples of potential research engagements we see based on our current preliminary engagements. These topics may change in response to policy demand and changes in the policy environment, as well as the natural research process. We will prioritize research projects for which there is strong government demand and a higher likelihood of informing policy. We will use two primary tools to evaluate projects along these lines. First, we will use J-PAL's Government Partnership Initiative criteria (see table below) to assess the partner's demand for the study and their commitment and capacity to use the resulting evidence.[25] At the same time, we use frameworks from political science, including Kingdon's policy windows framework[26] and Andrews et al.'s acceptance, authority, and ability model of policy change[27], to assess whether the policy environment is ripe for change or innovation.

Policy relevance	Does the study address questions crucial to the government partner?
Viability of the partnership	Is the relationship with the government and other partners strong and likely to endure through the entire life of the project? Are there any logistical or political obstacles that might threaten the completion of the proposed activities?

[25] J-PAL Government Partnership Initiative website. Evaluation Criteria. 2015. Access 9 February 2017. https://www.povertyactionlab.org/gpi

[26] Kingdon, John W. *Agendas, Alternatives, and Public Policies.* HarperCollins College Publishers, 1995; Stachowiak, Sarah. "Pathways for change: 10 theories to inform advocacy and policy change efforts." Center for Evaluation Innovation. Seattle, WA: ORS Impact (2013).

[27] Matthew, Jesse McConnell, and Alison O. Wescott. "Development as Leadership-led Change-A Report for the Global Leadership Initiative and the World Bank Institute (WBI)." (2010)

Commitment to use evidence in decision-making	Is there demonstrated demand from the government partner to use evidence to make a key decision? Is the government committing its own resources, whether personnel and/or finances, to this project?
Scale-up potential	Is there potential to widely scale up either a proven policy or the process of using evidence in policymaking?
Institutional support	Since building partnerships with governments requires long-term commitments and on-the-ground presence, does the project have necessary institutional support at J-PAL SEA?
Level of affiliate Involvement	What is the level of J-PAL affiliated professors' involvement? Not just in research, but in terms of ongoing policy guidance and advice?

Potential research areas:

1. *Inclusive growth* means ensuring that the middle and lower socioeconomic classes, and other marginalized groups like women and the disabled, are included in and benefit from economic growth. This includes policies and programs targeted to stimulate growth or increase productivity in sectors where they work (such as agriculture or small and medium enterprises), poorer regions, or programs that ensure that growth is distributed equitably throughout the population.

    a. J-PAL SEA is exploring building a partnership with GoI to study whether credit products that are tailored to smallholder farmers' needs can help them invest and earn more. If successful, this study will speak to AIP Objective 1, which emphasizes "increasing smallholder farmers' incomes and employment by addressing constraints to loans."[28]

    b. In partnership with a large public bank, J-PAL SEA is planning a study to identify cost-effective and sustainable approaches to implementing branchless banking, which aims to improve employment and investment opportunities for female entrepreneurs. This study can help inform GoA's work to increase women's economic empowerment in Indonesia.

2. *Human capital and employment:* investments in health, education, and labor policies that help the lower- and middle- socioeconomic classes transition into jobs that are more productive and help the unemployed find work.

    a. J-PAL SEA will explore developing a study of programs that aim to transition workers from lower- to higher-skill sectors including vocational education and/or entrepreneurship programs. This research topic is closely related to AIP Objective 2: human development for a productive society.

    b. Smoking is a leading cause of mortality and morbidity in Indonesia, and adolescence is a critical age for intervention. J-PAL SEA is exploring collaborating with schools to test a program that aims to prevent smoking among middle-school students. This study is well aligned with AIP Objective 2, which emphasizes creating a healthy and more productive society.

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[28] Australian Government Department of Foreign Affairs and Trade. "Aid Investment Plan: Indonesia 2015/16 to 2018/19." September 2015. Page 4. http://dfat.gov.au/about-us/publications/Documents/indonesia-aid-investment-plan-2015-19.pdf

3. *Domestic resource mobilization:* Increasing state capacity to collect taxes so that Indonesia can sustainably finance its inclusive growth and development agenda.

   a. In partnership with DG Tax, J-PAL SEA is developing a study to evaluate the effectiveness of the many tax administration reform policies implemented since 2002 in order to influence future tax reforms. This study will produce knowledge directly related to AIP Objective 1, effective economic institutions and infrastructure, which emphasizes more efficient use of domestic resources and improving tax collection.

   b. Following a request from our partners at DG Tax in which they proposed an innovative program idea to help increase tax revenue, J-PAL SEA is also designing a pilot study and randomized evaluation to test interventions to improve performance and revenue collection in tax offices across the country. This study is also related to AIP Objective 1, as its main goal is to help DG Tax test and scale policies that increase tax revenue.

4. *Inclusion through effective governance:* means ensuring that the middle and lower socioeconomic classes, and other marginalized groups like women and the disabled, are included in and benefit from effectively managed public services, policies, and laws. This includes policies that aim to reduce inequality or increase the coverage and effectiveness of social protection and poverty reduction programs, redistribute resources to disadvantaged regions, or empower and create greater economic opportunities for marginalized groups like women and the disabled.

   a. J-PAL SEA is exploring the potential to evaluate aspects of the recently passed Village Law that will dramatically decentralize development programs and fund management to the village level in order try to improve village governance and spending. This is relevant to AIP Objective 3: an inclusive society through effective governance, which highlights the potential of the Village Law to improve local government services and economic opportunity, if managed effectively.

   b. In partnership with TNP2K, we are developing a study to measure a series of historic reforms to Raskin to utilize electronic payments technology to reduce program leakages and stimulate small retail businesses, which entails converting the program to a cash or voucher program. This study will generate insights that can inform policy related to AIP Objective 3, which includes policies to ensure that the poor and marginalized benefit from economic growth by improving social protection programs and business for small retailers.

Determining when a randomized evaluation is appropriate: While J-PAL SEA's researchers specialize in randomized evaluations, there are situations in which this type of methodology is not appropriate. Therefore, before agreeing to conduct a randomized evaluation with partner organizations, J-PAL SEA ensures that the necessary conditions are met to justify the use of a randomized evaluation. Beyond the technical requirements including sufficient sample size, time, resources, and expertise, J-PAL SEA also carefully considers the nature of the question being asked and the intent behind conducting the evaluation.

Randomized evaluations should be prioritized for policy questions for which there is little or no evidence, programs that require high levels of investment, and programs that are about to be scaled up but have not been tested. When a particular policy question has already been rigorously tested and found to be effective, J-PAL SEA often recommends a process evaluation or logistics pilot instead, as these may be more useful for learning how to appropriately scale up the program. If the aim is to gain a better understanding of the nature and extent of a problem, we would recommend needs assessments, stakeholder interviews, and other qualitative research methods. J-PAL SEA researchers use these tools prior to starting a randomized evaluation to inform the program, evaluation design, and to contextualize the evaluation's results. Additionally, J-PAL SEA conducts evaluations only if we

expect to be able to answer the question well, and if our partner organization plans to take some action based on the evaluation's results, and use the results to inform a specific decision or program design.

In addition to ensuring a randomized evaluation is appropriate, J-PAL SEA also informs policymakers when another type of impact evaluation methodology is better suited to answer the policy question. For instance, J-PAL SEA's Scientific Directors decided to use quasi-experimental methods to evaluate past tax reforms in Indonesia in 2016. While a randomized evaluation was not possible in this case, they knew this was a priority issue for the government and employed methods that would adequately address the question. In another example, J-PAL SEA advised the Jakarta Transportation Department that a randomized evaluation would not be appropriate to answer their question about removing their 3-in-1 traffic policy. The Department required answers quickly, and in a timeframe that would not have allowed us to conduct a high-quality randomized evaluation. Instead, using open source traffic data from Google to conduct a quasi-experimental analysis, J-PAL SEA was able to advise them on the impact of the policy changes within a few weeks.

While randomized evaluations are not always appropriate, the creativity of researchers and implementing partners running randomized evaluations around the world has demonstrated that it is possible to use them to answer more and bigger questions than many originally assumed. For example, researchers have used them to evaluate largescale infrastructure investments in roads, housing, sanitation, and electricity. They have also used them to measure and identify ways to reduce corruption in road construction projects in Indonesia and roll out land titling in slums in Tanzania. They have partnered with governments to evaluate and inform the design of some of the largest national social programs in the world in several countries including India, Indonesia, Mexico, and the US.

Research process: All studies conducted by J-PAL SEA will continue to meet exacting international standards for scientific rigor, primarily by conducting randomized evaluations. To ensure that J-PAL SEA's research is responsive to GoI priorities and designed to shape policy from the start, we will employ the following strategy (refer to Annex E for more detail):

1. *Stage 1: Build and strengthen partnerships with policymakers to identify local policy needs.* J-PAL SEA invests in building relationships with Indonesian policymakers who help us identify key policy questions, provide frameworks for thinking through policy options, offer insights from existing research, and help develop new Indonesia-focused studies. Additionally, engaging with policymakers provides information about their intent to use the randomized evaluation to inform policy. While J-PAL SEA supports the increased use of randomized evaluations to inform policy, we do not think every program should be evaluated with a randomized evaluation. J-PAL SEA ensures that policymakers are aware of the necessary conditions for conducting a randomized evaluation during these initial conversations.

2. *Stage 2: Incubate research designs and conduct pilot research.* J-PAL affiliated researchers and staff conduct formative, exploratory, and qualitative research to more deeply understand the nature of the problem and the local institutional, political, and cultural context in which it is situated. Prior to starting a randomized evaluation, we test whether it is feasible in terms of sample size, cost, and partner operations. Researchers typically pilot the program on a small-scale to create a plan for smooth implementation at a larger scale.

3. *Stage 3: Implement full-scale randomized evaluations*: J-PAL SEA engages leading international and Indonesian researchers in order to bring the highest expertise to each research project. Every full-scale study has at least one PI who is a J-PAL affiliated professor or special invitee.

   Randomized evaluations typically take between 1-3 years to complete and include a baseline survey, random assignment to program and comparison groups, program implementation, and one or more follow-up surveys to measure the program's impact. Often, a large sample, typically

including 200-600 administrative units, is required for the results to have enough statistical power to be used as evidence in policymaking. J-PAL collaborates closely with its partners throughout the course of the study, often working from the partner's office. Full-scale studies also provide partners with an opportunity for hands-on training in conducting impact evaluations from start to finish.

Stage 4: Communicate findings to inform policy. After data collection, research staff work side-by-side with J-PAL affiliated researchers to analyze the data. We organize several meetings to share preliminary findings and analysis with policy partners to get their feedback. For each project, we produce both a research paper, to be subject to academic peer review to ensure high-level quality, as well as policy-oriented publications. We disseminate the findings to the broader policy community in Indonesia, by presenting at seminars and conferences, writing op-eds, and through media and social media outreach.

4. *Stage 5: Provide technical advice to support evidence use and scale-ups.* J-PAL SEA's policy team provides longer-term advising and technical assistance to support policymakers in scaling up an effective program or applying findings from the research in a program design.

B. Policy Outreach: Increase the use of scientific evidence in policy debates and decisions by government, donors, and the private sector

Summary

Given our size, specific expertise, the challenges of informing policy with evidence, and the nature of our past policy successes, we will continue to focus on contributing to a few specific national policy debates and decisions through the full-scale evaluations that we conduct in partnership with government agencies. Given J-PAL SEA's growing research portfolio, we propose to add another staff member to our policy team to help support our growing number of partners to use this evidence after a study ends. By expanding our policy team, we will also be able to communicate evidence and policy lessons to a broader group of high-level policymakers and meet the growing demand for evidence. We will do so by sharing evidence with policymakers more frequently through one-on-one meetings, annual workshops, and biannual conferences that summarize and contextualize findings on important policy topics in Indonesia, policy briefs and memos, media outreach, and an expanded social media presence. These broader outreach activities help create momentum for evidence use, and are a critical way in which we build new and maintain existing partnerships with government agencies and other policymakers in Indonesia and the broader region. As described in Section VI.C, we will also conduct M&E activities more regularly to better track J-PAL SEA's own performance. We propose hiring one full-time M&E and Communications Specialist to support the expansion of activities in these two areas.

Outputs and Outcomes

Our proposed output indicator for policy outreach is to provide policymakers with evidence on key policy questions. Out target is to have at least 25 meetings with interested policymakers each year to develop new research projects and to share data and analysis from ongoing projects or existing evidence in relevant sectors, including at least five meetings with GoA-supported programs. We will also host one project-specific policy workshop to catalyze use of evidence each year and one large policy conference every other year. Our two intended outcomes are the same for policy outreach as they are for research: 1) that more evidence is used in policy debates and analyses and that 2) more policies and programs are designed or modified based on scientific evidence. For outcome 1, we will track instances of government, donors, and private sector partners using evidence in a policy debate or analysis. For outcome 2, we propose the following three indicators:

1. Instances of government, donors, and private sector partners designing or modifying programs or enhancing government revenue or spending based on evidence, and evidence of how J-PAL contributed

2. Number of poor or marginalized people with access to more effective programs and policies and/or amount of government funding saved or raised as a result of these policy decisions

3. Instances of governments, donors, and firms requesting, considering, and/or using evidence in policy debates and decisions on their own independent of J-PAL's involvement (building a culture of evidence-informed decision-making)

Rationale

Research and policy outreach by the J-PAL network has contributed to the scale-up of effective programs that have reached over 300 million people around the world since 2003. Over 250 million of these people were reached as a result of government policy decisions. In our experience, there are many different ways to influence policy with evidence. Three approaches J-PAL has had success with are: jointly designing and rigorously evaluating social policy innovations in close partnership with governments to inform specific policy decisions, advising governments on scale-ups of effective programs based on existing evidence, and partnering with governments to build institutions with the mandate of evidence-informed policymaking (such as evaluation labs within government). The approach we choose is based on the government's interests and priorities, which vary by country and region. For example, across Latin America there is significant demand for J-PAL to help governments build evaluation labs in government ministries (see Minedulab in Peru) and in India we have supported several national and statewide scale-ups based on evidence from past randomized evaluations.

Based on our experience, and frameworks about policy change from political science and development[29], our strategy for influencing policy in Indonesia centers on jointly designing and rigorously evaluating social policy innovations in close partnership with governments to inform specific policy decisions. All of J-PAL SEA's major policy successes between 2012 and 2016 were the result of a government scaling up a program or making a policy decision after we collaborated with them on a randomized evaluation. Given our small size and specific expertise, we will focus on contributing objective evidence designed to inform a few high-priority national policy debates and decisions (for example our evaluations of interventions within Raskin and JKN).

In most, if not all cases, whether policymakers end up using the evidence we generate is outside J-PAL SEA's control. But by targeting pressing national policy issues, and working directly with officials who have the authority, ability, and willingness to influence the debate, even if the government only uses evidence in a few cases, the returns in terms of people reached by effective programs or government revenue saved is likely to far outweigh the cost of the initial investment in the research. We use a combination of strategies to gain access to these opportunities.

The first is building and maintaining long-term partnerships with the high-level policymakers who are more likely to be able to change policy in the first place. Drawing on Andrews et al.'s framework for

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[29] For example see: 1) Kingdon, John W. *Agendas, Alternatives, and Public Policies.* HarperCollins College Publishers, 1995; 2) Andrews, Matt, Lant Pritchett, and Michael Woolcock. "Escaping capability traps through problem driven iterative adaptation (PDIA)." *World Development* 51 (2013): 234-244.; 3) Andrews, Matthew, Jesse McConnell, and Alison O. Wescott. "Development as Leadership-Led Change-A Report for the Global Leadership Initiative and the World Bank Institute (WBI)." (2010); 4) Stachowiak, Sarah. "Pathways for change: 10 theories to inform advocacy and policy change efforts." Center for Evaluation Innovation. Seattle, WA: ORS Impact (2013).

development as leadership-led change, we prioritize building partnerships with policymakers who believe that a policy reform or change is necessary, and who have the authority (the necessary legal and political support) and ability (the necessary capacity and resources) to propose reforms and see them through.[30] J-PAL affiliated professors and the SEA office have been able to build a close rapport with GoI officials because we are not just an evaluator, but also a long-term knowledge partner. In addition to evaluations, we share evidence and technical advice with them on request, train their staff in our courses, provide regular analysis and support throughout the life of the project (often embedding staff in their offices), and work with them on multiple projects over the course of several years.

In addition to working with the right people, we also try to generate evidence at critical *times* when policy change is more likely. We design our evaluations and outreach in response to clear policy windows that the government identifies. In all our past examples of policy influence, the topics we evaluated met Kingdon's conditions that create policy windows: 1) the government had coalesced around a clear problem, 2) they had different policy options to choose from to try to solve it, and 3) there was political pressure to address it.[31] Policy windows are generally open for a limited time, and one strategy that has helped J-PAL SEA take advantage of them is that when possible, we design our studies and timelines to generate results in time to inform a key budget, expansion, or rollout decision.

Lastly, collaborating with independent researchers on an evaluation can also help policymakers create a space for policy experimentation, learning, and reform that is typically not as easy for high-level bureaucrats to create within the management and incentive structures they face. Most do not have the capacity or mandate to design and test innovative solutions for pressing policy problems as part of their regular responsibilities, but collaborating with independent researchers can offer them a way to make this kind of positive deviance and experimentation possible. In their problem-driven iterative adaptation approach to building state capability, Andrews' et al. argue that policymakers experimenting to solve locally-defined problems is critical for building state capability to design and implement effective policy in the long-run.[32] Similar to their four principles of problem-driven iterative adaptation[33], J-PAL SEA focuses on locally defined problems and solutions. We use collaborative research as an opportunity to create room for positive deviance and experimentation in policy reform and create opportunities to repeatedly test and improve the design of potential solutions. We also engage a broad group of stakeholders to ensure the solution is a relevant, legitimate, and politically and practically feasible. This approach helps ensure that our research is useful to policymakers, but just as importantly, that policymakers gain greater capability to design and implement policy after having gone through the process of conducting research.

Our partner-led review also identified ways we can enhance our policy outreach activities. Several stakeholders indicated that they would find it valuable if J-PAL SEA could provide additional policy outreach support through presentations on completed randomized evaluations in different sectors, knowledge sharing on J-PAL's experience with taking interventions from pilot to scale, and guidance

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[30] Andrews et al. 2015 Andrews, Matthew, Jesse McConnell, and Alison O. Wescott. "Development as Leadership-Led Change-A Report for the Global Leadership Initiative and the World Bank Institute (WBI)." (2010), page 6. Link: https://dash.harvard.edu/bitstream/handle/1/4449099/Andrews_DevelopmentLeadership.pdf?sequence=1

[31] Kingdon, John W. *Agendas, Alternatives, and Public Policies.* HarperCollins College Publishers, 1995.

[32] Andrews, Pritchett, and Woolcock, "Escaping Capability Traps Through Problem Driven Iterative Adaptation (PDIA)" 2012. https://www.hks.harvard.edu/centers/cid/publications/faculty-working-papers/cid-working-paper-no.-240, page 10. https://www.hks.harvard.edu/centers/cid/publications/faculty-working-papers/cid-working-paper-no.-240

[33] Andrews, Pritchett, and Woolcock, "Escaping Capability Traps Through Problem Driven Iterative Adaptation (PDIA)" 2012. https://www.hks.harvard.edu/centers/cid/publications/faculty-working-papers/cid-working-paper-no.-240, page 10. https://www.hks.harvard.edu/centers/cid/publications/faculty-working-papers/cid-working-paper-no.-240

for policymakers to communicate findings from research to build a narrative for policy change. Additionally, several GoA-supported programs emphasized that J-PAL SEA has provided valuable insights into program design by combining a deep knowledge of the Indonesian context with a broader knowledge of impact evaluation findings. However, collaboration between J-PAL SEA and other GoA-supported programs and initiatives could be more systematic.

Activities and Mechanisms

Based on both our experience and reflections from the review process, J-PAL SEA plans to expand its policy outreach activities and add an additional policy staff member and an M&E and Communications Specialist in Phase 2. Our main policy activities will be 1) providing technical support to our government, donor, and private sector partners to use the evidence generated by J-PAL SEA's studies after they end, and 2) communicating evidence and policy lessons to a broader group of policymakers through meetings, workshops, conferences, policy briefs and memos, media outreach, and an expanded social media presence. Our proposed M&E activities are described in Section VI.C.

Policy outreach based on J-PAL SEA research projects: Given our size, expertise, and past policy successes, J-PAL SEA will continue to focus much of our policy outreach efforts on influencing a few specific national and large subnational policy debates and decisions that our full-scale evaluations are designed to help answer. Our experience has demonstrated that data and research must be informed by policymakers' priorities from the beginning and conducted in close partnership with them if it is to be useful for shaping and improving real-world policy. We strive to use this model in every research project by following the policy-oriented research process described in the previous section. Our policy team is what allows us to ensure that even after research is complete and there is no longer funding for dedicated research staff on that project, J-PAL SEA can still provide longer-term technical advice and support to our close government partners to scale up effective programs or use evidence in decisions—decisions that often occur several months or more after a study ends. It is important to note that both the preliminary stage and longer-term technical and policy advice is challenging to raise funds for from traditional research-oriented funding sources, and thus, why GoA support for this work is critical.

In addition to this dedicated policy support for our key government partners, J-PAL SEA's policy team will also implement a full suite of policy activities to share high-quality evidence with the broader policy community in Indonesia and across Southeast Asia. These broader outreach activities help us build momentum for evidence use by our existing government partners, and are a critical way J-PAL SEA builds new, and maintains existing, partnerships with government agencies and other policymakers in Indonesia and the broader region.

Workshops and meetings: J-PAL SEA staff and researchers will disseminate results to partners and policymakers through custom workshops and meetings that are timed to inform policy windows at critical junctures. These will include meetings with partners to share preliminary results, as well as larger-scale workshops with partners and policymakers from different organizations working on the same issue. In the past four years, these tactics have led to several major policy changes. In December 2012, J-PAL SEA shared results from the Raskin study with officials from TNP2K, the Vice President's office, and MoSA in a series of meetings, which ultimately led to the decision to scale up the KPS cards. In January 2016, J-PAL SEA collaborated with Bappenas to host a half-day seminar to disseminate the preliminary results from the JKN study. Over fifty policymakers attended, and the seminar was critical to informing the GoI's decision to cancel the JKN third-class membership price hike. We also meet with senior government officials periodically to brief them on the latest evidence on their priority issues. For example, in 2016, we briefed the then Head of Bappenas, Dr. Sofyan Djalil, in three meetings on the evidence in health insurance, social protection, and vocational training and labor market policies.

Sector evidence presentations: J-PAL has a large body of evidence across eight different sectors, including agriculture, education, health, finance, and governance. Policy staff at J-PAL SEA and J-PAL's Global office synthesize findings across each sector to identify emerging policy lessons. (See Annex A for more about J-PAL). Each sector has a digestible policy presentation of these lessons that J-PAL SEA will use for targeted and sector-specific evidence dissemination among policymakers in Indonesia and across the region. With these evidence reviews, J-PAL SEA will be able to respond more quickly to the frequent requests we get from policymakers about evidence on various topics. For example in January 2017, J-PAL SEA drew on these resources to put together short presentations on evidence in land titling and certification for Dr. Sofyan Djalil, Minister for Agrarian and Spatial Planning, and a short memo on evidence from randomized evaluations in tax collection for Minister of Finance Dr. Sri Mulyani Indrawati.

Policy briefs and memos: J-PAL SEA will write evidence memos that summarize findings from randomized evaluations on topics of critical importance in Indonesia. For example, in 2016, J-PAL SEA produced a memo on evidence from randomized evaluations in education for GoI officials to help inform President Widodo's work as one of the co-conveners of the Education Commission. The Education Commission later selected our memo to be published on their website. J-PAL SEA will continue to take advantage of high-level opportunities like these and leverage existing J-PAL policy publications (found here), comparative cost-effectiveness analyses (CEA), and other policy outreach tools from J-PAL's global network to share policy recommendations with government, donors, private sector, and civil society. J-PAL SEA staff will also translate relevant publications into Bahasa Indonesia.

Social media: We will greatly expand our social media presence to harness the power of Twitter to share results with a wider audience and contribute to the active policy discussions on this platform, including pointing policymakers to relevant evidence in an accessible and timely manner. J-PAL SEA recently launched its official Twitter account, @J-PAL_SEA, in September 2016. We tweet regularly, and use it to increase knowledge of randomized evaluations among senior policymakers who are active on Twitter, disseminate evidence in response to current policy issues and debates, advertise upcoming events and opportunities to engage with J-PAL SEA, and post job opportunities.

Policy conferences: J-PAL SEA requests funding to host one formal policy conference with government partners and key stakeholders every other year. These events will bring together a large number of senior and mid-level representatives from government, donors, the private sector, and civil society to identify the priority policy issues J-PAL SEA should prioritize for future research and to learn the latest insights from J-PAL SEA research. We will also use our conferences as an opportunity to convene and engage with high-level policymakers, including Minister-level government officials when possible, who will discuss the latest evidence with J-PAL affiliated researchers, GoA representatives, and provide keynote addresses at the conference.

Incorporating lessons from our partner-led review: Based on J-PAL SEA's recent partner-led review, we will also adopt the following activities. We will add one additional staff member to the policy team to establish regular interactions with key policy partners (at least semi-annual) to share evidence on relevant topics and best practices on using evidence. We also propose to hire a full-time M&E and Communications work to manage our expanded work in these two key areas, including expanding our social media and media outreach. We will collaborate with GoA-supported programs more strategically, sharing evidence with at least five GoA-supported programs per year, exploring new potential research partnerships, scale-ups, or replications with *Kolaborasi Masyarakat dan Pelayanan untuk Kesejahteraan* (KOMPAK) and *Maju Perempuan Indonesia untuk Penanggulangan Kemiskinan* (MAMPU) partners, or delivering modules on impact evaluation methods in Knowledge Sector Initiative (KSI) trainings, and collaborating with *Menuju Masyarakat Indonesia yang Kokoh Sejahtera* (MAHKOTA) and Australia Indonesia Partnership for Economic Governance (AIPEG) on policy outreach.

Other countries in Southeast Asia: As in the past, we will continue to prioritize and focus our policy work in Indonesia, while opportunistically participating in policy forums to promote evidence-informed policymaking in other countries in the region. For example, in July 2016, J-PAL SEA co-hosted a policy evaluation workshop in Vietnam with the Vietnam Chamber of Commerce and Industry, the National University of Singapore, and the Musim Mas Foundation to promote findings from randomized evaluations in the region. In Sri Lanka, Co-Scientific Director Rema Hanna presented findings from evaluations in Indonesia during a seminar on enhancing social spending to support inclusive growth in Asia. In addition to these occasional outreach activities, J-PAL SEA has also leveraged its relationship with Innovations for Poverty Action (IPA) Philippines to promote impact evaluation and evidence use there. In the fall of 2015, J-PAL SEA and IPA Philippines co-hosted an executive education training in Manila for attendees from the Millennium Challenge Corporation (MCC), researchers active in the region, and Indonesian government representatives from Bappenas and TNP2K. J-PAL SEA is also advising IPA Philippines on conducting a large-scale evaluation of a major youth employment program with the Department of Social Welfare and Development in the Philippines that is supported by J-PAL's Government Partnership Initiative. J-PAL SEA does not plan to expand our permanent presence to a second country in the SEA region, but we will periodically participate in high-level policy outreach to promote the greater use of evidence and impact evaluation in the region.

C. Capacity building: Increase the capacity of Indonesian and regional researchers and policymakers to generate and/or use data and evidence

Summary

In 2018–2021, J-PAL SEA will expand our capacity building work through both *deep* and *broad* capacity building activities, which have different end goals. Our deep capacity building activities include working side-by-side with Indonesian and regional researchers, post-docs, and research staff on randomized evaluations with the goal of building their capacity to conduct high-quality research independent of J-PAL. As part of our deep capacity building activities, we propose to create a full-time J-PAL SEA Post-Doctoral Fellowship position to attract high-quality junior academics in Indonesia to conduct randomized evaluations. We also propose to launch a small research development and capacity building fund for work with LPEM FEB UI to foster greater collaboration between J-PAL SEA and researchers at its host university. Our broad capacity building activities will include training local researchers and practitioners in the basics of impact evaluation, data collection, and using evidence in courses, workshops, and a seminar series. The aim of these activities is to increase participants' use of specific skills and/or evidence that were covered in a course, improve their awareness, knowledge, and perceptions about the usefulness of data and evidence, and in a small number of cases, spark new policy partnerships.

To support these additional activities, we propose to hire our first full-time capacity building staff member, a Senior Training Associate. This will free up more of our policy team's time to share evidence with our partners in government, donor organizations, and private sector to increase its use in policy decisions.

Outputs and Outcomes

Our proposed output for our deep capacity building activities is that Indonesian and regional researchers, post-docs, and research staff work with J-PAL affiliates on randomized evaluations. We will track three indicators for this output: 1) the number of Indonesian and regional co-investigators on J-PAL SEA studies, 2) that one full-time post-doc hired and works with J-PAL affiliated professors on evaluations, and 3) that junior research staff work with J-PAL affiliated professors on evaluations. Our proposed outcome for our deep capacity building activities is that more Indonesian

and regional researchers and practitioners are conducting high-quality policy research on their own. We will track two indicators for this: 1) instances of Indonesian and regional researchers and J-PAL SEA post-docs continuing to conduct high-quality policy research after collaborating with J-PAL or becoming co-authors on working and/or published papers and 2) instances of J-PAL alumni accepted into graduate school and pursuing Masters or PhDs in economics or public policy, or who secure jobs in policymaking.

Our proposed output for our broad capacity building activities is that local researchers and practitioners participate in J-PAL trainings. For this, we will track the number of men, women, and representatives from GoA supported programs who participate in trainings. Our proposed outcome for our broad capacity building activities is that more training participants apply specific skills or knowledge they learned in J-PAL courses in their work. For this, we propose two indicators: 1) the number of men and women who apply specific skills or knowledge they learned in J-PAL courses in their work (i.e. program theory, checklists for quality data collection, ethical research, finding high-quality research online) and 2) instances of training participants who later collaborate with J-PAL on research and/or policy.

Rationale

A cornerstone of J-PAL's work is to build regional capacity to understand and use evaluations, thereby accelerating the growth of the evidence base beyond our network. We have traditionally built local capacity through training courses, seminars, and collaborating on studies. In our review, many stakeholders expressed the need for J-PAL SEA to provide additional capacity building offerings, such as pathways for research staff to access more and more affordable opportunities to complete master's programs. Others were interested in seeing J-PAL SEA expand the topics covered in trainings to include basic program theory, descriptive research and analysis, and using evidence. We also learned from our academic partners that the opportunity cost for Indonesian academics to take a part-time fellowship at J-PAL is too high, and that a full-time position may attract more top candidates. Another important finding from our review is that J-PAL SEA could improve how we articulate our theory of change for capacity building and add more monitoring activities to track whether local researchers and practitioners apply the knowledge and skills they learned in a J-PAL training course. We included a more detailed discussion on these points below and in the M&E section of this proposal.

Activities and Mechanisms

We have two categories of capacity building activities, *deep* and *broad*.

Deep capacity building activities:

In our deep capacity building activities, we aim to build local researchers' capacity to conduct high-quality research and randomized evaluations independent of J-PAL. In our experience, individuals build these capabilities over a longer period through graduate study of quantitative research methods and by conducting high-quality studies alongside people who already have experience conducting them. Below are short descriptions of our deep capacity building activities:

Collaborating with Indonesian and regional researchers on research projects: One of the most effective ways to build individuals' capacity to conduct high-quality research independently is for them to work side-by-side on studies with leading international researchers such as those in J-PAL's network. To date, nine Indonesian researchers have been co-PIs on J-PAL SEA studies that are completed, ongoing, or in development. J-PAL SEA aims to further expand the group of Indonesian researchers conducting randomized evaluations in partnership with us. This will provide the opportunity for them to learn the skills needed to implement and manage a randomized evaluation, including conceptualizing the research question, developing the experimental design and surveys,

conducting interviews, data collection procedures, and data analysis. Importantly, we also build capacity for the next generation: we recruit young, talented Indonesians who are interested in policy, mentor them in how to conduct high-quality research, and then advise and support them as they transition to graduate studies.

In addition, all the data gathered with funding from the GoA will be made publicly available after publication or within two years of the date it was cleaned (whichever is sooner), to facilitate additional research by both local and international academics. All faculty and graduate students who participate in the data collection will have access to all datasets prior to the public release of data. The two-year lag in data release is designed to protect faculty and graduate students who have invested in the study, given the effort that was put into the data collection, to ensure that they are able to develop a dissertation chapter/academic paper based on the data. However, to ensure greater data access, prior to the public data release, academics or think tanks that would like to access the de-identified data can submit a research proposal to the J-PAL SEA PIs. If the PIs determine that the proposal will not compromise the work of those who invested in data collection, access to the data will be granted.

J-PAL SEA Post-Doctoral Fellowship: Between 2012–2016, J-PAL SEA ran a successful part-time senior research fellowship at J-PAL SEA. In total, we had two research fellows, both of whom collaborated with J-PAL affiliated professors on research, and have since continued to conduct impact evaluations on their own. Yet, based on our experience and recommendations from Indonesian academics, the opportunity cost for them to take a fellowship at J-PAL was too high for a part-time salary. We propose to replace the part-time fellowship position with one full-time J-PAL post-doctoral fellowship position for an Indonesian researcher. The goal of this position is to build his/her capacity to conduct high-quality impact evaluations. The post-doc will have either just completed his/her doctoral studies or be a current junior university faculty member in Indonesia. He or she will be chosen through an open, competitive search with a key selection criterion being the potential to lead his/her own randomized evaluations in the future. The J-PAL SEA post-doc will work with our affiliated professors to develop research designs, participate in field activities, conduct data analysis and report writing; in addition to pursuing his/her own research projects. See a draft job description for this position in Annex D.

Research and Capacity Building Fund: As part of our core capacity building activities, we propose creating a small fund for research and capacity building work, including work with LPEM FEB UI to deepen our collaboration with faculty at our host university (approximately USD 52,000 per year). This will include opportunities for J-PAL trainings at UI (approximately USD 7,000 per year), visiting fellow positions for Indonesian academics at international universities where J-PAL affiliated professors are faculty (approximately USD 20,000 per year), and funds for UI professors to develop new research projects in collaboration with J-PAL SEA (approximately USD 21,000 per year). This also includes approximately USD 4,000 per year to send two core staff to undergo training.

Building staff capacity: One of J-PAL SEA's biggest capacity building successes in 2012–2016 was the capacity it built among its own staff. Several staff alumni have gone onto PhD and Master's programs at top international universities, and are expected to return to Indonesia and initiate research in collaboration with J-PAL or independently in their academic positions. Others have transitioned to influential positions within the Indonesian government (Executive Office of the President, Ministry of Education) or GoA programs (MAHKOTA) where they are able to encourage more evidence-informed decision-making. J-PAL SEA will continue to build staff capacity through J-PAL's online courses and by providing coaching and recommendation letters for graduate schools and policy positions. We will also host annual info sessions with representatives from ANU and other top Australian universities and make J-PAL SEA staff aware of the scholarships that are available from GoA and other sources and coach them in the application process.

Broad capacity building activities:

In our broad capacity building activities (trainings, workshops, and seminars), our goal is to increase training participants' use of specific skills and/or evidence they were exposed to in a course; improve their awareness, knowledge, and perceptions about the usefulness of data and evidence; and in a small number of cases, spark new policy partnerships. We do not expect that training participants will be able to conduct randomized evaluations after a short training, but we expect that some of them will apply specific skills and knowledge from the course in their work, such as program theory, checklists for quality data collection and ethical research, and know how to find high-quality evidence online. The skills they use are likely to be the ones which are low-cost, low-effort to implement, and do not require any further approval from their institution to start using them.

Training Courses: J-PAL SEA will host at least two training courses in impact evaluation each year, ranging in length from 2-5 days. Participants will be policymakers, practitioners, and researchers in Indonesia and Southeast Asia who are responsible for designing, implementing, or evaluating social and development policies and programs. While J-PAL's flagship Executive Education course is centered on randomized evaluations, it also imparts insights on the importance of needs assessments, program theory, measuring outcomes effectively, collecting high-quality quantitative data, and ethics in research with human subjects that are useful for all kinds of studies. The course also discusses how randomized evaluations relate to other methodologies, such as pre-post studies, difference-in-differences, and regression discontinuity designs.

In line with the recommendations from our October 2016 review, we will explore combining our training efforts with other organizations, such as UI or KSI, by adding training in impact evaluation to broader efforts to build research and policymaking capacity in Indonesia. For example, J-PAL SEA could explore becoming a KSI partner for trainings on impact evaluation methods and primary data collection for members of its research network. In line with the recommendations from the review, we will also update our training lectures and exercises based on insights from adult learning pedagogy—for example that classes should be task-oriented rather than just memorization-oriented and cover skills that are relevant to the participants' daily work—to make it easier for participants to use specific skills from the course after it ends.[34] We also propose additional monitoring activities to better track this in the M&E section.

Sponsoring Attendance to a J-PAL Executive Education Course: Each year, we will sponsor attendance for one Indonesian candidate to a J-PAL training course abroad at a budgeted cost of USD 5,180. Attendees will be selected from within the government, among academics, and partner organizations. The course is delivered by J-PAL affiliated researchers and training staff, all of whom have extensive experience conducting randomized evaluations of development projects. The trip also allows the participant to have meetings and interact with the broader community of J-PAL affiliated researchers and staff. We have also found that these trainings can sometimes seed important J-PAL SEA policy partnerships. For example, Dr. Rudy S. Prawiradinata, the Director of Poverty Alleviation at Bappenas first came to know J-PAL by participating in our Executive Education course in 2007. We have continued to engage with him on policy since and he is one of J-PAL SEA's champions at Bappenas.

Seminar series: As we did during 2012–2016, we propose to bring top social science researchers from around the world to give academic seminars at LPEM FEB UI or other prominent research and policy forums 1-two times per year. This would include J-PAL affiliates (who are professors at over 40 top universities around the world), and J-PAL executive/research directors from other countries to

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[34] Knowles, Malcolm S., Elwood F. Holton III, and Richard A. Swanson. *The adult learner: The definitive classic in adult education and human resource development*. Routledge, 2014.

provide key insights on challenges during research implementation and policy insights from J-PAL affiliates' studies. The target audience of the talks would be university faculty, students, and key partner organizations.

D. Inclusion: Gender and Marginalized Groups

In line with the GoA's objectives, J-PAL SEA will ensure that our organization as a whole, as well as our research, policy, and capacity building work, is socially inclusive and contributes to the growth of an inclusive society in Indonesia. We will do this in four main ways.

First, we will ensure that the research implemented through J-PAL SEA addresses the concerns and needs of marginalized groups, including women, the disabled, and children, whenever possible. For example, gender empowerment and gender impacts are an important part of the discussion with policymakers when discussing evidence or developing new studies. In addition, when relevant and possible, we will disaggregate analysis in our studies by gender, disability status, and child status, and share these analyses with the GoA to help inform their policy work and strategy in Indonesia. We will also strive to evaluate programs that aim to create a more inclusive society for these groups. To date, J-PAL SEA has already made several important contributions to research on women's rights and economic empowerment through its international migration research project in partnership with BNP2TKI.

In Phase 2, we will build upon this work by implementing a systematic approach in our consideration of new research projects, to analyze each for any potential benefits or costs for marginalized groups. We will prioritize research projects that benefit these marginalized groups and take appropriate actions to ensure that these groups are protected when there is risk of harm. For example, in cases where research projects might affect the rights of children, J-PAL SEA will comply with GoA's Child Protection Policy[35], which we are currently complying with in our J-PAL SEA's evaluation on smoking prevention study. Furthermore, in 2018, J-PAL SEA will work with a gender specialist to create a process for ensuring that full-scale studies funded by the IRF are gender sensitive, produce analysis relevant to women's issues, and prevent unintended consequences for women or other marginalized groups. Once this framework is created, the M&E and Communications Specialist will implement this quality assurance process throughout Phase 2.

Second, we will work to build better capacity among our own staff and partner organizations, including GoA programs, to conduct research and implement programs that appropriately address gender in their research and M&E. For example, J-PAL has developed a new training module for our executive education course focused on measuring women's empowerment and including gender as a crosscutting theme in all our measurement. This training explains the importance of considering gender aspects of a program, even when gender is not an explicit focus, and ways to capture gender dynamics and measure women's empowerment through surveys and other data collection techniques. In phase 2, this module will be incorporated into relevant trainings delivered by J-PAL SEA. We would also be happy to explore hosting a short workshop on gender measurement for GoA supported programs, including other GoA programs such as MAMPU and MAHKOTA.

Third, we will work to ensure that marginalized groups are well represented in all of J-PAL SEA's outreach activities in order to ensure that they are part of the policy conversation. For example, as appropriate, we extend invitations to representatives of underrepresented groups to be both

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[35] Government of Australia. "Child Protection Policy 2017." Updated 23 January 2017. Access 9 February 2017. http://dfat.gov.au/about-us/publications/Pages/child-protection-policy.aspx

participants and speakers at our trainings and events, and market these opportunities through channels that target these groups, such as women's professional associations. We will also explore opportunities to convene events focused specifically on gender issues; we would be excited to explore such collaborations with other GoA's grantees with similar aims.

Finally, our HR policies reflect the highest standards of social inclusion and equality opportunities for disabled staff members' needs. J-PAL is an equal opportunity employer to all regardless of race, ethnicity, religion or belief, national origin, ancestry, gender, class, marital status, disability, and religious or political leanings. This enduring commitment to inclusion is reflected in the rich diversity of our female-majority team, which includes staff from Western and Eastern Indonesia, as well as members of racial and religious minorities. We have and will continue to prioritize having women prominently represented in management, leadership, and researcher positions at J-PAL SEA, which

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J-PAL SEA 2016 Snapshot: Gender Equality

Gender equality is a core principle that underlies J-PAL SEA's studies, capacity building activities, employment, leadership, and mentoring.

Generating Knowledge that Benefits Women: Three ongoing J-PAL SEA studies tackle issues of gender equality and women empowerment: the International Migration study, which explores the role of information in empowering female migrant workers; Transparency for Development (T4D) study, which addresses maternal and child health issues; and the Branchless Banking study, which explores the empowerment of female entrepreneurs.

Supporting Female Academics: About half of the PIs involved in J-PAL SEA's studies are women; of the Indonesian PIs, 44 percent (four out of nine) are women. This helps ensure that the studies we work on are topics that women care about, and that gender is part of the discussion with the policymakers we work with.

Identifying partners who value women in the workforce: J-PAL SEA's contractors and counterparts also reflect a gender-balanced workforce. Of the many people working on J-PAL SEA research projects in various capacities, more than 50 percent are women. This consists of both management and field-level workers, including facilitators, enumerators, field agents, technical assistants, field coordinators, supervisors and government officials.

Equal opportunity workplace: At J-PAL SEA, women comprise more than two-thirds of the workforce, including executive and middle management. Importantly, one of our two Scientific Directors and our Executive director are both female and strive for setting an example of female leadership. Mentoring young women, in particular, through our office helps increase the number of women who aim to enter the government and/or further their education in masters programs.

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helps ensure that gender issues are at the forefront of our research and policy initiatives.

E. Collaboration with GoA-supported Programs

One of J-PAL SEA's broader goals for 2018–2021 is to collaborate more systematically with other GoA supported programs to build on and enhance their efforts to improve policymaking using high-quality research and analysis in Indonesia. During the October 2016 review, several GoA-supported programs emphasized that J-PAL SEA has provided valuable insights into program design based on a deep knowledge of the Indonesian context and results from their studies. However, they also emphasized that, to date, collaboration has been project-based and opportunistic.

In line with the recommendations from the review, J-PAL SEA proposes to collaborate with GoA-supported programs more strategically and systematically. Specifically, based on interests identified during the review, J-PAL SEA will share evidence from relevant sectors with GoA-supported programs, explore new potential research partnerships, scale-ups, or replications with KOMPAK and MAMPU partners in Indonesia, and collaborate with MAHKOTA and AIPEG on policy outreach. For example, leveraging KOMPAK's robust presence across provinces, we would be excited to work together to identify potential research projects at the sub-national level on topics such as village governance or bring in key local partners of theirs to participate in evidence sharing discussions through workshops or trainings. We could also explore co-hosting and co-funding policy outreach events when possible.

We are also excited to explore more opportunities to collaborate with and complement KSI's broad goals of building up the Indonesian knowledge sector by contributing our expertise in randomized impact evaluations. We are particularly interested to explore ways to collaborate on capacity building, through delivering joint trainings or contributing training modules on impact evaluation and/or gender measurement (mentioned above) to KSI's broader capacity building efforts. Given KSI's extensive network of partnerships with policymakers, in Phase 2, we would also like to identify ways to amplify our own research dissemination efforts by leveraging our respective networks. This could take the form of joint events and policy workshops that convene stakeholders across the knowledge and research sector in Indonesia.

To ensure our outreach is more systematic, we propose to add several output indicators related to collaboration with GoA-supported programs to our theory of change: including that we meet with GoA-supported programs at least five times annually, that at least five staff from GoA-supported programs participate in J-PAL SEA trainings or workshops each year, and that we will launch at least one new research, policy, or capacity building partnership with a GoA-supported program by 2021.

F. Visibility of GoA Support

We will ensure the visibility of GoA support in several ways. We will continue to feature GoA support at public events and presentations, as we have done in the past. As in Phase 1, we will invite GoA officials to speak at our major policy conferences and provide opportunities for them to engage with GoI officials. For example, Peter Baxter, then-Director General of AusAID, spoke about Australia's support of J-PAL SEA during the office's launch celebration in June 2013. Before the event began, he met with then-President Yudhoyono and other senior officials present at the launch. In January 2016, Fleur Davies, DFAT Minister Counsellor, Governance & Human Development, delivered opening remarks at J-PAL SEA's Conference on Social Protection, which also afforded opportunities to meet Dr. Sofyan Djalil, then-Minister of Bappenas; Dr. Bambang Widianto, Executive Secretary of TNP2K; and Dr. Andi Dulung, the Director General of Social Protection and Security, Ministry of Social Affairs. We will also continue to invite GoA representatives to policy workshops about J-PAL SEA research. For example, in January 2016, GoA officials from DFAT participated in an invitation-only policy workshop for government officials from several ministries hosted by Bappenas to discuss the preliminary results of J-PAL SEA's evaluation on interventions to increase enrollment and payment in the national health insurance scheme JKN. We will also ensure that the GoA support is visible in all of our printed and online materials according to the requirements laid out in our grant agreement and the GoA brand rules.

In Phase 2, we will also keep GoA more regularly informed about any exciting activities in which GoA staff could play a role, including field visits to our research projects and meetings with senior officials in the Indonesian government. J-PAL SEA will communicate these opportunities to our program manager at DFAT on a monthly basis and give as much advance notice of upcoming meetings as possible. When feasible, we will invite a GoA representative to participate in relevant meetings that the J-PAL SEA Scientific Directors are having with GoI officials during their periodic visits to Jakarta. If we host any events in other countries in the SEA region that have a GoA office, we will invite the relevant GoA representatives in that country to participate.

V. Implementation Plan

A. Management and Governance Structure

Internal J-PAL SEA Governance

The chart in Annex B describes the overall organization of the J-PAL SEA office.

The **Executive Director** oversees the activities of J-PAL SEA, establishes relationships with prospective partners and policymakers, and provides high-level strategic guidance and oversight for J-PAL SEA's research portfolio. Although the core funding for day-to-day operations will be channeled through the local academic partner, the Executive Director retains complete control over the funding decisions, subject to the approval of the Scientific Directors. In addition to reporting to J-PAL Global's Directors and the Scientific Directors, the Executive Director will inform the head of J-PAL Southeast Asia's local university partner, LPEM FEB UI. Executive Directors of J-PAL SEA are appointed by the J-PAL Global Executive Committee, after having been nominated by the J-PAL Southeast Asia Scientific Directors. Lina Marliani is the Executive Director of J-PAL SEA.

The **Deputy Director** supports the Executive Director in overseeing J-PAL SEA's activities, establishing relationships with prospective partners and policymakers, and leads J-PAL SEA's policy and training teams and activities. The Deputy Director reports to the Executive Director and Scientific Directors.

The **Scientific Directors** (Professors Benjamin Olken and Rema Hanna) provide intellectual leadership and oversight for the entire office, help develop new opportunities for research, identify and mentor junior academics working in the region with high promise as researchers, and build and strengthen partnerships with government bodies in Indonesia. The Scientific Directors also help assure and oversee the scientific integrity and quality of the studies conducted in collaboration with J-PAL SEA. They have final authority over budgetary decisions regarding the use of core project funds, and final decision-making authority over all hiring decisions. In addition to providing oversight and strategic guidance on J-PAL SEA's major research and policy engagements on a weekly and often daily basis, they make several trips to Indonesia each year and spend significant time in-country conducting research and high-level policy outreach. Both have been committed to improving the research and policy landscape in Indonesia for over ten years and will continue to remain actively engaged in J-PALSEA over the course of this engagement and beyond.

J-PAL affiliated professors currently working in Indonesia will continue to take an active role in both designing studies, as well as engaging with local policymakers and academics. In addition, J-PAL SEA is a focal point to encourage and support greater involvement in Indonesia by J-PAL affiliates who have not worked in the region. This is achieved, for example, by inviting J-PAL affiliates to participate in local seminar series and training programs. Core funding will also be provided by J-PAL SEA to encourage J-PAL affiliated professors to travel to Indonesia to explore and develop potential research projects.

The **Senior Finance and Administration Manager** oversees administrative and financial matters with the support of the **Finance Associate** and **Administrative Associate**.

The **Senior Research Manager** oversees several J-PAL SEA research projects. He will work closely with the **Data Manager** on data gathering, management, and analysis, and with the **Research Manager**, **Senior Research Associate** and **Research Associate** to implement several J-PAL SEA research projects.

The **Scientific Advisor** advises the **Executive Director** and **Senior Research Manager** on how best to integrate and execute the research in the Indonesian context, as well as liaises with other Indonesian research and policy institutions. The Scientific Advisor informs the head of J-PAL Southeast Asia's local university partner.

The **Directors of J-PAL Global** give J-PAL SEA guidance on important policy questions, and help the Executive Director and Scientific Directors establish relationships with prospective partners and policymakers. As with all other J-PAL offices worldwide, to ensure the highest standard of technical expertise, research, and academics, only the Executive Committee of J-PAL's Global Board of Directors will have the exclusive prerogative to select J-PAL affiliated faculty, and J-PAL SEA's research must involve at least one J-PAL affiliated professor as a PI. See Annex A for a full description of J-PAL.

The **J-PAL Global Policy Group** assists J-PAL SEA in compiling lessons from the latest research, both to inform upcoming research and to disseminate knowledge to stakeholders in Indonesia. See Annex A for a full description of J-PAL.

The **Policy Manager, Senior Policy Associate,** and **Policy Associate** work closely with the Scientific Directors and the J-PAL Global Policy Group to disseminate knowledge and lessons learned to stakeholders in Indonesia, respond to policymakers' requests for evidence, and provide technical advice on scaling-up effective programs. With the J-PAL Global Policy Group, for instance, the policy team can publish summaries of individual studies, evidence reviews of multiple studies, and comparative cost-effectiveness analyses of different interventions around the same policy objective. These findings can then be used in outreach to government counterparts, presented in conferences, and referenced in working with policymakers to scale-up successful programs.

The **M&E and Communications Specialist** will manage all of J-PAL SEA's M&E activities, including building and improving systems to collect data on and track our performance against our GoA outputs, outcomes, investment criteria, and PAF indicators, coordinating across teams to collect these data on a regular basis, and writing reports summarizing our performance for GoA. He/she will also manage J-PAL SEA's social media, media, and other communications activities, including supporting grant proposal and report writing. He/she will report to the Deputy Director.

The **Senior Training Associate** coordinates and develops content for J-PAL SEA's Executive Education and custom training courses and supports all of J-PAL SEA's capacity building activities. He/she will report to the Deputy Director.

GoA-J-PAL SEA Governance and Cooperation

Cooperation between J-PAL SEA and GoA will be governed by the roles, responsibilities, and terms defined in the official investment agreement. J-PAL SEA's primary responsibilities will include managing and ensuring the successful implementation of the activities described in the **Program Description,** tracking and reporting performance to GoA in line with GoA's Standards for M&E[36] , and maintaining strong financial management systems to ensure effective stewardship of GoA funds.

The Government of Australia's Department of Foreign Affairs and Trade's (GoA DFAT's) roles include providing high-level strategic guidance to J-PAL SEA and monitoring our performance over

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[36] Government of Australia Department of Foreign Affairs and Trade (DFAT). "DFAT monitoring and evaluation standards.""DFAT Monitoring & Evaluation Standards." Updated 22 December 2016. Accessed 9 February 2017. Link: http://dfat.gov.au/about-us/publications/Pages/dfat-monitoring-and-evaluation-standards.aspx

the life cycle of the investment according to the official investment agreement and GoA's Standards for M&E. GoA will also help facilitate introductions and collaborations between J-PAL SEA and other GoA-funded programs.

J-PAL SEA staff, including the Executive Director, Deputy Director, and M&E and Communications Specialist, will meet and communicate regularly with our program officers at GoA. The Scientific Directors will meet with GoA during their periodic visits to Jakarta.

To ensure the visibility of GoA support, GoA will also be invited to participate in all J-PAL SEA policy conferences, workshops, and research seminars, and speak at large policy conferences, where they will also have the opportunity to meet with GoI officials. If we host any events in other countries in the SEA region that have a GoA office, J-PAL SEA will invite the relevant GoA representatives in that country to participate. We will also ensure that the GoA support is visible in all of our printed and online materials according to the requirements laid out in our grant agreement and the GoA brand rules.

J-PAL SEA will keep our program officers at GoA regularly informed about any upcoming activities in which GoA staff could play a role, including field visits to our research projects and meetings with GoI officials when feasible and relevant, particularly during visits by J-PAL SEA's Scientific Directors. The J-PAL SEA team will help organize field visits to research projects that GoA is interested in attending.

As discussed in the **Guiding Principles to Identify and Agree on Research** Topics section below, GoA will participate in the project approval process for the main set of full-project research funds. Only research project topics that are approved by both GoA and J-PAL SEA can receive full-project funding from the IRF.

B. Implementation Plan

Office housed within the local university partner. J-PAL SEA, modeling on other J-PAL offices, is housed within the premises of our local university partner. The **local university partner**, the **Institute for Economic and Social Research in the Faculty of Economics and Business** at the **University of Indonesia** LPEM FEB UI supports J-PAL SEA's activities by providing office space and financial management of core funding, as well as providing links to the local research community to identify promising faculty members and students throughout Indonesia who can get involved in research projects. They will also co-host research seminars with J-PAL Southeast Asia. The local partnership will be reviewed annually by J-PAL and the choice of local partner is subject to be changed by J-PAL if J-PAL deems it necessary.

How activities are funded. All funding granted to J-PAL SEA by GoA will be received by the MIT. At their receipt, the funds will be earmarked as **core funding** or **research funding**. The research funding will finance large-scale studies, with topics agreed upon by both J-PAL SEA and GoA

1. The **core funding** will finance personnel, equipment, training, policy outreach activities of J-PAL SEA Scientific Directors and staff, other day-to-day operations, and pilot programs. Management of the core funding will be subcontracted to the local university partner, and this subcontract will be renewed on a yearly basis. J-PAL SEA staff will thus be hired as the staff of the local university partner, but the Executive Director, Scientific Directors, and J-PAL Global will have the sole prerogative to make all hiring decisions to ensure that J-PAL SEA's core research, policy outreach and capacity building activities are fully realized in line with the Program Description.

2. The **research funding** will finance large-scale studies, with topics both J-PAL SEA and GoA have approved (for guiding principles to identify for research topics, see the **Guiding**

Principles to Identify and Agree on Research Topics section). Unlike the core funding, the research funding may be subcontracted directly from MIT to survey firms, facilitator firms, or other subcontractors as deemed appropriate by the project, and may or may not be subcontracted through the local university partner.

J-PAL SEA's Activities. The J-PAL SEA team will conduct activities including but not limited to those described in the **Program Description** section. To track progress, J-PAL will submit timely and complete reports that are aligned with GoA's reporting requirements and Standards for Monitoring and Evaluation. We will also implement a comprehensive monitoring and evaluation framework that will be finalized within the first six months of Phase 2, as described in Section C below.

Guiding Principles to Identify and Agree on Research Topics. Funds for J-PAL SEA earmarked as research funding is reserved for large-scale studies that fulfill the following guiding principles:

1. **Research topics.** The research topic in question must receive approval by both J-PAL SEA and GoA, with appropriate consultations by GoA with the GoI if necessary. The J-PAL Executive Board will convene a review committee (consisting of at least one of the J-PAL SEA's Scientific Directors) who will determine whether a proposed topic is approved by J-PAL. As necessary, J-PAL SEA can elicit peer review comments from the J-PAL network that would go into the decision-making process.

2. **Government or local counterpart buy-in**. The research should engage policy counterparts in the planning and implementation stages of the research. This may include, for example, government ministries, local non-profit organizations, and banking institutions focused on social lending depending on the project topic. The level of engagement is expected to vary on a case-by-case basis: in some projects, J-PAL SEA has engaged with government counterparts extensively in implementing study treatments, but this may not be applicable in other projects.

3. **Engagement from J-PAL's PIs**. At least one PI of any full-scale study conducted by J-PAL SEA must be a J-PAL affiliated professor. To ensure the highest quality standard, only the J-PAL Global Executive Committee has the exclusive prerogative to select J-PAL affiliated professors.

C. Proposed Plan to Develop Monitoring & Evaluation Framework

M&E Framework Development: J-PAL SEA will hire an M&E consultant to help develop its final M&E framework in line with DFAT M&E Standards in collaboration with J-PAL SEA staff, Scientific Directors, and GoA program officers and M&E advisors in the first six months of the proposed program. If GoA approves, J-PAL SEA may also hire the consultant in 2017 to expedite this process. The main goals are to create an M&E framework that is:

1. Aligned with DFAT Standards for Monitoring & Evaluation[37],
2. Outcomes-based rather than outputs-based,
3. Designed to help J-PAL SEA learn and improve its strategy and effectiveness in addition to accountability to GoA,
4. Practical and feasible to implement given J-PAL SEA's size and M&E capacity.

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[37] Government of Australia Department of Foreign Affairs and Trade (DFAT). "DFAT Monitoring & Evaluation Standards." Updated 22 December 2016. Accessed 9 February 2017. Link: http://dfat.gov.au/about-us/publications/Pages/dfat-monitoring-and-evaluation-standards.aspx

M&E Framework Approval and Components: J-PAL SEA senior management, Scientific Directors, and GoA must approve the final M&E framework by December 2017 so that it can go into effect at the start of Phase 2 program implementation on January 1, 2018. The final M&E framework must include:

1. J-PAL SEA's theory of change,
2. J-PAL SEA's logical framework, including final outcome and output indicators,
3. Priority monitoring questions,
4. Monitoring activities, methods, and data sources,
5. Proposed knowledge management infrastructure and systems for monitoring,
6. Initial recommendations for priority evaluation questions and indicators,
7. Initial recommendations for evaluation activities, methods, and data sources,
8. Final PAF 2.0 indicators to report against,
9. Recommendations for methods for collecting data on PAF 2.0 indicators,
10. Final reporting templates for GoA including for semiannual reports, PAFs, AQCs, and APPR,
11. Recommendations for ongoing M&E personnel needs.

M&E activities 2018-2021: The activities described below are J-PAL SEA's initial ideas for M&E activities. An M&E consultant, in collaboration with J-PAL SEA and GoA, will develop the final and more detailed activities in 2017 as part of the M&E framework development described above.

1. **Monitoring** refers to J-PAL SEA's regular and systematic collection of data on output and outcome indicators defined in our logical framework. The two main goals of monitoring are accountability to GoA and J-PAL SEA's internal learning and improvement. We will conduct monitoring activities on a semi-annual basis and report on our performance on monitoring indicators in our semi-annual reports. We expect that after we finalize our M&E framework, J-PAL SEA will be responsible for data collection and reporting related to monitoring. Therefore, we want to ensure that our monitoring activities are proportional and feasible for J-PAL SEA's one-person M&E team to manage. Our monitoring system must also account for and be built to address the fact that policy change is often sporadic and infrequent, and it is possible that no new policy changes will occur within a given six-month period.

2. **Evaluation** refers to the infrequent, systematic, and objective assessment of J-PAL SEA's contribution to its intended outcomes related to policy influence and capacity building. The main goal is to assess J-PAL SEA's effectiveness and generate knowledge about the factors or conditions that are important for policy change and capacity to be built. The final product will be a partner-led review report submitted to GoA. To ensure that there is enough time for these outcomes to materialize, we propose that the review take place in 2021. In 2017, the M&E consultant will make initial recommendations for review questions and activities, but J-PAL SEA's M&E and Communications Specialist and GoA counterparts will agree on the final methods and activities in the second half of 2020 and both GoA and J-PAL SEA Scientific Directors must approve the review plan.

Draft monitoring questions on policy influence: Drawing on the Overseas Development Institute (ODI) Methods Lab's 2016 guide, "How to Design a Monitoring and Evaluation Framework for a Policy Research Project,"[38] J-PAL SEA drafted a list of initial ideas for priority monitoring questions following their six monitoring and evaluation areas for policy research

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[38] Pasanen, Tiina and Louise Shaxson. "How to Design a Monitoring and Evaluation Framework for a Policy Research Project." Overseas Development Institute Working Paper. February 2016. https://www.odi.org/publications/10284-design-monitoring-evaluation-framework-policy-research-project

below. An M&E consultant, in collaboration with J-PAL SEA and GoA, will help determine the final more detailed list of monitoring questions in 2017 as part of J-PAL SEA's M&E framework.

1. Strategy and Direction:

    a. Are J-PAL SEA studies and policy outreach activities demand-driven? Are they focusing on policy problems that are important to GoI and GoA?

    b. Are the interventions J-PAL SEA is evaluating likely to contribute knowledge about effective strategies for inclusive growth, human capital and employment, domestic resource mobilization, and inclusion through effective governance?

2. Management and governance:

    a. Are quality deliverables and outputs being produced in line with program timelines? Are researchers conducting adequate pilot and qualitative research as part of each J-PAL SEA research project?

    b. Is the program providing value for money and sound financial management?

3. Outputs:

    a. Are J-PAL SEA's outputs answering GoI priority questions in inclusive growth, human capital and employment, domestic resource mobilization, and inclusion through effective governance?

    b. Are J-PAL SEA's outputs reaching decision-makers or media outlets who can influence the policy debate or decision-making process?

4. Uptake

    a. Where, how, and by who is J-PAL SEA research being cited, referenced, downloaded, and shared?

    b. What is the initial feedback from government partners about the usefulness or potential policy influence of our research?

5. Outcomes and Impacts:

    a. When and how have government partners used J-PAL research to inform a policy debate or decision? What was J-PAL's contribution to this change?

    b. In cases where evidence was used, what is the projected benefit of the policy change in terms of GoI and GoA development objectives?

    c. What messaging or outreach techniques convinced key decision-makers?

6. Context:

    a. What policy windows and political constraints exist for a given J-PAL SEA study? Who are the main decision-makers and what are their agendas and motivations?

    b. What political, economic, or organizational changes are taking place and will they affect the J-PAL SEA's research plans and activities?

Draft monitoring questions on capacity building: Below are our initial ideas for priority monitoring questions related to capacity building. As our deep and broad capacity building efforts have different theories of change (see Section IV.C), each category has one priority monitoring question for our deep and broad approaches. An M&E consultant, in collaboration with J-PAL SEA and GoA, will determine the final more detailed list of monitoring questions in 2017 as part of J-PAL SEA's M&E framework.

1. Strategy and Direction:

a. Are J-PAL's recruitment strategies for high-quality post-docs and research staff effective and how could they be improved? Are we missing any opportunities to collaborate with more Indonesian co-authors?

b. Are we targeting and reaching participants who have the power and incentives to apply the knowledge and tools from J-PAL training courses in their work?

2. Management and governance:

a. Are quality capacity building deliverables and outputs being produced in line with program timelines?

b. Are we adequately leveraging partners' networks in the knowledge sector to increase the reach of our trainings (i.e. KSI)?

3. Outputs:

a. Are hired post-docs and research staff collaborating with J-PAL affiliated professors on randomized evaluations? Are more Indonesians co-PIs on research projects?

b. What is the feedback from training participants about the quality and usefulness of J-PAL SEA trainings?

4. Uptake

a. How have post-docs', research staff's, and Indonesian co-PIs' knowledge and capabilities related to research and impact evaluation changed?

b. Has training participants' knowledge about M&E, impact evaluation, or using evidence increased?

5. Outcomes and Impacts:

a. Do J-PAL staff continue onto graduate studies in economics/public policy or positions in the Indonesian government?

b. Are more Indonesians co-authors on papers with J-PAL affiliated professors? Do they continue to generate or use evidence independent of J-PAL?

c. Do training participants apply any tools and knowledge from J-PAL SEA training courses and which ones have they used most often? Do training participants take free online courses from J-PAL?

Draft priority questions on policy influence and capacity building for partner-led review. Drawing on ODI's M&E framework for policy research projects[39], below are our initial ideas for the 2021 review of J-PAL SEA's effectiveness. J-PAL SEA and GoA will revisit and finalize the final questions and methods for the review in 2020.

1. Policy Influence:

a. What is the likely impact of the policy decisions informed by J-PAL SEA research and do the returns exceed the cost of J-PAL SEA's research and policy outreach activities?

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[39] Pasanen, Tiina and Louise Shaxson. "How to Design a Monitoring and Evaluation Framework for a Policy Research Project." Overseas Development Institute Working Paper. February 2016. https://www.odi.org/publications/10284-design-monitoring-evaluation-framework-policy-research-project

b. How and to what extent did J-PAL SEA contribute to these policy decisions?

c. In the cases where J-PAL SEA research was used for decision-making, what conditions or factors were most important for translating research into policy?

d. Have J-PAL's government partners continued to seek out and use evidence independent of their work with J-PAL?

2. Capacity building:

a. Do J-PAL SEA's Indonesian co-authors, post-docs, and research staff have increased capacity to conduct high quality and rigorous impact evaluations independent of J-PAL?

b. Do they continue to conduct this type of research or use findings from this type of research after they stop working with J-PAL?

c. Do participants in J-PAL SEA's training courses apply any of the tools or knowledge from the course in their work? If so, which ones? Do they perceive evidence-informed decision-making to be important?

We think it will be promising to explore using qualitative and non-experimental quantitative methods in the review to assess J-PAL SEA's contribution to policy debates and decisions and capacity built. Based on a preliminary review of the many methods available, we are interested in exploring outcome harvesting or a case study approach to review J-PAL SEA's contribution to policy change. Outcome harvesting is a qualitative method of inquiry that starts from a given example of a policy change and uses interviews with key stakeholders and document and determine the extent to which a given research project likely contributed to that change. The case study method is similar, but would place greater emphasis on exemplary cases and analysis of the factors or conditions that led to research being used in policy. In terms of capacity building, in addition to conducting follow-up interviews with Indonesian co-authors and current and former research staff, we would be interested in exploring a tracer study with former training participants to assess whether and how they have applied the knowledge and skills covered in J-PAL training courses.

1. Draft Logical Framework (To be revised and finalized with M&E consultant and GoA)

Goal	Outcomes	Outputs	Potential Data Sources	Assumptions
Strengthen evidence-informed policymaking within government, donor, and private sector partners in Indonesia	1. Rigorous evidence is used in policy debates and analyses **Indicator 1:** Instances of government, donors, and private sector partners using evidence to inform policy debates and analyses and evidence of how J-PAL SEA contributed 2. More policies and programs designed or modified based on rigorous scientific evidence **Indicator 1:** Instances of government, donors, and private sector partners designing or modifying programs or enhancing government revenue or spending based on evidence, evidence of how J-PAL contributed **Indicator 2:** Number of poor or marginalized people with access to more effective programs and policies and/or amount of government funding saved or raised **Indicator 3:** Instances of governments, donors, and firms requesting, considering, and/or using evidence in policy debates and decisions on their own	1. Identify key policy questions and generate evidence on them: **Indicator 1:** Conduct 4-5 full-scale randomized evaluations in partnership with policymakers in Indonesia, at least 1 with a private sector partner **Indicator 2:** Collaborate with at least 2 new government partners and 1 GoA-supported program on research, policy, or training 2. Synthesize and provide evidence on key policy questions **Indicator 1:** Provide evidence in at least 25 meetings with policymakers per year, 5 with GoA-supported programs **Indicator 2:** Provide evidence in 1 project-specific policy workshop each year, and 1 policy conference every other year	**Outputs:** 1. J-PAL SEA research project and meeting trackers 2. Pilot research reports 3. Full-scale study reports and academic papers 4. Conference and workshop materials **Outcomes:** 1. Semi-annual review of any documents, emails, formal letters, meeting transcripts, public statements by GoI officials and other partners that cite J-PAL research or acknowledge J-PAL SEA's contribution to a policy debate or change 2. Government projections of how many people gain access to more effective programs as a result of a policy decision. Estimates of revenue saved/raised as a result of the decision 3. Short annual interviews with a small subset of partners to investigate how they use evidence outside of their collaboration with J-PAL 4. Outcome harvesting and stakeholder interviews during partner-led review	J-PAL SEA conducts research in partnership with policymakers who have the ability, authority, and willingness to use evidence in policy debates and decisions Project development meetings lead to research opportunities with policymakers Some pilot studies can be developed into full-scale studies, partner buy-in and ownership of research throughout the life cycle of a study J-PAL SEA is able to present results and policy implications to those with authority and ability to make a decision, champions within the organization advocate for evidence use Evidence is sufficiently contextualized for Indonesia, J-PAL is able to provide salient evidence before the policy window closes In some cases, governments will consider evidence and in some cases (likely fewer), governments will use it to inform a decision or scale-up If governments, donors, and firms partner with J-PAL on research and use the resulting evidence, they may be more likely to request, consider, and use evidence in the future

Goal	Outcomes	Outputs	Potential Data Sources	Assumptions
Increase the capacity of Indonesian and regional researchers and policymakers to generate and/or use data and evidence	1. More Indonesian and regional researchers and practitioners conducting high quality policy research **Indicator 1:** Instances of Indonesian and regional researchers and J-PAL SEA post-docs continuing to conduct high-quality policy research after collaborating with J-PAL or becoming co-authors on working and/or published papers **Indicator 2:** Instances of J-PAL alumni accepted into graduate school and pursuing Masters or PhDs in economics or public policy, or who secure jobs in policymaking 2. More training participants apply specific skills or knowledge they learned in J-PAL courses in their work **Indicator 1:** Number of men and women who apply specific skills or knowledge they learned in J-PAL courses in their work (i.e. program theory, checklists for quality data collection, ethical research, finding high-quality research online) **Indicator 2:** Instances of training participants who later collaborate with J-PAL on research and/or policy	1. Indonesian and regional researchers, post-docs, and research staff work with J-PAL affiliates on randomized evaluations. **Indicator 1:** Number of Indonesian and regional co-investigators **Indicator 2:** 1 full-time post-doc hired and works with J-PAL affiliated professors on evaluations **Indicator 3**: Junior research staff work with J-PAL affiliated professors on evaluations 2. Local researchers and practitioners participate in J-PAL Executive Education course **Indicator 1:** Number of men, women, and representatives from GoA supported programs who participate in trainings	**Outputs:** 1. J-PAL SEA research project tracker, which includes data on PIs, post-docs, and staff working on J-PAL SEA studies 2. Pilot research reports 2. Training course content and participant lists **Outcomes:** 1. Short annual interviews with a subset of current and former Indonesian co-authors about their research outside J-PAL 2. Full-scale study reports and academic papers 3. Emails or documents from staff indicating acceptance in to graduate school or a policy position 4. Interviews with co-authors, post-docs, and former staff during partner-led review 5. Training course pre and post knowledge assessment 6. Follow-up interviews with a small set of course participants–or-tracer study of past training participants 7. Documents showing further collaboration with J-PAL after a course	J-PAL SEA recruits and hires high-quality post-docs and research staff More Indonesian and regional research will collaborate with J-PAL SEA on research projects J-PAL training courses and workshops attract participants who will be able to apply some of the knowledge and skills learned during the course in their work after the course Conducting a randomized evaluation in collaboration with J-PAL SEA equips Indonesian and regional researchers and post-docs with the knowledge and skills to conduct high-quality quantitative research independently J-PAL SEA staff apply to graduate school or policy positions Training participants have the willingness, authority, and resources to apply some of the specific skills they learned in their work after the course A small subset of training participants may later collaborate with J-PAL on research or policy

M&E personnel needs 2018-2021. Based on the M&E activities proposed above, J-PAL SEA projects the following personnel needs:

1. **Temporary M&E consultant 2017:** To finalize J-PAL SEA's M&E framework, we estimate that we will require temporary M&E consulting services for about 6 months total.

2. **Full-time M&E and Communications Specialist 2018-2021:** J-PAL SEA proposes to hire one full-time M&E and Communications Specialist to manage all of our M&E activities and support our expanding communications and policy work. Based on our experience in 2016, we will need at least 50 percent of a manager's time to complete our GoA M&E and reporting requirements. In 2016, J-PAL SEA and Global policy staff spent more than the equivalent of one year of a full-time manager's time working on just M&E and reporting activities for GoA. Given that we are ramping up and overhauling our M&E activities, we expect that this workload will likely increase, which is why we think it is critical to have a permanent M&E position. This person will spend at least half of his/her time on M&E and support communications and policy work in the remaining time. In terms of M&E, this person will be responsible for:

   a. Serving as the lead J-PAL point person working with the M&E consultant to create J-PAL SEA's final M&E framework

   b. Building knowledge management systems and coordinating across J-PAL teams to regularly and systematically enter data about all input, output, and uptake indicators

   c. Conducting regular monitoring activities (including interviews with key partners, stakeholders, and training participants) to monitor progress on uptake and outcome indicators

   d. Writing high-quality, complete, and timely semi-annual reports, PAFs, and AQCs for GoA. Completing any revisions as requested by GoA.

   e. Analyzing findings from monitoring activities and making recommendations for feeding lessons into J-PAL SEA strategy

   f. Responding to any other GoA requests for information about J-PAL SEA's activities and performance (i.e. stories from the field)

   g. Serving as the J-PAL point person for a partner-led review

Reporting: J-PAL SEA will report against its final M&E Framework in semiannual progress reports, which will include updates on GoA investment quality criteria and summaries of progress against Performance Assessment Framework (PAF) indicators. GoA will determine the extent to which M&E requirements are met through its annual aid quality check and partnership performance assessment.

J-PAL SEA will also participate in GoA's core monitoring processes, which include semi-annual progress reports and progress against Performance Assessment Framework (PAF) indicators. GoA may commission an External Partner-led Review to assess J-PAL SEA's performance in 2021.

Research Project Monitoring: J-PAL SEA tracks the progress of studies using its project tracking mechanism which contains information on the type of interventions involved, PIs and responsible staff, partner organization(s), the budget, funding sources, a short project description, the study's policy relevance, and the current status of each study and next steps. Research staff at J-PAL SEA will be responsible for maintaining current information on all studies implemented. The tracker will be the basis of semi-annual reporting of project status to GoA, supplemented as needed with additional information from J-PAL SEA staff.

End of project Outputs and Evaluation: For studies that do not move beyond the pilot stage, the final output will be a project report detailing what we learned and why the project did not move forward. For projects that move beyond the pilot stage and into implementation, the end goals are: an

academic paper submitted to a high quality, peer-reviewed journal; policy publications or reports that provide the findings in easy to understand language; and presentations at both academic conferences and policy venues to disseminate the findings. Due to the time it takes to write academic papers and long publication lags, these papers may not reach the publication stage during the 4-year grant window.

Our primary monitoring activity for our research will be monitoring the policy influence of each J-PAL SEA research project. We will develop our final monitoring plan for this in collaboration with an M&E consultant in 2017. We have included our draft potential monitoring questions in paragraph 4 of this section and listed potential data sources in our draft log frame. The data sources could include:

1. A semi-annual review of any documents, emails, letters, meeting transcripts, public statements by GoI officials and other partners that cite J-PAL research or acknowledge J-PAL SEA's contribution to a policy debate or change,

2. Government projections of how many people gain access to more effective programs as a result of a policy decision. Estimates of revenue saved/raised as a result of the decision

3. Short annual interviews with a small subset of partners to investigate how they use evidence outside of their collaboration with J-PAL

4. Outcome harvesting, case studies, and stakeholder interviews during partner-led review

Monitoring Activities for Training Courses: We will collect data on some of our output indicators for our training courses through a feedback survey and a quiz. Participants will be randomly divided to receive two versions of a quiz, one version at the beginning of the course, and the other version at the end of the training. The score on the pre-course quiz will provide an idea of participant knowledge prior to training, while the difference in test scores will identify areas that showed the most improvement and hence, were taught effectively. To elicit participant feedback, we will circulate a goal sheet both before the course, asking what participants hope to learn, and after the course, asking what they learned the most about from the course. As previously described, J-PAL SEA will also conduct more frequent follow-up surveys and/or interviews with its training alumni to gauge whether they are using knowledge and tools from the course in their work. We will also explore using tracer studies with former training participants to better track how they are applying the knowledge and skills they learned in J-PAL courses. Our M&E and Communications Specialist could also conduct short annual interviews with a subset of current and former Indonesian co-authors, post-docs, and staff alumni to gather information about whether they are still conducting high-quality research or applying this knowledge in a policy position.

D. Risks and risk management strategies

Activity A. Research

Risk: Lack of "ownership" of research among government counterparts: In conducting studies for the sake of research alone, J-PAL SEA would run the risk of generating evidence for questions that may not be policy-relevant. Additionally, there is a general lack of demand for evidence among policymakers, often because research may not be relevant or timely. To mitigate this risk, J-PAL SEA will continue to engage government stakeholders from the inception of the research question to the research design and implementation phase as much as possible to ensure that all our studies are designed to inform specific policies and decisions from the beginning.

In addition to greater engagement during the research process, J-PAL SEA will work with policymakers to synchronize the study timeline with the decision timeline when possible. The Pilot Funds and the Indonesia Research Fund, which allow funding for research studies on a rapid timeline, are integral to being able to synchronize research with the policy process, and provide greater

opportunities to institutionalize relevant evidence in the decision-making process. With these mechanisms, J-PAL SEA will be better able to share evidence during policy windows and allow policymakers to make timely, evidence-informed decisions.

Risk: Lack of engagement of national and/or sub-national research institutions: J-PAL SEA may face the challenge of engaging Indonesian researchers from national or sub-national research and academic institutions and involving Indonesian researchers as co-PIs. Over the past four years, J-PAL SEA has addressed this risk by working side-by-side with nine Indonesian researchers on a variety of studies. J-PAL SEA strives to actively grow this number of collaborations with Indonesian researchers in the coming years. One avenue to increase this engagement is through continued interaction with researchers from SMERU and UGM, two well-established research centers in Indonesia, in addition to UI.

J-PAL SEA also proposes hosting a full-time post-doctoral fellowship position at LPEM FEB UI. Refer to Annex D for a proposed job description. This will be a change from the part-time research fellow we currently host. Based on past experience and recommendations, J-PAL SEA believes this change from part-time to full-time is necessary because both research fellows have needed to supplement their part-time work at J-PAL SEA with other jobs and consulting work. This made it difficult for them to fully engage in J-PAL SEA's research process. However, hiring one, full-time post-doctoral fellow will allow him/her to fully embed himself in the evaluation process. This will increase J-PAL SEA's output, build the post-doc's expertise in randomized evaluations, and allow him/her to also develop his or her own studies.

Risk: Lack of engagement with LPEM/UI. During the previous grant period, our host has been LPEM at the University of Indonesia. However, the original LPEM directors (Arianto Patunru and Zakir Machmud) and Dean of Faculty of Economic and Business (FEB UI), Bambang Brojonegoro, who helped establish this partnership have all moved on to other positions, as is natural in the five years that have passed. To mitigate this risk, we engage on a continual basis with the current LPEM and FEB UI leadership, and will continue to do so over the grant period. As part of our core capacity building activities, we have proposed creating a small fund for research and capacity building work with LPEM FEB UI to further increase our collaboration with them, which could include opportunities for J-PAL trainings, visiting fellow positions for Indonesian academics at J-PAL affiliates' home universities, and funds for UI professors to develop new research projects in collaboration with J-PAL. We will also continue our work to build up our links to other leading research institutions.

Risk: Challenges of expanding into new sectors. While J-PAL SEA has strong relationships and expertise in the sectors that it currently works in, expanding research into new areas will come with challenges. First, J-PAL SEA will need to find or develop contacts and champions within a number of new government agencies who are willing to engage on the topic of evidence-informed policymaking. Additionally, because J-PAL SEA will be new to these sectors, there will be a steep learning curve in understanding the political and organizational challenges within different agencies, which could also delay progress. Finally, these new sectors may involve contentious issues that could make it more difficult and complex to influence policy.

J-PAL SEA has a number of ideas it will employ to address these challenges. To develop champions within new agencies, J-PAL SEA plans to leverage its existing relationships with government partners. For example, the former head of Bappenas, one of J-PAL SEA's government partners, was recently transferred to the department that administers land titles. Based on our strong relationship with him from Bappenas, J-PAL SEA can leverage this relationship by sharing existing evidence or conducting new evaluations related to land titling. J-PAL SEA is also interested in exploring possible partnerships with GoA programs such as KOMPAK who may have contacts within the sectors that we are interested in expanding into, including our potential project related to the Village Law. Based on our previous experiences, J-PAL SEA is very cognizant of the importance of having champions

within its partner agencies. Therefore, J-PAL SEA will be very careful about establishing these relationships prior to moving forward with conducting research. This should mitigate the possibility of using valuable time and resources on sectors that are not yet ready to use evidence in their decision-making.

J-PAL SEA also plans to conduct qualitative research, especially in these new sectors. This should allow researchers to gain the context and background knowledge on the real issues. It is also important to note that while many of these proposed sectors are new for J-PAL SEA to expand into, globally, J-PAL affiliates have expertise in a broad range of sectors from agriculture to governance to finance. See Annex A for a full description of J-PAL.

Activity B. Policy Outreach

Risk: Research findings are not translated into policy: J-PAL SEA's experience has demonstrated the importance of needing the right mix of government buy-in, policy-relevant research, and timing to have policy influence. However, even these factors may not be sufficient because changing policy is often a complex, political, and long-term process. J-PAL SEA continually strives to mitigate this risk by developing studies in conjunction with policymakers, consulting government stakeholders to identify research questions and design the study, regularly communicating findings to policy partners, and remaining alert to upcoming and existing policy windows. It is also important to recognize, as we do in our logical framework, that having policymakers use evidence in their decision making process is an important outcome in itself, even if policymakers ultimately make different conclusions based on the myriad of factors that go into a policy decision. We also provide longer-term support to our government partners after a study is complete to help them use the findings in policy and to share relevant evidence from other studies on and ongoing basis.

Risk: The evidence produced is not sufficiently contextualized: To fully understand if a program's impacts will continue when the program is scaled up or implemented in a different context, we also need deep knowledge about the local context and institutions. Complementing quantitative analysis with qualitative data can help researchers answer questions about the mechanisms behind why certain outcomes changed due to a program or intervention and understand what factors drove success or failure. To answer questions about why an outcome changed, J-PAL SEA researchers will ensure each stage of the study design process is sufficiently contextualized:

- During qualitative pilot studies, researchers will investigate the feasibility of interventions.
- Once the full study has started, research staff will continually make field visits to address problems and speak with key stakeholders about their experiences. These activities will help researchers contextualize findings at the end of the study.
- After the intervention, researchers typically conduct an endline survey to a random sample of participants. The results from the survey will focus on answering questions about why the quantitative results showed what they did.

Risk: Lack of dissemination of research results: J-PAL SEA always faces the risk that the research it generates will go unused by policymakers. To mitigate this risk, J-PAL SEA has built a component of policy outreach into all studies. This includes utilizing the full suite of policy outreach tools at J-PAL SEA's disposal to ensure evidence gets to the relevant stakeholders in a timely manner. J-PAL also has created a team of experienced policy staff whose sole purpose is to ensure that research results are disseminated through our various outlets and used by policymakers.

Activity C. Capacity Building

Risk: Lack of behavior change: After J-PAL SEA provides a training or capacity-building workshop, a challenge is to understand if attendees change behavior based on what they learned. To mitigate this risk, J-PAL SEA will follow-up with a subset of participants to gather their impressions

of the training and understand how the training changed their behavior. Additionally, J-PAL SEA will develop training modules that participants will be able to implement immediately. Building the capacity to conduct randomized evaluations is important but the process to conduct one can be long and depends on many factors. To ensure our capacity building efforts meet the immediate needs of our partners, J-PAL will develop new training modules on topics that can be implemented immediately. Topics include developing a theory of change, understanding and utilizing sector-specific evidence, and identifying good evidence from bad.

Risk: Slow recruitment of Indonesian post-doctoral fellow: J-PAL SEA faced a challenge in recruiting suitable research fellows because the opportunity cost of taking a part-time position at J-PAL SEA and giving up a full-time salary was too high to attract a larger group of top candidates, and part-time work was not effective. J-PAL SEA will continue to work with counterparts at LPEM FEB UI to identify top candidates and tap into the network of Indonesians studying abroad and at universities in the country. We will also make it easier for a recent PhD or junior academic to work with J-PAL SEA by changing the part-time research fellow position into one full-time J-PAL SEA post-doctoral fellowship position at LPEM FEB UI. Refer to Annex D for a proposed job description.

Risk: Lack of sustainability: As a growing center, J-PAL SEA faces the risk of not being able to sustain the funding required beyond GoA's support. To mitigate this risk, J-PAL SEA is actively looking to apply for core funding from other sources, by fundraising specifically for capacity building and outreach activities. As several reviewers noted, J-PAL SEA, like most academic research institutions, is not likely to be fully self-sustaining at the conclusion of Phase II and will likely require additional core funding to continue its activities. However, even if we were to scale down after 2021, the evidence we have generated, the policy outreach we have conducted, and the capacity we have built among local policymakers and researchers will likely continue to have an impact on Indonesia and elsewhere. The research that has been generated by J-PAL SEA has contributed to a growing body of knowledge in a broad range of sectors, which will be helpful in drawing policy lessons across the world. Additionally, through our policy outreach efforts, much of the evidence we have generated has been presented to relevant policymakers or has been incorporated into GoI's decision-making. Finally, our government partners, TNP2K and Bappenas in particular, are already using and generating evidence for decision-making more regularly without the assistance of J-PAL SEA.

Risk: Too much focus on Indonesia and a lack of outreach across the Southeast Asia region: Over the past four years, J-PAL SEA's work has focused largely on Indonesia with limited work in other countries from the region. However, the purpose of the J-PAL SEA office is to serve as a regional office and J-PAL affiliated researchers have started to engage with research projects, policy partnerships, and hosting trainings outside of Indonesia in countries including the Philippines, Vietnam, Malaysia, and Cambodia. Additionally, the executive education courses will continue to include policymakers not only from Indonesia but also from other countries in the region. To ensure that knowledge transfer and policy outreach is not concentrated to Indonesia, J-PAL SEA will continue to conduct evidence-sharing activities with policymakers across the region.

VI. Annexes

A. About J-PAL

The Abdul Latif Jameel Poverty Action Lab (J-PAL) was established in 2003 as a center within the Department of Economics at the Massachusetts Institute of Technology (MIT). Our mission is to reduce poverty by ensuring that policy is informed by scientific evidence. J-PAL's main office is based at MIT, and our six regional offices are hosted by leading universities in Africa, Europe, Latin America, North America, South Asia, and Southeast Asia.

J-PAL is a network of over 140 affiliated professors from more than 40 universities around the world who are united in their use of randomized evaluations to answer questions critical to poverty alleviation and development. J-PAL works closely with governments, donors, NGOs, and the private sector to help design and evaluate innovative social programs, scale up the most cost-effective interventions, and build a culture of policymaking informed by evidence. We do this through three main activities:
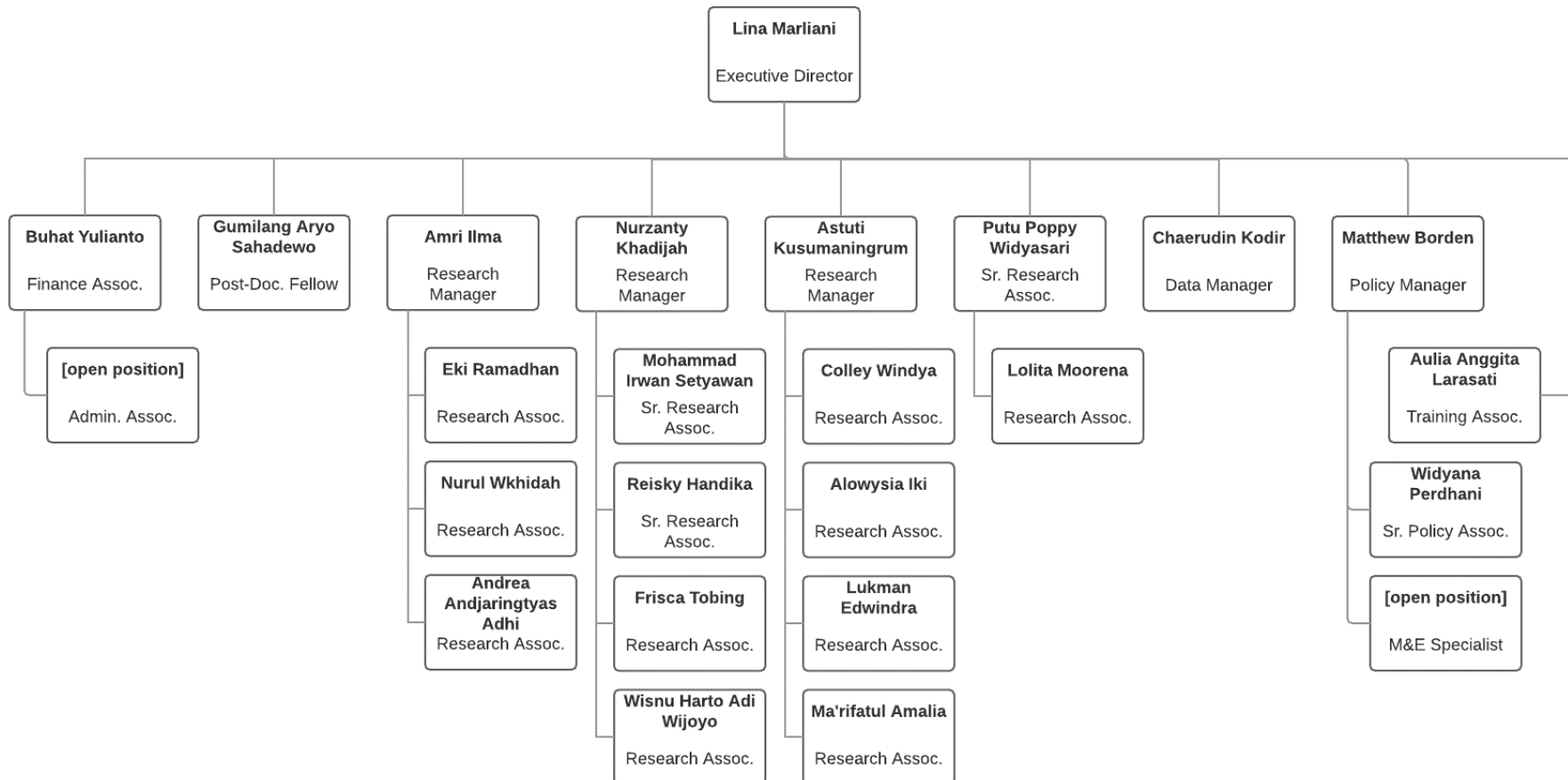
Rigorous Impact Evaluations: J-PAL's affiliated professors partner with government agencies, NGOs, and other local implementers to conduct randomized evaluations to test and improve the effectiveness of their programs and policies. Currently, J-PAL affiliated professors have over 795 completed and ongoing evaluations in 72 countries. These evaluations rigorously test the effectiveness of programs in eight sectors: agriculture, crime, education, energy & environment, finance, health, labor markets, and political economy & governance.

Policy Outreach: J-PAL's dedicated policy team analyzes and disseminates results from these evaluations and builds partnerships with policymakers to ensure that policy is driven by evidence, and effective programs are scaled up. In addition to creating policy publications that summarize research results in a policy-friendly format, J-PAL's sector chairs and staff work to synthesize policy lessons from multiple studies and disseminate it. Results of J-PAL affiliates' research, policy activities, and extensive relationships with governments and NGOs have led to the scale up of effective programs around the globe, **reaching over 300 million people**.

Capacity Building: With a focus on learning and innovation, J-PAL works to build a culture of evidence-informed policymaking across government and civil society. The training team at J-PAL works to build the capacity of researchers who produce evidence, policymakers and donors who use it, and advocates of evidence-informed policy. This is provided through in-person training programs conducted around the world and a comprehensive suite of online courses and resources.

In recognition of its work, J-PAL received the Albert Hirschman Prize of the Social Science Research Council, and the BBVA Foundation Frontiers of Knowledge Award. Its affiliated professors have received many awards, including four of the last six prestigious John Bates Clark medals, presented annually to the top American economists under the age of 40

B. J-PAL SEA Organizational Chart

Lina Marliani

Executive Director

Buhat Yulianto

Finance Assoc.

Gumilang Aryo Sahadewo

Post-Doc. Fellow

Amri Ilma

Research Manager

Nurzanty Khadijah

Research Manager

Astuti Kusumaningrum

Research Manager

Putu Poppy Widyasari

Sr. Research Assoc.

Chaerudin Kodir

Data Manager

Matthew Borden

Policy Manager

[open position]

Admin. Assoc.

Eki Ramadhan

Research Assoc.

Mohammad Irwan Setyawan

Sr. Research Assoc.

Colley Windya

Research Assoc.

Lolita Moorena

Research Assoc.

Aulia Anggita Larasati

Training Assoc.

Nurul Wkhidah

Research Assoc.

Reisky Handika

Sr. Research Assoc.

Alowysia Iki

Research Assoc.

Widyana Perdhani

Sr. Policy Assoc.

Andrea Andjaringtyas Adhi

Research Assoc.

Frisca Tobing

Research Assoc.

Lukman Edwindra

Research Assoc.

[open position]

M&E Specialist

Wisnu Harto Adi Wijoyo

Research Assoc.

Ma'rifatul Amalia

Research Assoc.

C. J-PAL SEA Ongoing and Completed Randomized Evaluations

Project	Project Description
Raskin Cards (2012-2013) **Partners**: TNP2K, SurveyMETER, Mitra Samya, GoA **Research Team:** Abhijit Banerjee of MIT, Rema Hanna of Harvard, Jordan Kyle of Columbia Ben Olken of MIT, and Sudarno Sumarto of TNP2K/SMERU **Funding:** GoA	We collaborated with TNP2K to evaluate the distribution of identification cards for beneficiaries of Raskin. Research findings showed a 26 percent reduction in subsidy lost due to leakages, which resulted in the GOI scaling-up the distribution of identity cards for program beneficiaries to 15.5 million households nationally. The research team has published an academic working paper; J-PAL has produced a scale-up document; and together researchers and J-PAL SEA have disseminated results at key government meetings and practitioner conferences. This evaluation was featured in two public TNP2K reports, namely "Raskin: The Challenge of Improving Program Effectiveness", and "Reaching Indonesia's Poor and Vulnerable and Reducing Inequality".
Raskin Outside Involvement (2012-2014) Partners: TNP2K, SurveyMETER, Mitra Samya, GoA Research Team: Abhijit Banerjee of MIT Rema Hanna of Harvard Jordan Kyle of Columbia Ben Olken of MIT Sudarno Sumarto of TNP2K/SMERU Funding: GoA	We collaborated with TNP2K to evaluate the impact of facilitating a bidding process through which new Raskin distributors may be selected. The research found there were minimal impacts on the amount of Raskin subsidies received by beneficiaries. The results have been shared with the GoI and has solidified its decision to pursue larger reforms of the Raskin program.
JKN Health Insurance (2014-2018) **Partner:** BPJS Kesehatan, Bappenas, TNP2K, SurveyMETER, GoA, KOICA **Research Team:** Dr. Abhijit Banerjee of MIT Dr. Amy Finkelstein of MIT Dr. Rema Hanna of Harvard Dr. Ben Olken of MIT Dr. Sudarno Sumarto of TNP2K/SMERU **Funding:** GoA and KOICA	This project tests various interventions to improve the take-up and retention of a government health insurance program ("JKN Mandiri") for non-poor, informal sector workers in Indonesia. The research team presented the preliminary findings at a stakeholder workshop hosted by Bappenas in January 2016, and at other opportunities with policymakers. This in part led to the GoI decisions to cancel a planned price increase in the third class membership premium in early 2016. The research team is currently updating the analysis using administrative data from BPJS Kesehatan.

International Migration (2014-2018) **Partner**: BNP2TKI, BAPPENAS, Disnakertrans, SBMI, GoA **Research Team:** Dr. Simone Schaner of Dartmouth Dr. Lisa Cameron of Monash University Dr. Samuel Bazzi of Boston University Dr. Firman Witoelar of SurveyMETER **Funding:** GoA	The project aims to understand whether providing information regarding migration placement agencies to migrant workers affects their decisions and improves their welfare. The research team developed a ranking system for placement agencies that inspired BNP2TKI to adopt its own supply-side ranking system. They have completed baseline data collection and intervention. Follow-up surveys are due in 2018.
Transparency for Development Project (T4D) (2015-2018) **Partners:** R4D, PATTIRO, SurveyMETER, The Gates Foundation, The Hewlett Foundation, DFID **Research Team:** Dr. Archon Fung of Harvard Dr. Stephen Kosack of Washington University Dr. Dan Levy of Harvard Courtney Tolmie of Results for Development (R4D) Jean Arkedis of R4D **Funding:** Ash Center at the Harvard Kennedy School	The Transparency for Development (T4D) project tests whether an information transparency and accountability intervention has an impact on health outcomes, particularly on maternal and newborn health. The research team has conducted three pilots, baseline data collection, and intervention implementation. This study takes a mixed methodology approach, incorporating ethnography into the randomized evaluation.
The Twitter Project (2015-2016) **Partner:** World Bank, Microsoft **Research Team:** Dr. Vivi Alatas of the World Bank Dr. Arun Chandrasekhar of Stanford Markus Mobius of Microsoft Dr. Ben Olken of MIT **Funding:** GoA (USD 18,000), World Bank, J-PAL SEA funds RA salary and travel	This project aims to understand whether social media can influence public behavior, particularly whether the dissemination of messages across Twitter can encourage families to immunize their children. The research team is analyzing data collected through the study.
Household knowledge of welfare eligibility and investment in Indonesia (2015-2017) (Updating of the Unified Database for Social Protection or PBDT) **Partners:** TNP2K, BPS	This evaluation builds on the GOI's national PBDT 2015 survey, which aims to update the existing database of Indonesia's poor and is used as the basis of Indonesia's social protection programs. The research team is exploring how households' investment behavior is influenced by knowledge on the types of assets used to determine eligibility of social programs. Do households prefer to invest in assets that will not affect their eligibility to be entered to social programs?

Research Team: Dr. Abhijit Banerjee of MIT Dr. Rema Hanna of Harvard Dr. Benjamin Olken of MIT Dr. Sudarno Sumarto of TNP2K/SMERU **Funding**: GoA	
Coffee Farmers (2015-2017) Partners: ACIAR, ISEAL, SurveyMETER, IndoCafco, University of Lampung **Research Team:** Dr. Russell Toth of University of Sydney Dr. Jeff Neilson of University of Sydney **Funding:** University of Sydney (100%)	This project is investigating the impact of sustainability standards certification on farmer well-being and production (as affected through improved resource management, production levels, organizational capacity and business resilience). The research team has presented the preliminary analysis from the baseline data to ISEAL in January 2016 and to ACIAR, and SCOPI taskforce with representatives from coffee industry stakeholders in February 2016. Implementation is ongoing and we are exploring the possibility to run a randomized evaluation on cocoa certification.
Retailers (2016-2017) **Partners:** SurveyMETER **Research Team:** Dr. Patricio S. Dalton of Tilburg University Dr. Burak R. Uras of Tilburg University Bilal H. Zia of World Bank **Funding:** DFID through Tilburg University	This study looks at the determinants of adoption of improved business practices, and investigates the impact of these practices on business performance. The study goes beyond the cost/benefit or informational determinants of adoption by first identifying whether the way the information is conveyed matters, and second, examining whether this interacts with the entrepreneur's idiosyncratic characteristics such as level of aspirations and trust, work style, time and risk preferences, and cognitive ability.
Generasi – Long-term study (2007-2017) **Partners:** World Bank, Kemendagri **Research Team:** Dr. Benjamin Olken of MIT Audrey Sacks of World Bank Junko Onishi of World Bank Susan Wong of World Bank **Funding:** World Bank	This study seeks to measure the long-term impact of community block grants, which were handed out at kecamatan level but then distributed at the village level, on health and educational outcomes. Interventions were conducted through the Generasi program starting from 2007 across 300 Kecamatans in NTT, North Sulawesi, Gorontalo, West Java and East Java. This study is performed by revisiting 300 kecamatans visited in 2007-2009 to capture changes that may have happened since.

D. Position Description for J-PAL SEA Post-Doctoral Fellowship

Post-Doctoral Fellow - J-PAL SEA
Country: Indonesia
Education: PhD**,** Other advanced degree
Language Requirement: English**,** Indonesian
Start Date: January 01, 2018

The Southeast Asia regional office of the Abdul Latif Jameel Poverty Action Lab (J-PAL SEA), based at the Institute for Economic and Social Research within the Faculty of Economics and Business at the University of Indonesia (LPEM FEB UI), is pleased to offer a **paid, full-time post-doctoral fellowship position** at LPEM FEB UI starting in 2018. The **J-PAL SEA Post-Doctoral Fellowship**, which is open to recent graduates of PhD programs and junior academics, will provide opportunities to conduct research and randomized evaluations on topics related to development, inclusive growth, human capital and employment, domestic resource mobilization, and effective governance in Indonesia in partnership with J-PAL affiliated professors.

The Post-Doctoral Fellowship position provides an opportunity for a researcher to work alongside J-PAL affiliated researchers and staff to conduct rigorous randomized evaluations and pilot research in Indonesia, as well as start and conduct his/her own research projects. The J-PAL SEA post-doc will work with J-PAL affiliates to develop research designs, participate in field activities, conduct data analysis and report writing, in addition to pursuing their own research projects. He/she will build knowledge on conducting randomized evaluations through on-the-job training and through regular long-distance communication with J-PAL-affiliated professors, including development economists from some of the world's leading universities.

Responsibilities:

The Post-Doctoral Fellow will work full-time at J-PAL SEA on both his/her own research projects and on projects in partnership with J-PAL affiliated professors. Responsibilities at J-PAL SEA include:

- Assisting with the research design of the projects
- Designing surveys and implementation procedures
- Writing drafts and reports
- Overseeing project implementation in the field
- Facilitating connections between the research and university networks
- Capacity building activities, such as serving as a trainer at J-PAL trainings

Qualifications:

- Applicants should be Indonesian nationals, and have a PhD in the field of Economics, Public Policy, or a related field.
- A demonstrated interest in conducting high-quality research and impact evaluations, particularly randomized evaluations
- Prior research experience on topics related to development economics/public policy is required
- Fellows must be willing to travel occasionally to the field outside of Jakarta, including rural areas of Indonesia on supervision missions.

E. More Details on J-PAL SEA's Research Process

J-PAL SEA will take careful action to ensure its research is responsive to the GoI's priorities. As outlined in Section IV.A, J-PAL SEA has developed a robust research strategy. This annex provides further detail on how J-PAL SEA engages with policymakers to identify local policy needs, conducts exploratory research to gain a better understanding of the context, ensures research is of the highest quality, and communicates findings for policy use.

Identifying local needs: In addition to the activities in *Stage 1*, we work with our policy counterparts to map out a theory of change that illustrates the causal chain necessary for the desired outcomes and clearly specifies the assumptions made at each stage. The theory of change will help form the basis for the hypotheses tested by our studies. In addition, we aim to reach a broader audience through presentations, seminars, workshops, and events in which we share relevant evidence and discuss their key policy priorities.

Conducting exploratory research: During *Stage 2*, J-PAL affiliated researchers use both qualitative and quantitative methods and tools, including needs assessments, semi-structured interviews, direct observation and field visits, academic literature reviews, and quantitative analysis of existing datasets to gain a deeper understanding of the specific issues. We test whether a randomized evaluation is feasible in terms of sample size, cost, and partner operations. We often embed our research staff in our partner's office to ensure close collaboration and continuous knowledge sharing.

Ensuring highest quality research: In *Stage 3*, we will begin a full-scale randomized evaluation. J-PAL SEA engages leading international and Indonesian researchers in order to bring the highest expertise to each research project. J-PAL affiliated professors or special invitees are part of a network of over 140 professors at top universities around the world. J-PAL SEA's studies include several PIs from Australia including Lisa Cameron, a Professor of Econometrics at Monash University and Russell Toth, a Lecturer in Economics at the University of Sydney.

The papers and publications produced by researchers, while written with input from government counterparts and donor organizations, will not represent their view in order to preserve the independence of the findings. The intellectual property of all research projects will belong to J-PAL and the individual PIs on their particular projects, though local partners and donor organizations will receive full access to data gathered from the research. All data collection funded under this grant will be made publicly available upon the publication of the corresponding academic paper in a peer-reviewed journal.

Communicating use of results: For research funded by the IRF, J-PAL SEA will share draft findings with GoA ahead of publication to allow for the use of the findings in their policy work. In addition, to facilitate general access to research findings prior to publication, the research papers will be circulated as publically available working papers through the most prestigious and well-read working paper series, such as the National Bureau of Economic Research (NBER) and the Bureau for Research and Economic Analysis of Development (BREAD).

F. Policy Narrative for GoA PAF Indicator 22: Raskin Study

Policy Narrative Template for Indicator 22 - Significant instances where DFAT support resulted in improved policy (*for the purpose of this template we are focusing on a <u>development</u> significant policy*)	
Context (maximum 4 sentences) in particular – the development problem that relates to this outcome.	Raskin is the Indonesian Government's largest targeted social protection program for the poor, providing 17.5 million low-income households access to 15 kg of highly subsidized rice per month.[1] As of 2012, Raskin had an annual budget of over USD 1.5 billion[2]—equivalent to more than half (53%)[3] of the government's social assistance budget. Yet at the time, eligible households were only receiving about one-third of their entitled subsidy, with 33 million kg of "lost rice" in that year alone.[4] To try to reduce this leakage, TNP2K and the Vice President's Office considered providing eligible low-income households with ID cards to access the program, but before moving forward, they requested rigorous evidence on whether ID cards could improve program delivery without causing unrest among ineligible households.
Outcome headline: *Who is doing what differently? Provide one 'headline' sentence clearly summarizing what the policy change was and what this will mean for society/business/the target group. Use active voice when describing the outcome.*	Based on a randomized evaluation conducted by J-PAL SEA which showed that ID cards substantially increased the Raskin subsidy poor households received, in 2013, TNP2K distributed Social Protection ID cards (KPS) to the 15.5 million poorest households in Indonesia (over 65 million people) to access Raskin and two other national programs, reducing program leakages and increasing the amount of subsidy poor households received by AUD 82.5–174.3 million annually from 2013 to the present.[5]
Full Description of outcome: This should be a full description of the policy improvement that was made including: • A description of the improvements made to the policy • Who instigated the policy change - include ministerial, presidential level that policy was made • When this happened • Include gender disaggregated data if relevant • Note who announced it and created news • Describe any policy engagement processes that were undertaken with the community in any part of the policy cycle	Following the Vice President's request for evidence in mid-2012, J-PAL SEA worked closely with TNP2K to conduct a randomized evaluation in over 570 villages to rigorously measure whether ID cards could reduce leakage and increase the subsidy eligible poor households received through Raskin. During the study, the research team attended community meetings to understand people's reaction to the intervention, capturing complaints on rice quality and the beneficiary list. J-PAL SEA implemented the evaluation in less than a year so that the Government could have the results in time to incorporate the ID card program into the 2013 national budget if it was found to be effective. J-PAL SEA's evaluation showed that the ID cards substantially reduced "lost rice" and increased the amount of subsidy poor households received by 26% without causing additional social unrest.[6] In December 2012, J-PAL SEA shared these results with officials from TNP2K, the Vice President's office, and Kemensos in a series of meetings and workshops. J-PAL SEA also presented key recommendations for how the ID cards could be designed and distributed to have the greatest impact based on the many versions of the cards they tested in the evaluation. Since the ID cards were effective, TNP2K made the policy change in December 2012 by fully budgeting for a new national Social Protection card (KPS) in the state budget for 2013. The Minister of Internal Affairs officially announced the card distribution in mid-2013. By the end of 2013, TNP2K had distributed KPS cards to the poorest 15.5 million households as a way for them to access three social assistance programs: (1) BSLM, a temporary unconditional cash transfer program to compensate for cuts in fuel

	subsidies, (2) BSM, a cash transfer for poor students, and (3) Raskin.
	The Coordinating Minister of Social Affairs (Menkokesra) first publicly announced the new KPS card program in <u>June 2013</u>. Dr. Bambang Widianto, Executive Secretary of TNP2K, publicly acknowledged the role J-PAL SEA played in informing the scale-up at a J-PAL SEA conference in June 2013, where he stated that, "Today we distribute cards directly to the poor households. But actually the design of the card is based on the experiment with J-PAL." (<u>full video</u>, remarks about Raskin begin at minute 8:00).[7] Several media outlets published articles about the KPS ID card program in 2013, which is also summarized on the TNP2K website (<u>link</u>).
Significance: Explain why this policy improvement is important. • Include how this policy improvement addresses key constraints to development • Include how this policy change will potentially benefit poor people's lives • Spell out the scale/scope of beneficiaries/benefits in terms of population impact or durability • Include gender/disability/geographic disaggregated data if available • Explain how it links to the goals in the aid Investment plan • Describe any future transformational change.	High leakages and poor targeting in government social protection programs are key constraints to development in Indonesia. They reduce government effectiveness and efficiency by wasting limited public funds, and prevent many low-income households from accessing assistance that could improve their well-being. Before the KPS cards, only one-third of Raskin funds were reaching the program's intended beneficiaries in the USD 1.5 billion program.[8] The KPS cards have benefitted poor people's lives since 2013 by significantly increasing the total amount of Raskin subsidy eligible households received. J-PAL SEA's randomized evaluation showed that simply providing eligible households with low-cost ID cards increased their monthly purchases of Raskin rice by 1.25 kg per household and increased the total subsidy they received by USD 7.80 per year. The ID cards also reduced program leakages by 1 kg to 1.6 kg of rice per household.[9] In total, this means that the 15.5 million households who received ID cards in 2013 have received an estimated additional AUD 82.5–174.3 million in Raskin subsidy each year since, assuming the national ID card program was at least as effective as the pilot version tested in the randomized evaluation.[10]
Next Steps: *What else is required in future for a significant policy change to occur? List any future management responses/outstanding issues/ next steps to do with a policy (including actions associated with negative unintended consequences, gender or other elements).*	To further improve the delivery and reduce leakages in all national social protection programs, President Joko Widodo's Administration has continued the program by distributing program eligibility cards for education subsidies (KIP), health insurance (KIS), and benefits directly to beneficiaries electronically through a "Smartcard" tied to individual bank accounts (KKS). In 2016, the Indonesian Government announced that it would reform the Raskin program by changing the program into an electronic transfer to reduce leakages. TNP2K has invited J-PAL SEA to explore another randomized evaluation to inform the design of the new Raskin program, and eventually other social protection programs that are due for reform by 2019.

Contribution: *Make your case for how DFAT's work contributed to policy improvement.*	DFAT's support contributed substantially to this policy change. Following the Government's request for evidence in 2012, DFAT provided 1.04 million AUD in funding to conduct the ID card portion of the randomized evaluation that directly informed the national KPS ID card scale-up in 2013.
a) Explain what DFAT did and how that contributed to policy improvement	Since the KPS cards have led to an estimated AUD 82.5–174.3 million annually in additional subsidy[12] for low-income households each year since 2013, the high returns on DFAT's investment represent significant value for money. **The one year returns for poor households alone were more than 79-167 times the cost of the evaluation,[13] and 14-29 times[14] the cost of DFAT's entire investment in establishing the J-PAL SEA office.**
b) Describe any intermediary actors who made the change. What did they do differently? How did it happen? *Include gender/disability/geographic disaggregated data if available.*	
c) Provide evidence demonstrating the link between DFAT's activity and the policy improvement outcome. The evidence must establish that the timelines between the influence/advocacy activities and the policy result supports the case.	The speed at which DFAT provided funding was crucial for influencing policy. By providing funding on a quick turnaround through J-PAL SEA's Raskin Distribution Improvement Pilot, DFAT ensured that J-PAL SEA could produce results on the ID cards' effectiveness in time to inform the Government's December 2012 decision about whether to scale them up nationwide.
d) Describe any alternative plausible causes of this outcome – for example the work of another donor, or what the Government were already planning to do.	Bambang Widianto, Executive Director of TNP2K, has said that results from the evaluation provided key insights into the design and distribution of the ID cards.[15] Sudarno Sumarto, a Policy Adviser at TNP2K reiterated this belief. He said, "We need to and are committed to showing that our policies actually benefit the poor…The critical ingredient was a partnership with researchers from the start."[16]
e) Conclude about the extent to which DFAT contribute to this outcome and	
f) If possible include facts about the **value for money** (such as where a policy improvement is significant because an investment had a disproportionately big impact for the money spent).	

| *Evidence-base:* Where you make a claim that is backed by evidence insert a number as superscript, then in the evidence section below list the sources to support these statements.

Methodology for establishing contribution: If you used a particular tool or approach to establish the likely contribution, then explain this methodology here. | 1. Banerjee et al. (2016), "Tangible Information and Citizen Empowerment: Identification Cards and Food Subsidy Programs in Indonesia."
2. Banerjee et al. (2016), "Tangible Information and Citizen Empowerment: Identification Cards and Food Subsidy Programs in Indonesia."
3. The World Bank (2012), "Raskin Subsidized Rice Delivery.", public expenditure review report
4. National Team for the Acceleration of Poverty Reduction, "RASKIN: The Challenge of Improving Programme Effectiveness", 2015
5. J-PAL. "Using Identification Cards to Improve National Social Assistance in Indonesia." https://www.povertyactionlab.org/scale-ups/using-identification-cards-improve%C2%A0national-social-assistance-indonesia (Scale-up information on J-PAL's website)
6. Banerjee et al. (2016), "Tangible Information and Citizen Empowerment: Identification Cards and Food Subsidy Programs in Indonesia."
7. Dr. Bambang Widianto, Executive Secretary for TNP2K, Government of Indonesia. "Remarks at the Launch of J-PAL Southeast Asia" 25 June 2013. Permanent link: |

| | https://www.youtube.com/watch?v=GezGJkDLEZw |
| | 8. Banerjee et al. (2016), "Tangible Information and Citizen Empowerment: Identification Cards and Food Subsidy Programs in Indonesia."
9. Banerjee et al. (2016), "Tangible Information and Citizen Empowerment: Identification Cards and Food Subsidy Programs in Indonesia."
10. J-PAL. "Using Identification Cards to Improve National Social Assistance in Indonesia." https://www.povertyactionlab.org/scale-ups/using-identification-cards-improve%C2%A0national-social-assistance-indonesia (Scale-up information on J-PAL's website)
11. Banerjee et al. (2016), "Tangible Information and Citizen Empowerment: Identification Cards and Food Subsidy Programs in Indonesia."
12. J-PAL. "Using Identification Cards to Improve National Social Assistance in Indonesia." https://www.povertyactionlab.org/scale-ups/using-identification-cards-improve%C2%A0national-social-assistance-indonesia (Scale-up information on J-PAL's website)
13. J-PAL SEA's Raskin evaluation was featured in two public TNP2K reports: (1) "Raskin: The Challenge of Improving Program Effectiveness", (2) "Reaching Indonesia's Poor and Vulnerable and Reducing Inequality"
14. In a year-end/evaluation event for TNP2K, then-Vice President Boediono mentioned TNP2K and J-PAL SEA collaboration for Raskin study as a key contribution to evidence-based policymaking.
15. Dr. Bambang Widianto, Executive Secretary for TNP2K, Government of Indonesia. "Remarks at the Launch of J-PAL Southeast Asia" 25 June 2013. Permanent link: https://www.youtube.com/watch?v=GezGJkDLEZw
16. Dr. Bambang Widianto, Executive Secretary for TNP2K, Government of Indonesia. "Remarks at the Launch of J-PAL Southeast Asia" 25 June 2013. Permanent link: https://www.youtube.com/watch?v=GezGJkDLEZw |