

Independent Progress Report

Evaluation of the Poverty Reduction Support Facility (PRSF)

MANAGEMENT RESPONSE

Initiative Summary

Initiative Name			
AidWorks initiative number	INJ244/10B030		
Commencement date	6 April 2010	Completion date	31 December 2014
Total Australian \$	\$49.5 million		
Total other \$	\$700,000 (Delegated Cooperation from USAID)		
Delivery organisation(s)	GRM Pty Ltd		
Implementing partner(s)	The National Team for Accelerating Poverty Reduction (TNP2K) Other Indonesian Government Ministries Civil Society Organisations		
Country/Region	Indonesia		
Primary sector	Social Protection		
Initiative objective/s	The Poverty Reduction Support Facility was designed in response to the Indonesian Vice President's request to Australia to provide support to Indonesia's National Team for Accelerating Poverty Reduction		

Evaluation Summary

Evaluation Objective: To conduct a strategic review to evaluate the extent to which AusAID funding has enabled the Poverty Reduction Support Facility (PRSF) to achieve its objectives, and to review lessons learned for PRSF that could be useful in further improving the Facility, and to better respond to the increase in AusAID funding.

Evaluation Completion Date: 15 April 2013.

Evaluation Team: Steve Ashley (Team Leader), Francesca Bastagli (Social Protection Specialist), Gatot Widayanto (Management Specialist) and Bernie Wyler (AusAID Evaluation Manager).

AusAID's response to the evaluation report

Note: This evaluation was undertaken at a time when the Australian Government was planning a significant increase in this investment, and before the Australian aid program was integrated into the Department of Foreign Affairs and Trade.

AusAID has been supporting the PRSF for three years, and in 2011-2012 a decision was made to increase support for social protection in Indonesia from 2013-14. This meant that this IPR was not a standard implementation or activity review, but was focused more strategically on lessons learned from implementation to date, including the effectiveness of the current management arrangements. AusAID is now ensuring that these lessons will be used to ensure PRSF is on track to achieve its outcomes, and how AusAID can most effectively manage the funding for social protection in Indonesia. This IPR was also intended to inform a subsequent 'inception planning'

phase (held March-June 2013) and assist the team to design requirements to allow the PRSF to enter into a period of increased support from 2013-14.

The IPR team brought a positive and constructive approach to the review, and emphasised to AusAID and partners that the review was to be forward-looking – giving AusAID and PRSF clear recommendations on how to move forward in the most effective way.

The IPR highlighted that PRSF managed an increase of both financial flows and staffing far in excess of what was originally foreseen. It identified a number of significant achievements of PRSF, showing that its support to the National Team for Accelerating Poverty Reduction (TNP2K) has launched numerous activities on many topics that directly reflect the priorities of the Vice President, Ministers, and Government of Indonesia (GOI) poverty reduction efforts. PRSF, supporting TNP2K, is considered to have an important facilitation, initiation and knowledge/policy brokerage role – the results of some activities have already been used for national policy reform.

PRSF was set up as a support facility for GOI, to support the operations, strategy, plans and actions of the host institution – TNP2K. PRSF also has additional functions which include supporting AusAID-directed activities. The nature of PRSF's structure is complex – it is both attached to the structure of TNP2K for the majority of its work, but not tied to a single government institution for other aspects. This meant that the IPR needed to focus on how PRSF could operate more effectively and identify the required changes to ensure any increases in funding could achieve more results more effectively.

The IPR identified a comprehensive list of areas in which PRSF could be improved, within three general categories: strategy, management and systems. AusAID agrees with most of the recommendations and many of them have already been the focus of the inception planning phase, and are already being implemented in 2013-14.

The inception planning phase used the IPR recommendations as a basis for designing new or improved operational and management systems and clearer strategic frameworks. In order to make the most of this review and implementation planning, AusAID ensured the team leader for the IPR was also employed as the team leader for the design team in implementation planning. This continuity in the review and implementation design planning ensured that the IPR recommendations were addressed immediately and as fully as possible in program planning and adjustments. This has meant that the program is in the best position possible for the remainder of the current initiative, and that future planning has been fully informed by lessons learned to date.

AusAID's response to the specific recommendations made in the report

Recommendation 1: Initiate a rapid process to define and describe key elements of strategy for TNP2K that will be helpful to TNP2K

- a. Facilitated by an external specialist consultant
- b. Team-based, consultative
- c. Focus on: key objectives by 2014; key strategies to achieve those; links beyond TNP2K and 2014; not just a strategy document as such.

Response: Agree.

Actions: A process was established at the PRSF Steering Committee held in May 2013, and it was agreed that 'Roadmaps' for TNP2K's work would be developed. A rapid process would be held so that within two months of the meeting, draft frameworks would be developed and agreed, while a longer term planning process was put in place to clearly articulate different elements of the strategy to achieve key objectives by 2014 and beyond. The draft Roadmap frameworks have been drafted and agreed by the Steering Committee, and a longer term process is being discussed.

Recommendation 2: Plan and decide an agreed strategic planning framework to be applied throughout TNP2K, and rollout in overarching strategy, cluster strategy, activity strategy – to ensure rigour in planning: recommend logframe-based.

Response: Agree.

Actions: A strategic planning framework was designed in the inception planning phase. It will be applied primarily for the period after 2014, as GOI is very focused on their already planned program of work to the end of 2014.

Recommendation 3: During the inception activity, revisit PRSF strategy and then follow up with more detailed planning to ensure clear, nested, objectives, outputs, activities.

Response: Agree.

Actions: The inception activity focused on a new PRSF strategy, and a theory of change exercise was undertaken. This logic will be used to assess planned activities, and to ensure clear objectives and outputs that contribute to the stated higher level outcomes.

Recommendation 4: As part of the inception activity, ensure agreement between GOI and AusAID on the scope and nature of activities to be funded by Australia, including clear overall objective, deliverables and activities linked to Recommendation 1.

Response: Agree.

Actions: The inception activity provided clear guidelines on how AusAID could assess activities to be funded. It included a Theory of Change exercise that was attended by key GOI partners, and a draft of the inception report was presented and discussed with AusAID's key GOI counterparts.

Recommendation 5: The IPR suggests the following next steps, following the receipt of this report:

- a. AusAID to arrange a meeting with TNP2K and PRSF to prepare an action plan for how the recommendations of the IPR will be addressed, and who will do what. We suggest this takes place shortly after the submission of the IPR draft report, rather than waiting for the final report which is not due until April.
- b. The action plan will define actions that will be taken in response to IPR recommendations, how those actions will be done, their sequencing, roles and responsibilities, and timing.
- c. This meeting may also feel that some issues can be agreed and resolved directly.
- d. Immediately begin planning for the inception activity, including:
 - i. How the overall process will run
 - ii. What preparation will be done prior to the inception activity in March, with action plan
 - iii. Allocation of time of important stakeholders at the right times
 - iv. Ensuring invitations for required participants are issued, including to those with decision-making ability in GRM as the current contractor for PRSF
- e. Advance AusAID's own thinking on the way forward, including preparation of a written thinkpiece.

Response: Agree.

Actions: All of these recommendations have been actioned. On point e), it was decided that instead of the preparation of a written piece, the theory of change discussion satisfies this recommendation because it brought out the preferences and priorities of all partners, including AusAID. Follow up discussions with GOI will also help to finalise AusAID priorities to ensure they align with those of GOI.

Recommendation 6: Resolve lines of accountability for overall PRSF management:

- a. Process to discuss principles, reasonable expectations, scope and relationship between PRSF/TNP2K, rationalisation of existing management bodies, and options
- b. Decide on best options
- c. Introduce appropriate systems (see recommendation 7)
- d. Enhance management capacities as necessary – additional management capacity, skills and processes.

Response: Agree.

Actions: This recommendation was addressed in the inception activity. New or adjusted systems have already been designed and introduced, a revised organisational structure has been agreed, and additional positions for management and technical support are being recruited.

Recommendation 7: Initiate process of key systems development to systematise critical processes, in the context of wider management and accountability amendments (see recommendation 6):

- a. Key systems required, drawing on this IPR's analysis
- b. Nature of key systems and process for their development
- c. Roles and responsibilities, in context of wider management changes
- d. Address management capacities as required
- e. Rollout.

Response: Agree.

Actions: This recommendation was addressed in the inception activity. New or adjusted systems have already been designed and introduced, a revised organisational structure has been agreed, and additional positions for management and technical support are being recruited.

Recommendation 8: Revise AusAID mode of engagement in light of management and accountability amendments (recommendations 6 and 7).

Response: Agree.

Actions: AusAID is doing this progressively as systems are strengthened.

Recommendation 9: Without wishing to pre-empt the discussion in recommendation 5, the IPR offers the following more detailed thoughts:

- a) Given that building sustainable capacity of TNP2K is not one of our objectives, build capacity through the PRSF structure, to provide the support TNP2K (and perhaps other organisations) needs
- b) Enhance the role of PRSF Secretariat to provide support to technical issues and systems, in addition to the predominant current focus on administration and its systems
- c) Enhance PRSF Secretariat skills and staffing to accommodate this new role, with one option being to add a technical Deputy Team Leader, leading a technical team perhaps with skills in institutional reform, strategic planning, change management, policy advice and synthesis, as well as poverty reduction planning and social protection
- d) This technical sub-team would support TNP2K with conceptual thinking, development of appropriate strategies, systems and guidance, and take responsibility for managing the rollout process across TNP2K, working at all times with TNP2K (and perhaps others) in a support

role. Importantly they would have responsibility for ensuring key processes were followed, and for documenting them, including departures from specified and agreed processes.

- e) Provide additional management support to Bapak Suahasil Nazara (Head of TNP2K Working Groups), to ease the process of engaging with the PRSF team and to allow him to focus more on policy work rather than management
- f) This PRSF Secretariat technical team would use consultants as required to supplement skills plus also additional effort
- g) This whole process would need to be more interactive, clearly mandated and team-based than at present.

Response: Agree.

Actions: These recommendations were built into the inception process, so system design and management and organisational changes have been developed in accordance with this. Changing processes to become more interactive and team-based will take time, as this is a bigger organisational change agenda.

Recommendation 10: Revise and rationalise the management arrangements for PRSF and its connections with TNP2K, beginning with the Inception activity.

Response: Agree.

Actions: See actions above.

Recommendation 11: Reinvigorate the Steering Committee as key governance mechanism for oversight of PRSF strategy and implementation in the context of wider changes to PRSF that will accommodate scaled-up funding to 2017 that will be designed by the Inception activity.

Response: Partially agree.

Actions: This recommendation is partially agreed and the Steering Committee should be adjusted once the current phase of support (to end 2014) is completed. AusAID considers that changes are not appropriate before then given upcoming elections in Indonesia and TNP2K's need to fulfil its core mandate by the end of 2014. When the next phase of support is fully planned and primary partners are identified, that will be the right time to make any changes to the Steering Committee membership and mandate.

Recommendation 12: Ensure appropriate balance between short-term delivery objectives and longer term sustainability

- a. Conduct analysis of appropriate balance, nature of trade-offs, and appropriate measures, in context of strategy recommendation 1
- b. Develop and rollout guidance to staff in context of systems development (see recommendation 7)
- c. Manage quality.

Response: Agree.

Actions: While TNP2K has an immediate and urgent mandate to fulfil before the end of 2014, Indonesia's poverty reduction and social protection goals are much longer term, and AusAID intends to support GOI in this for several years to come. Recognising this, the opportunity for PRSF to embed processes that allow for a balanced analysis and strategic discussion around

trade-offs for different interventions is crucial. All adjustments made to PRSF institutionally are taking this recommendation into account.

Recommendation 13: Develop appropriate process of embedding change management good practice throughout TNP2K

- a. Commission study of best practice change management in Indonesia and elsewhere
- b. Commission a change management consultant to facilitate review of PRSF/TNP2K practices in light of strategy (see recommendation 1) and propose improvements
- c. Internalise in systems development (see recommendation 6).

Response: Agree.

Actions: The inception phase incorporated some of this into implementation planning, and a focus of the work program for TNP2K up to the end of 2014 is to ensure reforms achieved to date are embedded into regular government process. PRSF will engage a change management expert to assist with this. The next steps for the short and longer term, including embedding a change management process should be developed by PRSF in consultation with AusAID. It should take into account the different systems and partners with which we work, and how change can be effectively achieved in each.

Recommendation 14: Systematise action learning to maximise programme performance

- a. Commission learning consultant to facilitate analysis and propose amendments in context of clear strategy (see recommendation 1)
- b. Address systems as per recommendation 7.

Response: Agree.

Actions: Short term assistance will be utilised as much as possible to assist with this, and AusAID will work with PRSF to establish what this might look like and what we need to do.

Recommendation 15: Agree quality control systems in context of management (see recommendation 6) and implement in context of systems (see recommendation 7), following the process outlined in recommendation 5.

Response: Agree.

Actions: Complete. A quality control system has been developed, agreed by the Steering Committee and PRSF and TNP2K staff have received training on how to utilise the system. The system will be reviewed once it has been in place for several months, in order to verify that it is working well and suits the needs of AusAID and GOI.

Recommendation 16: Ensure ongoing communication efforts are conceptualised in context of wider strategy (see recommendation 1) and potential to contribute to change management (see recommendation 13).

Response: Agree.

Actions: Improvements have already been made to communications in PRSF and TNP2K. An external communications team is now fully staffed and working from an approved communication strategy – primarily focusing externally on TNP2K advocacy issues and influencing key partners and public opinion. A knowledge management team is also developing an approach to better dissemination of information and knowledge sharing, within and outside the organisation. Further

developments, such as the role of communication in change management, are also being considered (see Actions under recommendation 13).

Recommendation 17: In context of strategy discussions (see recommendation 1), initiate analysis and planning for transition, to consolidate and institutionalise PRSF/TNP2K gains.

Response: Agreed.

Actions: Work has already begun in this area, as AusAID window activities in PRSF start to work more with other GOI partners. Most strategy discussions now include consideration of how gains to date will be institutionalised, and many planned activities reflect this. A new focus has also been to ensure that the experience and achievements of TNP2K over the last few years are properly documented and recognised. Transition planning will continue for the next 12 months, as the next Indonesian Presidential election nears.

Recommendation 18: Develop clearer results focused systems for AusAID window

- a. Clear strategy for what AusAID is trying to achieve with the window, and what the window must deliver
- b. Revise systems for identifying investments to reflect that – more strategic, more focused, strategic partners, more competitive?
- c. If requirement for flexible fund persists, open a specific sub-window with less rigorous strategic criteria
- d. The inception activity should begin to think how to broaden PRSF engagement beyond TNP2K as part of its plans to design scaled-up support to social protection with to 2017.

Response: Partially agree.

Actions: AusAID is focused on preparing to manage an increase in funding for PRSF and social protection in Indonesia to prepare for a possible phase 2 of the program. The AusAID window will fund activities to this end. The Inception activity did consider how to broaden engagement beyond TNP2K, and the window is already being utilised to do this. The new quality assurance process ensures that flexibility has been retained, and a specific sub-window is not required. Systems being developed are focused on ensuring investments are more strategic, but AusAID does not feel that competitive processes should be pursued at this time given the window's small size (10% of PRSF's overall funding for the current financial year) and the need to prepare for the next phase of PRSF.