

Independent Completion Report
Evaluation of the Poverty Reduction Support Facility (PRSF)
MANAGEMENT RESPONSE

Initiative Summary

Initiative Name	Poverty Reduction Support Facility (PRSF)		
AidWorks initiative number	INJ244/10B030		
Commencement date	6 April 2010	Completion date	31 December 2015 (PRSF was due to end on 30 June 2015 at the time the ICR was conducted.)
Total Australian \$	\$122.3 million		
Total other \$	\$700,000 (Delegated Cooperation from USAID)		
Delivery organisation(s)	Palladium (formerly known as GRM Pty Ltd)		
Implementing partner(s)	The National Team for the Acceleration of Poverty Reduction (TNP2K) Other Indonesian Government Ministries Civil Society Organisations		
Country/Region	Indonesia		
Primary sector	Social Protection		
Initiative objective/s	<p>PRSF was designed in response to the Indonesian Vice President's request to Australia to provide support to Indonesia's National Team for the Acceleration of Poverty Reduction. PRSF's objectives were to help enhance the efficiency and effectiveness of existing social protection programs, and to help Indonesia advance its agenda for developing a comprehensive social protection framework. The PRSF did this by:</p> <ul style="list-style-type: none"> • generating knowledge to inform social assistance policies, define policy options and translate policy choices into operational programs; • providing technical assistance; and • providing high-quality monitoring and evaluation. 		

Independent Completion Report Summary**Report Objective**

This Independent Completion Report (ICR) provides an independent assessment of the contribution of the Poverty Reduction Support Facility (PRSF) to the work of the Vice President's Team for the Acceleration of Poverty Reduction - TNP2K (Tim Nasional Percepatan Penanggulangan Kemiskinan). It also considers lessons learned from this experience to inform Australia's future support to social protection in Indonesia.

Evaluation Completion Date: July 2015

Evaluation Team: Vincent Ashcroft – Independent consultant

Overall findings:

The report found that overall PRSF had been an “unqualified success”. The facility has worked well to provide high quality, timely and flexible policy support to TNP2K and had supported the strong ownership and clear agenda of the Former Vice President Boediono. Mr Boediono noted that TNP2K met all of his expectations. The productive partnership between TNP2K and PRSF means that both parties can share in this success.

The success of the program reflects the trust from both governments and the contractor during the implementation of the program. Australia made clear that TNP2K had responsibility for setting the policy agenda and PRSF was responsible for supporting that with administrative and technical support and through quality assurance of activities. While there have been some tensions in the dynamics between the three entities, overall it has worked well.

The PRSF represented good value for money for the Australian Government. Analysis done by PRSF on the four key national social assistance programs indicated that interventions by TNP2K with support from PRSF have had a very high return on investment and provided real and measurable benefits to the poor. The report finds that DFAT’s \$50 million investment in supporting Indonesia’s four largest national social assistance programs generated over \$5.5 billion in benefits to the poorest 25 per cent of Indonesia’s population.

The development and implementation of the unified database (UDB) has been the most significant achievement for TNP2K and represents a long term public good. The UDB covers 97 million individuals, constituting the poorest 40 per cent of Indonesia’s population. The UDB has assisted Indonesia’s largest social assistance programs to accurately reach and better support the poorest 25 per cent of households, an estimated 62 million people.

The report concluded that future support to TNP2K could continue to play a critical role in providing transformational support to improve the quality and scale of social protection in Indonesia.

DFAT response to the evaluation report

The Australian Government welcomes this independent completion report and agrees with its conclusions about the success of PRSF. Australia agrees with all three of the report’s recommendations.

Australia will continue to support Indonesia develop a high quality and comprehensive social protection system through a second phase of support from 2016 under the MAHKOTA Indonesia program (Menuju Masyarakat Indonesia Yang Kokoh Sejahtera - Towards a Strong and Prosperous Indonesian Society). This second phase of support will be shaped by a guiding strategy which MAHKOTA in consultation with TNP2K will develop by mid-2016.

Recommendation 1: TNP2K is currently not a permanent institution. Indonesia and Australia need to discuss the sustainability of TNP2K at the beginning of the new phase of support to TNP2K.

Response: Agree

Actions: Both Australia and the Government of Indonesia recognise the importance of planning for sustainability. The Indonesian Government has indicated that it would like to approach this on an activity by activity basis, starting with the unified database. Australia will continue to discuss with Indonesia plans for the sustainability of TNP2K activities and the broader agenda of support to social protection going forward. The process to progress this will be outlined in a sustainability plan to be developed by mid-2016.

Recommendation 2: Future support should consider the lessons learned from PRSF management and governance arrangements to ensure program effectiveness.

Response: Agree

Actions: The lessons learned from PRSF have been captured and have informed the design of the successor MAHKOTA. Lessons included the crucial importance of good day-to-day communication to complement appropriate strategic oversight to ensure the program can be effective and responsive. It also highlighted the importance of robust management and reporting systems that are embedded at the operational level from the start of the program.

MAHKOTA will again be a responsive and flexible facility that will be able to adapt to new policy priorities of the Government in delivering social assistance. Australia recognises that ongoing dialogue between parties is critical to achieve program outcomes. To facilitate this, Australia will look at developing a partnership agreement between the Indonesian and Australian Governments and the Contractor which will identify clear roles and responsibilities to ensure effective strategic oversight and to foster good day-to-day communication, cooperation and trust.

Recommendation 3: Australia could have enhanced its cross-portfolio engagement with TNP2K. Engagement in broader strategic national policy debates could have informed the strategic direction of Australian sector programs.

Response: Agree

Actions: Australia's new development cooperation strategy for Indonesia, launched in September 2015, focuses on building an economic partnership with Indonesia that is about improving the quality and impact of Indonesia's own spending. As part of this partnership, Australia will ensure that Australia's priorities remain aligned with and contribute to the development agenda of Indonesia. This includes an increased focus on cross-sectoral cooperation.

Australia has already begun to identify opportunities for increased cross-sectoral cooperation with TNP2K to achieve Indonesia's human development and inclusive growth objectives. Consistent with Indonesia's Frontline approach to basic service delivery, Australia will support Indonesia deliver quality local services, while maintaining high level policy engagement at the national level. MAHKOTA and DFAT sector programs (e.g. health, education and governance and infrastructure) will provide technical assistance on program specific challenges to support basic service delivery at the local level. This could, for example, include supporting appropriate systems for transferring benefits to households to improve education and health outcomes.
