

SMERU Research Institute

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INDEPENDENT COMPLETION REPORT

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Aid Activity Summary

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Executive Summary

A completion review of the current contract with SMERU Research Institute (SMERU) was undertaken to assess performance, explore enabling or constraining factors, and identify any lessons for AusAID's newly developed Knowledge Sector program, which will begin in 2012. The in-country component of the review occurred between 28 November and 12 December 2011.

Initially established in 1998 under the World Bank, SMERU became an independent research institute in 2001. AusAID has provided core funding throughout this time as untied funds. It has funded AUD9.4 million over this period. Core funding enables SMERU to: undertake socio-economic research to help improve public policy; conduct effective research outreach; support inclusive public policy discourse; and strengthen the role of civil society in the policy process.

Making strong progress towards the objectives of core funding

The review found that SMERU is making strong progress against the objectives of the funding. It is producing a wide range and large number of high quality research products and services on topics relevant to socio-economic policy. Its program of research is well aligned to the development priorities of the Indonesian and Australian Governments.

Considered as a leader in the field by the majority of respondents, SMERU is respected for its sound methods, both quantitative and qualitative, and sharp analytical thinking. It has an almost flawless reputation for consistent quality with only one study – a recent gender equality project – being identified as raising concerns amongst clients and partners. It is evident that this was an aberration, possibly due to insufficient technical capacity at the time and workload pressures.

Its academic leaders are widely respected. It has recruited and retained highly qualified and committed young researchers who are supported professionally by the more senior staff. Researchers, regardless of their level, participate in more comprehensive research tasks than they would at similar institutes. They also have opportunities to collaborate with international researchers, exposing them to new ideas and methods. These efforts have resulted in a well-rounded middle level of researchers who express great satisfaction with their work and the organisation.

SMERU is disseminating its research findings widely using a mix of techniques. As well as reports, presentations, articles in its newsletter, and the use of its website, SMERU has recently included the use of policy briefs. Development of further skill and experience in this area should enhance effectiveness.

It is evident that SMERU is having an influence in the policy field. There is good uptake of its work, as indicated by an increasing number of citations. Respondents from across the stakeholder groups are using SMERU research and policy papers to inform their thinking and program design. SMERU is a regular invitee to government-led policy discussions. Models and tools developed by SMERU are used by government. Findings from SMERU studies have contributed widely to the raising of awareness, the introduction of new concepts, improved implementation of programs, and changed practices. Much of their socio-economic work is acknowledged as laying the foundation for more recent developments in the study of poverty. Naturally, not all research is equally influential but the examples of where SMERU research has not had the anticipated influence were few in number.

This high standard of outputs and outcomes is made possible by a number of things. A strong internal focus on quality assurance processes ensures rigorous standards for research, editing and publication. The organisation is supported by a strong set of standard operating procedures. A strong work ethic is evident. SMERU is governed by a Board of Trustees whose members are committed to the institute's work, are highly respected professionals, and provide important strategic direction. There are good human resource policies underscored by rigorous recruitment processes. Professional development is a high priority matter with a range of activities offered, particularly to research staff. There is a strong commitment to encouraging and supporting research staff to undertake further academic study.

Contributing to the institute's influence is its robust set of connections to key decision makers. The institute's academic leaders and senior staff, in particular, are extremely well connected to policy powerbrokers. These relationships are longstanding and have been cemented over the years as a result of the highly respected research for which SMERU is renowned.

In more recent years, all research staff have been helping to build wider and more sustainable networks though this is an area in which SMERU needs to strengthen its efforts. To date, its successes have relied heavily on personal networks and its reputation. Activities have, largely, been related to projects or in response to requests. There is a need for SMERU to develop a more planned and strategic approach to networking if it is to strengthen its research to policy link. A revised and annually operationalised communications strategy could help drive this.

Similarly, SMERU is contributing to the strengthening of capacity of others, particularly government agencies, non-government organisations and other researchers. This is occurring through a range of activities such as direct support and advice and the co-facilitation of a number of research-related network groups. These groups are providing important linkages with and between other researchers, donors and policy makers and have the potential to be important communities of practice. SMERU's input in this arena of strengthening capacity of others is highly respected and valued by stakeholders. However, it is stretching organisational capacity. As this work, largely, falls outside the supply component as identified in the new knowledge sector program there could be merit in its being funded separately.

A well developed organisation that needs to develop more business and management acumen

Without doubt, core funding has been an important contributing factor in SMERU's capacity as a highly regarded institute. It has provided surety to employ a highly qualified team of researchers on a permanent basis at a remuneration level reported to be highly competitive locally. Similarly, it allows the employment of highly skilled editing, publishing and information technology staff responsible for the very polished final products. With some level of budget surety, SMERU has been able to concentrate on developing important organisational policies, procedures and processes that provide important organisational infrastructure. These differences were often mentioned as comparative advantages over other institutes.

When viewed over the 11 years AusAID has been providing core funding to SMERU, the average ratio of core funding to commissioned work and competitive grants has been 46%. This falls favourably within the range recommended by AusAID.¹ Since the mid term review in 2007, SMERU has successfully bid for 11 competitive grants as well as being chosen for numerous commissioned studies. Many of its stakeholders emphasised the importance for SMERU to increase its efforts in the area of international competitive grants because of the opportunities these open to strengthening research skills, working collaboratively with international experts, and exposing SMERU to new ideas.

SMERU is now a well developed organisation with many efficient practices. It is time for it to develop more business and management acumen, particularly in the management of the particular areas of finance, workload, and projects. SMERU needs to introduce more rigorous financial management processes that include: the setting of annual financial forecasts and targets; and monthly financial reporting and review of the budget by the management team. It is critical that SMERU begins to work on the basis of full cost recovery rather than the discounted fee structure it currently applies to its research projects. This is having an impact on the institute's sustainability and budget, which in turn impacts on workload and the capacity to undertake independent research. Whilst SMERU is of the view that its clients would not tolerate a higher fee structure, a majority of donors and partners who participated in this review indicated that there is definite scope for SMERU to raise its fees.

There is a critical need to address pressing workload issues. Researchers and the editing and publication team are experiencing enormous demands with resultant workload stresses and delays in research, editing and publishing. It is also limiting researchers' capacity to publish.

¹ AusAID. (2011). *Revitalizing Indonesia's Knowledge Sector for Development Policy: Draft Design Document – a range of between 40%-60% is recommended.*

Apart from the number of research projects impacting on workload, it is possible that the institute's stringent quality assurance processes are having adverse effects as well as positive ones. Along with a review of workloads, there could be merit in reviewing quality assurance processes to see if these could be streamlined.

It is evident that SMERU needs to engage more staff. SMERU is reluctant to do so for a number of reasons. Apart from a fear that growth will alter the family-like organisational culture, it is concerned with the financial implications if staff subsequently become redundant.

It is worth exploring ways of engaging additional staff on temporary contracts for periods of up to two years and/or hosting an internship program for regional researchers. In addition to extra staff, SMERU needs more specific mechanisms in place to help project team leaders and senior staff schedule projects more reliably and efficiently.

Taking steps to address these issues is important for sustainability. SMERU is facing an unprecedented demand for its services – a combination of its reputation, government agencies having an increased interest in evidence-based policy, and there being too few high quality institutes. SMERU is in the organisational life cycle of 'produce and sustain' and will soon need to consider how it 'reviews and renews' itself.² It has a strong competitive advantage for now, but this might not remain the case as other institutes strengthen their capacity as part of AusAID's new knowledge sector program. Addressing the issue of workloads and improving financial and project management practices will be important if SMERU is to continue to attract and retain staff, win competitive bids, and be able to provide timely research findings to influence policy. Expanding its business by increasing staff numbers is a key solution.

Similarly, it is crucial for SMERU to complement its strategic paper with a business development plan and annual operational plans. In addition, there is scope to use the research agenda as a more active tool in driving the work of SMERU. These will all be important practices if SMERU is to find ways to finance more independent research, either from its own revenue streams or through international competitive grants. To assist SMERU take the next steps, it is suggested that AusAID provide development assistance to strengthen capacity in such areas as: business development planning; development and use of operational plans; and using a research agenda proactively to drive work.

A final suggestion for improvement relates to monitoring and evaluation. SMERU maintains extensive monitoring data and reports on this every six months. However, it is generally provided in simple raw data rather than analysed for trends and comparisons. Further, current indicators are solely quantitative and output in nature. There would be advantages in developing a monitoring and evaluation plan that guided various analyses, including assessment of progress towards outcomes and influence and periodic evaluations of key elements or themes.

The following recommendations have been made:

Recommendation: *That AusAID continues to provide core funding to SMERU for at least a further five years at a level similar to the current amount, with non supply-side activities funded separately. [Refer to report section: 2.3.2]*

Recommendation: *That SMERU develop and implement a business development strategy that is comprised of two components: i) an increase in independent³ research capacity funded through interest on a specially appointed investment of its cumulative profit; and ii) a new service arm that is focused on strengthening the capacity of others and which is funded through another grant from AusAID. Further, that AusAID provides an appropriate level of development assistance so SMERU is supported to develop the growth strategy. [Refer to report section: 2.3.1]*

However, for the next 12 months SMERU's development priorities should be:

² Sharken, J. (2001). *Five Life Stages of Non-profit Organizations*. Fieldstone Alliance.
http://mtnonprofit.org/uploadedFiles/Files/Org-Dev/Principles_and_Practices/Nonprofit_Life_Cycles.pdf

³ Independent research can include research funded from within SMERU's own budget or through international competitive grants. Such research is about progressing the institute's research agenda.

Recommendation: That SMERU undertake an internal review of workloads, and its quality assurance processes, with a view to: a) addressing workload issues and time delays; and b) ensuring staff are provided with dedicated time to lead and/or participate in supervision and support. [Refer to report section: 2.2.4]

Recommendation: That SMERU put in place more stringent project management practices that include: i) regular updating of the chosen management system by team leaders of project activities, outputs and disbursements; ii) regular monitoring of these by team leaders; and iii) regular monitoring of overall status of all projects through a project management meeting convened by the Deputy Director with team leaders, the head of Publication and Information and the head of Finance. [Refer to report section: 2.2.5.]

Recommendation: That SMERU implement a full cost recovery of projects, raising its professional fees accordingly for all new projects, and that an annual review of the pricing structure be undertaken annually to ensure that SMERU is staying abreast of costs. [Refer to report section: 2.2.6]

Recommendation: That SMERU implements improved budget setting and monitoring processes that include forward estimates for a range of key budget areas, regular reporting to the management team, and regular monitoring of progress against estimates. Further, that AusAID provide an appropriate level of development assistance so SMERU is able to develop the necessary processes and capacity. [Refer to report section: 2.2.6]

Once these recommendations have been implemented SMERU could focus on:

Recommendation: That SMERU strengthen its capacity to bridge the research to policy link through:

- i) developing a better understanding of the policy making process;
- ii) strengthening skills in writing policy briefs and similar compelling stories of findings; and
- iii) investing in a planned and strategic approach to engaging with key stakeholders that:
 - ensures networks are developed at an institutional level to complement individual personal associations; and
 - is clearly outlined in a communications strategy that is operationalised and reviewed annually, with appropriate adaptations based on the findings of the reviews. [Refer to report section: 2.1.3]

Recommendation: That SMERU strengthen its performance appraisal system further by using the identified capacity strengthening needs to develop individual performance and development plans that then guide the institute's professional development agenda. [Refer to report section: 2.2.3]

Recommendation: That SMERU strengthen its efforts in the area of monitoring and evaluation by developing a monitoring and evaluation plan that, among other things, reviews and sets more effective performance indicators and targets, includes an evaluative component, and draws upon the model outlined by Hovland (2007). [Refer to report section: 2.4]

Evaluation Criteria Ratings

Evaluation Criteria	Rating (1-6)
Relevance	6
Effectiveness	6
Efficiency	4
Sustainability	4
Gender Equality	4 (Refer to note)
Monitoring & Evaluation	4
Analysis & Learning	5

Rating scale: 6 = very high quality; 1 = very low quality. Below 4 is less than satisfactory.

Note: Assessment was not a review requirement – refer to more detailed note on page 26.

1. Introduction

Activity Background

SMERU Research Institute (SMERU) is an independent not-for-profit institute for research and public policy studies. It undertakes applied, evidence-based research in order to provide reliable and timely analysis of socioeconomic and poverty issues. Initially established in 1998 as a World Bank supported unit, since 2001 it has been fully independent. It is a legal foundation governed by a Board of Trustees and supported by a Supervisory Board and a Management Board, as is required by Indonesian law in regard to foundations. The operations of the institute are managed by a Director who is supported by a Deputy Director and a senior management team.

AusAID has provided funding to SMERU since 1998. It currently provides core funding at a level of \$0.8 million per year to assist SMERU undertake the following activities:

- a) the monitoring and evaluation of social and economic problems for the purpose of improving public policies and their implementation;
- b) the conduct of effective research outreach to national and regional governments, civil society, academics and the international community;
- c) the support of inclusive public policy discourse on poverty and inequality reduction strategies; and
- d) strengthening the role of civil society in the formulation and implementation of public policies.

In 2009 the institute's founding Director left to take up an academic opportunity in the USA. He was succeeded by the then Deputy Director. Since that time, the former Director has returned to the organisation as a Research Fellow.

A mid-term review in 2006 found that SMERU is unique in Indonesia in terms of its independence and high quality research. SMERU is guided by a strategic plan that outlines the contribution it aims to make and the expected results from its investments. It has recently decided to move towards a results-based approach.

AusAID's current funding scheme will end in March 2012. However, ongoing core funding will be provided for another five years as part of a newly designed Knowledge Sector Support Program. That program will support a range of activities designed to strengthen the knowledge to policy link within Indonesia.

Evaluation Objectives and Questions

The Terms of Reference (annex 8) identified the objectives of this evaluation as:

- a) evaluate the extent to which AusAID's core funding has enabled SMERU to achieve its objectives
- b) review what SMERU has achieved, what has worked, what did not work, and why, to provide recommendations on actions that need to be taken in order to achieve the milestones in 2014
- c) assess the continued relevance of the SMERU Strategic Plan 2010-2014 and to provide suggestions on how to improve the strategy so that it continues to be relevant to the aspirations and needs of SMERU and the Australia Indonesia Country Strategy 2008-2013
- d) provide advice to help inform key management decisions in relation to: 1) the type of future support by AusAID to SMERU, in addition to lessons learned that will inform and shape the development and the implementation of the AIP Knowledge Sector Support Program.

Following discussion, the Terms of Reference were translated into an evaluation plan (annex 9) with five key evaluation questions agreed.

High priority questions

- i. To what extent did SMERU achieve the objectives of AusAID's core funding support? [Effectiveness]

- ii. To what extent have various program resources been maximised to achieve the required outputs? [Efficiency]
- iii. What lessons from SMERU can be learned and applied for the development and the implementation of the AIP Knowledge Sector Program? [Lessons learned]

Medium priority questions

- iv. How robust is SMERU's monitoring and evaluation system in terms of gathering evidence to show that targeted outcomes and outputs have been achieved? [Analysis and Learning AND Monitoring and Evaluation]

Low priority questions

- v. How relevant is SMERU's work to the Australia Indonesia Country Strategy 2008-2013 and the anticipated AIP Knowledge Sector Support program? [Relevance]

However, at the beginning of the in-country mission component of the review AusAID sought further changes to the purpose of the review. After much discussion it was agreed that the basic essence of the evaluation plan should not change but that the purpose of the review would be:

To explore the key factors leading to the successes of and constraints for SMERU in achieving the strategic objectives of the core funding. In addition SMERU's role in strengthening the capacity of other organisations in undertaking or use of evidence-based research will be explored.

This review will inform the knowledge sector program on: a) areas in which SMERU might be supported to achieve greater impact of their core objectives; b) what the appropriate level of and mechanism for core funding may be for the next phase; c) identify the types of things that core funding to other policy research institutions should support to maximise quality and impact of their work.

It was also agreed that some further specification would be made to the detailed questions found in the annex of the evaluation plan. The revised table that was used to guide the review is provided as annex 1.

Evaluation Scope and Methods

The Terms of Reference required judgements to be made in relation to five of the AusAID criteria: effectiveness, efficiency, sustainability, monitoring and evaluation, and analysis and learning. The review occurred between 1 November 2011 (initial scoping and negotiation) and 10 February 2012 (final edited report). The in-country component occurred 28 November to 12 December.

Given that there was a strong organisational development aspect associated with the formative component of the review, the team's approach and techniques promoted the participation of key AusAID and SMERU personnel.

The data methods are outlined in Annex 2. In summary they included:

- A range of activities with SMERU: workshops; brief network analysis; facilitated reflective discussions; focused discussion groups; semi-structured interviews; document analyses; brief citation and publication analyses; brief financial analysis; narrative writing; and time diaries.
- Semi structured stakeholder interviews: 31 external stakeholders; 15 AusAID stakeholders.
- Perusal of AusAID knowledge sector program documents.
- A brief literature search.

The methodology was highly flexible enabling the review team to tailor techniques to stakeholders and evaluation purpose. However, the extent of workshops with SMERU and their participation in consideration of data, and consultation with external stakeholders was less than the review team felt optimum due to the limited time for the in-country component of the review. Nonetheless, all staff and Board members had the opportunity to participate on more than one occasion and in ways that enabled them to explore ideas with the review team.

The inability of the team to include priority three stakeholders as respondents (refer to 'limitations and constraints' in the evaluation plan (Annex 9), did not prove as limiting to the review as initially indicated. The review team was confident that data saturation⁴ was reached before all priority one and two stakeholders were interviewed.

Some changes were made to the proposed evaluation methods outlined in annex 9 as a result of the renegotiated focus. Techniques used enabled an assessment against performance as outlined in Hovland.⁵ Therefore, assessment against the organisation's strategic plan was no longer required. Hence, measuring capacity and collaboration as per the models in the evaluation plan was not relevant. Similarly, the organisational development framework and the research quality model shown in the evaluation plan were used as conceptual frameworks rather than as specific tools against which to assess and report.

Team members kept extensive written notes and recorded analytical insights during the data collection phase. Individual analysis of the data occurred continually during the in-field activities. In addition, the team met periodically to briefly discuss their major observations and impressions and of the data. At the end of the in-field phase, the team came together for two days to undertake joint iterative data analysis, which was structured in two ways: a) against the key evaluation questions; and b) according to emerging themes. One further day was set aside to discuss the data with: a) SMERU senior staff; and b) AusAID program staff. These sessions were used for feedback, clarification, and exploring conclusions and possible recommendations. Following this the team drew its preliminary conclusions, made judgements in relation to the key evaluation questions and considered preliminary recommendations. An Aide Memoire was prepared and presented to: a) SMERU staff and Board of Trustees, and AusAID program staff; and b) other interested AusAID staff.

As noted in the evaluation plan, the in-depth analysis occurred after the in-country mission resulting in the implications of some findings and recommendations not being able to be discussed with SMERU. One such recommendation is the suggestion the review team makes in relation to the future use of accumulated funds. The feasibility of this recommendation or the receptiveness to the idea had not been tested prior to this report going to SMERU in draft form for their consideration.

Evaluation Team

The core of the evaluation team consisted of two people: Ms Julie Hind, a monitoring and evaluation specialist with Evolving Ways and Pak Gatot Widayanto, an independent consultant who specialises in organisational development. Two other team members were included to undertake the interviews with stakeholders based outside Indonesia, a brief literature review, and a proportion of the desk-based data activities – Ms Judith Woodland, monitoring and evaluation specialist, Evolving Ways and Mr Euan Hind, research officer, Evolving Ways.

⁴ Data saturation is the point in qualitative research at which a researcher knows that a given search is ended or the appropriate number of groups consulted when no additional data can be found that develops properties of the conceptual categories – refer to Glaser, B.G., and Strauss, A.L. (1967). *The Discovery of Grounded Theory: Strategies for Qualitative Research*. Chicago, Aldine Publishing Company.

⁵ Hovland, I. (2007). *Making a difference: M&E of policy research: Discussion Paper 281*. ODI.

2. Evaluation Findings

2.1. Effectiveness: ***Strong progress against objectives is being made***

The objectives of the core funding relate to use of research evidence to inform policy and the associated processes. The policy process is complex, rarely linear or logical, and shaped by multiple factors (Jones, 2011; Young, 2008). Therefore, determining the direct effect of research on policy is difficult. The review team drew upon the approach outlined by Hovland (2007) and considered: i) outputs – volume, quality and relevance of products and services; ii) uptake of research by others; and iii) outcomes and impacts (changes in behaviour, knowledge, policies, capacities and practices to which research has contributed).

2.1.1. High quality and relevant research in core areas

The institute is producing a wide range and large number of high quality products and services including: research reports; policy briefs; journal articles; newsletters; a website; seminars; and networks. Academic quality is indicated by its publication record. Of the 26 journal articles published between 1999 and 2011, 85% were published in international peer review journals. Similarly, 83% of the 15 book chapters to which SMERU staff have contributed have been published by international academic publishing houses or institutes. For their internally published reports, the majority are peer reviewed, many of them by external experts⁶.

The academic quality of the institute's work was confirmed by a range of respondent groups:

- international academics, each of whom had worked closely with SMERU on some projects and, in some instances, undertaken peer review of their work;
- SMERU researchers themselves who rated⁷ the quality of their work highly across 10 items covering such things as: a clear research purpose; understanding of related studies; a well-designed study; clear and justified assumptions; logical recommendations; and objectivity and independence; and
- users of the products who similarly indicated that SMERU's research is of high quality, with a large majority reporting such things as: *"the use of sound methodologies"*; *"sharp analysis"*; *"good arguments around the issues"*; and *"good data production"*.⁸

This high quality research is evident in relation to quantitative methods, with several respondents reporting SMERU as having a longstanding history of expertise in this area. This is borne out in the large proportion of publications authored by those researchers highly regarded by others as quantitative experts. Several respondents from within the stakeholder groups reported that the institute is now developing strong capacity in qualitative research both in the range of methodologies and a capacity to look at an issue from multiple perspectives. In contrast, a small of respondents from international organisations who reported being frequent users of evidence-based research, indicated a need for SMERU to further strengthen its research quality by updating and broadening its range of methods, both quantitative and qualitative.

It is apparent that SMERU is highly relevant as illustrated by the following comments:

SMERU is THE most important think tank in the country. They do a lot of highly relevant work. (Representative from an international donor)

Their findings give us the realities about what is actually happening in the field, we sometimes make assumptions when we have to face certain issues but with the help of SMERU findings we have another perspective that helps sharpen our policy making. (Representative from a government agency)

⁶ As reported by the researchers and senior management

⁷ A self assessment survey conducted as part of this review

⁸ Whilst these views are not from academics, recommended methods for evaluating research institutes include perspectives of users (Jones, 2011), many of whom in this instance, are experienced users of evidence-based research from many highly competent sources.

Evidence of relevance can also be found in a clear focus on areas relevant to the stated mission and particular expertise of the institute, confirmed by perusal of topics included in the list of research projects, publication list, the contents of newsletters, and comments from respondents.

In stark contrast to the many sources of evidence of quality were the concerns expressed by a small number of international partners and donors about the quality of research for one project – a project related to gender equality. From these few stakeholders there was uniform criticism of this work, particularly the analysis and the difficulty in delivering high order policy-relevant information in short timeframes. In saying this, each of these respondents was quick to note that the production of data was good but that the SMERU team was not able to provide a rigorous analytical approach to the data.

Some respondents thought that this may be because there was insufficient experience or relevant mentoring to undertake analysis specific to the theme. Others suggested that it was a workload issue with too many demands on the team and not enough coordination of the large team engaged on this particular study. One took the workload issue further suggesting that SMERU perhaps spent too much time in the data gathering phase leaving insufficient time to undertake the high level of analysis required. The workload issue is discussed in further detail in the “Efficiency” section.

In all the discussions the review team held with the many stakeholders no other specific example of quality concern was identified. This appears to have been an aberrant situation, with other gender related studies being reported by clients and partners as being more than satisfactory. For example, one government source reported that a particular gender study was very good with new information being uncovered and useful insights being provided.

The review team found a number of factors contributing to the predominantly consistent high level of quality and relevance.

Highly qualified and committed staff

Firstly, SMERU has been very successful in recruiting what many respondents referred to as “*bright young researchers*”, who are “*committed and very serious researchers*”, “*quick to adapt to new ideas and different situations*”. A current staff list identifies that amongst the middle and junior levels of researchers there are 11 Masters and nine degree holders. This core of permanent research staff is supported in the field by local researchers, also reported as having strong research backgrounds.

The institute’s middle and junior researchers complement SMERU’s senior researchers and its academic leaders, who are highly respected amongst all stakeholder groups. Indeed some referred to them as “*outstanding*”. Amongst the senior researchers there are now five people capable of undertaking independent research, an important indicator of research quality.⁹ Whilst two of the international partners and collaborators noted that the strength of researcher quality is not even within each level of the institute, generally stakeholders were of the view that SMERU has achieved a well-rounded middle level of research staff. This is an ingredient that several international respondents noted as missing in most other Indonesian research institutes.

It is apparent from staffing lists that SMERU has been very successful in retaining these highly qualified researchers. Management reported that only two staff have been lost to other institutes or international organisations since the mid-term review, although two to four are lost every year to further study. Apart from obvious financial incentives such as a good salary level and the possibility of annual performance-based increases, a number of the factors (below) contributing to quality are also acting as staff retention incentives.

Broader and more comprehensive research opportunities further strengthen an already highly competent team

A second quality factor is the way in which middle and junior research staff are able to work on more comprehensive research tasks than they could if they worked elsewhere (as reported by all of the research team).

⁹ As reported by management

They participate in all stages of a research study from design through to presentation of findings and a majority of the researchers reported having had experience at being a project team leader. A key aspect of this more comprehensive research work is the opportunity for SMERU researchers to co-author published articles with the director, deputy director, senior research fellow, and in some instances, with international experts. The publication list indicates that since the 2007 mid-term review, 13 researchers have successfully co-authored an article or book chapter in this way. Undoubtedly these researchers will have gained invaluable skills through this co-authoring, which has increased in recent years. Notwithstanding this positive trend, there is a need to increase the institute's capacity to provide more publishing opportunities for its mid-level researchers. This need to publish more was highlighted by several of the researchers, who reported that there is insufficient time to do so due to huge workloads. The subject of workloads is discussed in the "Efficiency" section.

The other issue related to publication is the perception by SMERU management that there are too few international journals that encourage qualitative research articles. This surprised the review team and perhaps reflects the very strong quantitative publication record of the institute to date. It will be important for SMERU to seek out relevant journals and submit papers to them as part of a dedicated publication plan (refer to recommendation in the "Efficiency" section). Potential journals could include: *International Journal of Social Welfare*; *Journal of Poverty*; *Journal of Child and Poverty*; and *Poverty and Public Policy*, to name a few.

An emphasis on quality assurance, excellence and relevance

A third contributing factor is the strong quality assurance process the institute has in place that involves: allocating a senior advisor to each research project; the use of internal peer review seminars for commenting on methods, tools, draft report, and presentations of findings; occasional external blind peer reviews of reports; and oversight by the Deputy Director. This helps ensure what stakeholders referred to as a consistency of product. This emphasis on excellence is reported by many stakeholders as a key characteristic of the institute. The research leaders have, since the beginning of the institute, inspired what some respondents referred to as a "*very high work ethic*" that includes a "*high expectation...that staff will deliver*".

Good practice research procedures help contribute to the high level of relevance. Those mentioned by stakeholders include: being responsive to research requests; scoping and thoroughly negotiating project terms of reference and work plans with clients; taking time to communicate clearly with stakeholders; checking and re-checking information and data; and being open and responsive to feedback from clients and stakeholders.

Ongoing commitment to professional development

Another factor is the strong emphasis on ongoing professional development. Researchers participate in many internal and external seminars and training events. There is a longstanding approach to learning on the job, with staff sharing their knowledge, skills and experience with each other. Newer members of the team mentioned this as being another of the significant differences between SMERU and other institutes in which they have worked. Similarly, the increasing numbers of collaborative research projects with international partners is broadening their experiences and skills through the introduction of new research and analytical methods.

Encouraging researchers to undertake further academic studies is an important part of the organisational culture. Management reported that two or three researchers are lost each year to overseas scholarships. According to management there are currently eight former SMERU researchers completing Masters or PhDs overseas. The organisational value placed on staff having the opportunity to undertake higher degrees extends to those few researchers whose circumstances preclude them from international scholarships. Since 2010, a scheme has been implemented to support these staff to enrol in Masters courses in Indonesia through SMERU paying their tuition fees. One staff member has been supported in this way and others are expected to follow.

Core funding

Finally, it is evident that AusAID's core funding is an important contributing factor to the organisation's success. It has provided surety to employ a highly qualified team of researchers on a permanent basis at a remuneration level reported to be highly competitive locally. This was an oft-mentioned comparative advantage over other institutes who, reportedly, rely on a less permanent workforce forced to spend more time on sourcing income. Job security is mentioned in the literature as being one of the key characteristics of good performing research institutes.¹⁰

The other critical component of core funding is the contribution it makes to the investment in strengthening capacity and the maintenance of physical and human resource infrastructure vital to research institutes. Core funding has made it possible for SMERU to build a highly skilled editing and publishing division and assisted it to employ other needed support staff such as finance, administration, reception and security, each of whom, in their own way, contribute to the success of SMERU. As highlighted in the literature¹¹, no amount of project funding or research grants, even where they achieve full cost recovery, can provide these crucial requirements of a successful research institute.

2.1.2. Wide dissemination of research findings using a mix of techniques

In addition to the traditional methods of presentations to clients and stakeholders and distribution of reports, SMERU uses a mix of techniques to disseminate research findings. Summaries are included in their twice-yearly newsletter, which is widely distributed in both hard copy and electronically. Whilst actual figures were not available to the review team, we were advised that it is distributed to at least those on the SMERU database which includes more than 2,000 individuals and organisations such as non-government organisations, regional parliaments, and regional universities. It is also available on the website.

Seminars and other presentations are a key technique for dissemination of findings. For example, in 2009 SMERU organised four national seminars in which findings were presented as part of the agenda and made 25 presentations in Indonesia and 12 internationally. In 2010, they organised three such seminars and made 17 presentations in Indonesia and six internationally.¹² In addition, SMERU is a frequent participant in numerous forums, roundtables, and discussion groups where they are asked to discuss relevant findings and offer insights to the particular topic under consideration. Many respondents reported having participated in various of these seminars, forums and presentations, adding that SMERU's presentations are always of a high standard and very informative. An important difference between SMERU and other Indonesian institutes that stakeholders reported is the opportunities open to the younger researchers to participate in and, sometimes, lead these presentations. This is an important capacity strengthening activity and a key way for the institute to acknowledge the work and skills of its researchers, no matter at which research level they are engaged.

The SMERU website is also a well used conduit for research findings. It is providing ready access to research reports and fact sheets, which are uploaded periodically as they become available. Data in SMERU progress reports indicate that study reports and papers are being downloaded frequently. In 2010 there were over 100,000 downloads, suggesting that they are reaching a large audience.

A further technique that SMERU is now using is that of policy briefs. A relatively new dissemination tool for the institute, it is apparent that they are still learning how to write these to the desired standard. The need to strengthen capacity in this area was a common theme amongst those international partners and collaborators who were respondents for this review. SMERU researchers voiced agreement with this assessment.

¹⁰ Ragasa, C. et al. (2010). *Strengthening Innovation Capacity of Nigerian Agricultural Research Organizations: Discussion Paper 01050*. International Food Policy Research Institute.

¹¹ Mahmood, S. et al. (2011). Strategies for capacity building for health research in Bangladesh: Role of core funding and a common monitoring and evaluation framework. *Health Research Policy Systems*. 9:31. <http://www.health-policy-systems.com/content/9/1/31>

¹² Data from progress reports – seminars or presentations that were primarily training sessions were not included

A brief assessment of four sample policy briefs undertaken by the review team confirmed the need to strengthen capacity in this area (refer to Annex 3 for the assessment).

Contributing to this generally successful dissemination of findings are three key factors: a well developed editing and publishing capacity; and good presentation skills.

A well developed editing and publishing capacity

This is viewed by many as a very valuable asset. It provides important help with things such as grammar, language, translation, style guides, and formatting. This ensures that reports, newsletters and other products are polished and professional. Many respondents commented on the quality of the finished products both in terms of the research content and the editing and publishing. Notwithstanding this, a small number of respondents expressed concern about the length of time the editing and publishing takes resulting in too long a process, particularly when international partners and donors are looking for timely services and products. The institute's very rigorous quality assurance process was perceived by a few of the respondents as a double-edged sword, ensuring high quality products but often resulting in missed deadlines.

The editing and publication division is fortunate to have the services of a skilled volunteer who is undertaking a one-year placement through Australian Volunteers International. Such volunteer positions have been common on this team. However, staff reported that these volunteers have been used as an integral part of the team rather than enhancing it. Volunteer staff should be used to add value to the institute, not fill gaps.

The issue of workload is discussed in more detail in the "Efficiency" section.

Good presentation skills

A consistent view from respondents was the quality of presentations made by SMERU staff. These were described as straight forward, clear and received well. There is a strong internal emphasis on staff developing presentation skills. More experienced staff mentor others, younger researchers are encouraged to present with more senior members of staff, and practice runs of presentations are encouraged as part of the quality assurance and learning processes.

2.1.3. Relatively strong contribution to policy

SMERU's research is having a relatively strong influence though this could be increased.

Uptake of its research

Citation by others is a good indicator of uptake. A citation list indicates that work has been cited from as early as 1999. Over time citations have increased in number and been included in a wide mix of documents and texts. For example from January to June 2011, 25 SMERU articles, papers or reports were cited 40 times in a mix of: international and Indonesian journals; working or discussion papers of international institutes or organisations; and a tool kit. Research was also cited in two of Indonesia's leading newspapers. The 25 SMERU papers cited were drawn from a range of work dating as far back as 2000 and included work authored by a mix of staff from various research levels. In addition, a mix of work is being cited, with only five of the 25 pieces also cited in 2010. These five plus two others were also cited in 2009. This suggests that the uptake of SMERU's work is wide in terms of both authors and subjects. Furthermore, given that work is drawn from many years, it appears that it is both current and enduring in its influence.

Apart from citations, it is apparent that there is good uptake of much of SMERU's work amongst the stakeholder groups with several of the respondents reporting that they regularly use the research and policy papers, drawing upon them for background, data, and to inform program design.

Research outcomes

Almost without exception respondents from across the stakeholder groups see SMERU as having a significant influence in the policy arena with one noting:

[SMERU] has a surprisingly high level of influence given its small size. [A representative from an international research partner]

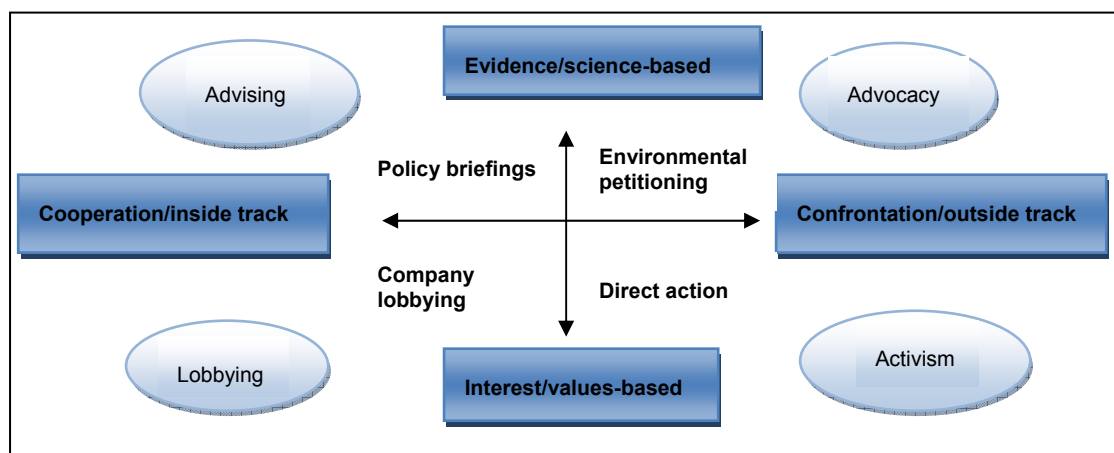
As respondents discussed with the review team their specific case examples of influence, a few common examples began to appear. Some of these are illustrated in the vignettes provided in Annex 4. It is apparent that SMERU research has contributed to a range of changes both instrumental and conceptual, including changes to understanding and knowledge, working practices, and policy implementation. For example, studies of the cash transfer scheme have been a catalyst for changes to how the scheme is implemented and to the methods used by government to target recipients. Development of the poverty map has helped promote the concept of poverty more comprehensively and contributed to the conceptual foundation of current national work related to developing a unified database. The findings from social surveys carried out as part of a major road project has reportedly contributed to improved land acquisition practices.

Naturally, not all research is equally influential and some has little or no influence. There was almost unanimous agreement amongst respondents that the two most glaring examples of where SMERU has not had the anticipated influence are: i) a gender equality project – for reasons to do with weakened analysis, as discussed previously in this report; and ii) their work on the minimum wage which found adverse implications, particularly for women and the unemployed when minimum wages are increased. This study was reported by several respondents as achieving no traction despite its being an excellent study because of the political and community sensitivities of its findings. It appears that in this instance, evidence that a rise in minimum wages results in increases in unemployment for women and other disadvantaged groups is counter intuitive to the beliefs held by civil society organisations and politicians. Arguing for lower wages for women and other disadvantaged groups runs counter to the advocacy work of civil society organisations. Similarly, supporting such measures would likely place politicians at risk of being perceived as discriminating against those who are in greatest need. Hence, this evidence-based research did not find willing champions and not likely to no matter what SMERU might do in relation to the research to policy link.

Despite what was essentially an overwhelming endorsement of SMERU's influence, a few respondents were critical of what they perceived to be the institute's reluctance to take up an advocacy role and thereby become, in their view, even more influential. These particular respondents, often from local institutes or non-government organisations, want to see SMERU take a more traditional advocacy role, including actively using the media as a conduit for research findings.

SMERU management and Board are very adamant that a stronger advocacy role is not appropriate because of the risks to its reputation of independence. If we consider the categories of influence as put forward by Start and Hovland, 2004 (cited in Jones, 2011) and reproduced here as Figure 1, it is apparent that SMERU sits clearly in the quadrant 'Advising'. The institute is evidence-based and cooperates with policy makers via an 'inside' track. Accordingly, the most appropriate channels and means are those that SMERU is currently using, namely, national and international policy discourses and debates, and formal and informal meetings through the application of: research and analysis of good practice; evidence-based argument; providing advisory support; and developing and piloting new policy approaches.

Figure 1: Policy influencing approaches – reproduced from Jones, 2011



An important element of influence is the capacity to bridge the research to policy link in a planned and strategic way. Two representatives from one of the institute's international partners, stated, that in their view, SMERU has made little progress in developing the necessary skills in writing compelling policy-related stories or in implementing a planned and strategic approach to networking.

As noted earlier in this report, the institute does have a need to strengthen its capacity in the writing of policy briefs. Furthermore, a senior researcher in the institute reported that, generally, the team of researchers does not have the skill set to propose the policy steps for government, largely because none of them has had policy experience. Several of the SMERU researchers confirmed this view, rating themselves as having only average skills in areas closely linked to understanding and making the research to policy links (engaging closely with the client; understanding the political factors that affect uptake of findings; developing appropriate strategies to uptake factors; and writing in a compelling way).

In relation to networking, almost without exception respondents reported that SMERU is well connected with policy makers through personal networks, professional groups, and by being what one person referred to as "*the go-to organisation*" when government agencies and donors want advice and ideas. A large majority of respondents stated that SMERU staff are active participants at a number of high level policy discussions and forums. Whilst respondents reported that members of the research team were often present at these various events, data in progress reports indicate that it is more often the academic leaders. Clearly, SMERU is taking steps to alter this reliance on a few senior people and these steps have been more noticeable in the past two to three years. It is critical that this effort be significantly increased.

In a similar vein, a brief network analysis conducted as part of this review highlighted that, whilst SMERU is networking broadly, most network activities are informal in nature and thus dependent on the personal links of individuals. Whilst it is valuable to use personal networks as a base, it is not a sustainable strategy on its own as it is at risk if key people leave the institute. Further, it can lead to an over reliance on the networking of a few key senior people. A more balanced approach is suggested.

The analysis showed that networking is, generally, occurring with the appropriate people and organisations including with: several relevant government agencies; some local governments; key international donors and organisations; many national and local institutes and organisations; and several international institutes. Networking is occurring for a mix of reasons such as information sharing, professional development, projects, and funding. However, staff and management identified several stakeholders with whom networks need to be strengthened. A brief summary of the results of the network analysis, as drawn up by SMERU, is provided as Annex 6. This could be used by SMERU when planning how to ensure their networking is more strategic and systemic rather than ad hoc and informal. The communications strategy should form a key planning tool for guiding this and other networking objectives.

As suggested by the mid-term review, SMERU has developed a communications strategy to help guide how it might ensure the link between research and policy. The strategy, although brief, sets out what is intended and what success might look like. Whilst this provides a guide and it appears that it is loosely followed, it is not formally operationalised annually. Thus, the progress that is occurring is, largely, incidental and ad hoc rather than planned. Nor is it evident that the plan is being reviewed in any way to assess its effectiveness or the need for adaptations. This is an important tool for bridging the research to policy link and should be used more actively.

Recommendation: *That SMERU strengthen its capacity to bridge the research to policy link through:*

- iv) developing a better understanding of the policy making process;*
- v) strengthening skills in writing policy briefs and similar compelling stories of findings;*
and
- vi) investing in a planned and strategic approach to engaging with key stakeholders that:*
 - *ensures networks are developed at an institutional level to complement the individual personal associations; and*

- *is clearly outlined in a communications strategy that is operationalised and reviewed annually, with appropriate adaptations based on the findings of the reviews.*

Contributing to policy through strengthening the capacity of others

Young (2008)¹³ advises that to maximise impact, researchers need to “...attract the interest of policymakers and practitioners and then convince them that a new policy or different approach is valuable, and foster the behavioural changes necessary to put them into practice.” (pg. 4) One key way to do this is by helping to strengthen the capacity of government agencies and civil society organisations, both critical to the policy making process. It is apparent that SMERU is achieving this, though perhaps not as effectively or to the extent that some would wish.

Progress reports list many examples where SMERU has helped to strengthen the capacity of government agencies and civil society organisations through presentations, seminars, discussions, and training events. The National Development Planning Board reported that SMERU is playing a crucial role in helping it to establish and nurture a scholar network. In addition there are many projects in which local researchers, other institutes, and government agency staff have worked alongside SMERU researchers and been supported to learn such skills as: design methods; use of new tools; predicting implementation issues; how to analyse both primary and secondary data; and different ways to write up findings. Many respondents highlighted how SMERU has helped to strengthen their capacity in the conduct, understanding, and use of evidence-based research for policy making.

One government agency respondent described his agency's relationship with SMERU “...like a development partner” and informed the review team that:

They provide us with feedback and advice on our methodologies. We learn a lot from SMERU. They have helped us and other agencies understand results.

Strengthening of capacity can occur in many guises. A recent example provided by respondents related to the child poverty study, as outlined in Text Box 1.

Text Box 1: Introducing new concepts and facilitating the sharing of ideas

A key recent example discussed was the child poverty study. Whilst one government agency representative stated that this piece of work was redundant because child poverty can only be conceptualised within the framework of family poverty, other respondents with knowledge of this study reported differently. According to them, it has already exposed the concepts and ideas of child poverty to a large number and diverse range of stakeholders. One representative from the international study partner reported that people within policy areas are now talking about the concept and that it has triggered discussions and questions amongst policy makers.

A key component of this project was the facilitation of a conference on child poverty, a first for Indonesia. Well attended by researchers, donors, non-government organisations and government agencies, SMERU later collated five of the best presentations into a CD for wide distribution.

The success of this conference led to the formation of a national network, which SMERU helps to host. With an initial 35 members, this network has grown to 85 following a second successful annual conference. Key strategic planning work has occurred amongst the network members and a community of practice focused on child poverty is now taking shape.

Whilst many benefits are readily anticipated some are unintended. An interesting example reported by one particular study team is the unexpected consequence of a project in which a large contingent of local researchers in West Sumatra worked alongside SMERU. The local researchers became interested in developing further opportunities to undertake more research and expressed determination to explore the possibility of establishing their own institute.

Taking up a higher profile role in strengthening the capacity of others was a common theme amongst respondents. Some see that SMERU has a moral obligation to help strengthen regional research institutes and others see this more as a key business opportunity.

¹³ Young, J. (2008). “Impact of research on policy and practice”. *Capacity.org*. Issue 35, December 2008.

Either way, it could provide SMERU with access to additional researchers thus enabling it to take up more of the research opportunities on offer. Quality assurance and branding issues could be managed by negotiating lead institute status when collaborating or through schemes such as hosting internships for regional researchers for periods of six-months to two years.

Increasing involvement in hosting or facilitating formal networks such as the child poverty network and the evidence-based policy for development network is a further possible area of expansion.

Clearly, such expansion is not possible within the existing budget or staffing capacity. It is evident from discussions with several respondents that SMERU is struggling in both capacity and capability in their current informal stewardship roles of at least one of these networks. It does not have the resources needed to ensure good strategic planning for this particular network nor to ensure that it remains active. Such a role should be a separate function from its core business of research. There is merit in SMERU discussing with AusAID the possibilities for funding capacity strengthening activities as part of the new knowledge sector program. Were such activities successfully negotiated, it would be important that they be subject to separate performance targets, with appropriate capacity strengthening indicators and measures applied. Similarly, SMERU would need to consider appropriate changes to its organisational structure to accommodate such a role. It is suggested that the feasibility of this option be explored as part of a business development strategy, which is recommended in the section "Sustainability".

The review team identified two key contributing factors to SMERU's influence. One, the quality of its work, has already been discussed. The other relates to being well connected.

2.2. Efficiency: *Well developed organisation – now time to develop business acumen*

SMERU has grown into a mature and well developed organisation that is making progress towards its stated objectives through a strong focus on excellence and efficient use of resources. It has earned a high reputation amongst key stakeholders, as evident from the unanimous endorsement from external respondents, many of whom commented favourably on not only SMERU's research quality but also things such as how it manages its resources, governance and management, and the organisational culture. Interviews with SMERU staff, management and Board as well as analysis of various documents confirmed these opinions. However, as the following discussion will show, it is time for SMERU to develop more business acumen and embrace a range of management practices and tools if it wishes to remain at the top of its field.

2.2.1. Strong leadership

Governance

SMERU is a legal foundation governed according to Indonesian law. It is comprised of a Board of Trustees, a Supervisory Board and a Management Board. Beneath this governance structure is the research institute, the entity set up to implement the foundation's objectives.

The Board of Trustees provides the overarching strategic direction and is responsible for ensuring that the institute operates according to the foundation's charter and the laws of the land. Several external respondents commented on the talent of the individual trustees, all of whom are reported to be eminently respected in their own professional fields such as economics, research, and corporation law. With a number of founding members as trustees, the Board has an direct conduit to understanding the foundation's mandate, vision and culture and is thus in a good position to ensure that these endure. The combination of professional regard and governance ability strengthens not only the governance of the foundation but also its image and influence.

For the past few years, the position of chairperson was been filled by one of the founding members who is also a senior researcher of the institute. Whilst this poses potential conflicts of interests, the trustees have put in place procedures to minimise these.

For example, when the Board deals with operational matters such as appointment of the director or remuneration of staff, the Board meets in executive mode, from which the chairperson must absent himself because he is an employee. When questioned, each of the trustees reported being confident that these procedures are working effectively. Further, because by law the director reports to the Board and not the chairperson, none of the trustees believed that the position of chairperson is compromised by being filled by a staff member.

Management

Over recent years management has ensured that the institute has a strong set of administrative procedures and practices to guide its operations. Standard operating procedures guide the institute on a wide range of matters such as: general administration, accounting and finance; investment; procurement; research; and publication. Appraisal of these indicates that they are comprehensive in nature, clearly articulating requirements. These procedures were reviewed and updated by staff during the annual retreat in 2011. For staffing matters, the standard operating procedures are accompanied by a more specific set of internal regulations.

SMERU developed a strategic paper in 2009 which provides important overall guidance and has helped the institute move to a results-based approach to measuring its effectiveness. This could be strengthened further if SMERU implemented the strategic paper annually. This would ensure a more planned and systematic approach to achieving the strategic direction rather than the more ad hoc approach will allow.

A recurring theme during the review was that of leadership succession. SMERU had, for almost a decade, been managed by one of the founding members, a highly regarded professional who is well connected in the field. In 2009, the then Deputy Director became Director and the Deputy position was filled from within SMERU ranks of researchers. Whilst several respondents expressed concern about whether the institute will withstand the changes to leadership, the overwhelming view was that the transition has been exceptionally smooth, as illustrated in this comment from a donor:

I haven't seen any adverse change with his [the former Director] leaving.

A key reason given for this successful transition is to do with the calibre of the new Director. Almost without exception, respondents commented on how well connected the new director is with policy makers and expressed a high professional regard for him. Most commented on his different personality and style to that of his predecessor. As one international partner said, commenting on the different styles:

He [the new Director] is less charismatic but is still publicly prominent. This demonstrates that SMERU has the capacity to be influential without a charismatic leader.

In addition, respondents said that for many years, the two leaders often worked as a duo so key stakeholders already had confidence in the new Director when the transition occurred. Many people commented on the importance of sharing the leadership in this way and expressed a desire for SMERU to do this as part of the new regime.

However, it is apparent that succession planning is being addressed by management, just in a way that is perhaps less obvious to key stakeholders. The focus is on strengthening leadership capacity per se and broadening its concept. For example: operational matters are discussed amongst the management team, drawn from senior people from across the divisions of work; team leaders are drawn from across the research team and have oversight for all aspects of a study; and researchers from all levels participate in all stages of the research process, including taking part in presentations to key stakeholders. There is a view within SMERU that if leadership is strengthened in this way then an appropriate successor will arise when the time comes.

It would appear that the concerns about transition are more a perception of external people than a real issue in need of attention. Nonetheless, it is important for SMERU to stay mindful that its public face plays an important role in building confidence amongst its stakeholders. Therefore, the steps management currently has in place to strengthen this public face and enhance leadership capacity will need to be an ongoing part of its organisational development focus.

In addition, it will be important that SMERU helps its stakeholders break old habits of working through the former director. It was apparent from what a few stakeholders said that some still choose to deal with the former director, who is also a Board member and the current Senior Research Fellow. It can be difficult for both SMERU and stakeholders to break old habits, however, an important aspect of endorsing current leadership is for Board members, whatever is their involvement with the institute, to ensure that stakeholders are actively encouraged to go directly to management.

2.2.2. Organisational culture

SMERU is essentially an egalitarian organisation. Without exception, staff described experiences of: information being shared openly; a non-hierarchical culture in which everyone feels valued; staff joining to share lunch, no matter what their job position. Staff and managers most often referred to SMERU as like *“a family”* and of people *“sharing the same spirit”*. This was the defining aspect of the work experience and what was expressed by staff as the outstanding difference between SMERU and other workplaces in which they had worked. Several of the institute’s partners also commented on the culture, describing SMERU as *“having a great work atmosphere”*, *“very egalitarian”*, and *“not hierarchical, making them probably unique amongst research institutes”*.

It is apparent from earlier sections of this report that there is a culture of excellence, with the institute being recognised as *“having a corporate culture of adherence to quality”* (as described by one international partner). Being recognised as the premier research institute in Indonesia is important to the organisation, with the Board, management and staff alike speaking proudly of SMERU’s record. Staff spoke of having a high degree of work autonomy and there being a strong organisational commitment to team work. In addition, they expressed a strong commitment to the organisation, also illustrated in the many long histories of employment with SMERU.

It is apparent from respondents with a longstanding knowledge of SMERU that this organisational culture has been evident since the institute’s inception. The values were clearly expressed by the founding members who participated in this review. It is partly through fear of losing this organisational culture that makes the organisation reluctant to grow. Several Board members and management expressed concerns that the culture would be lost if SMERU were to grow to take up the many opportunities that are presenting. This is discussed further in the “Sustainability” section of this report.

2.2.3. Human resource management

Underpinning the good staffing practices is a strong set of human resources procedures. Practices described by management and staff reflected the written procedures and illustrated a rigorous and transparent recruitment process. Each position is described clearly through Terms of Reference and discussions with each of the staffing groups indicated that people are clear about their respective roles and responsibilities. Whilst final decisions are the responsibility of the Director (or the Deputy Director in relation to research quality matters), it is apparent from discussions with staff that the institute operates a highly consultative work environment.

The institute’s structure is simple in design but suitable for current purposes, with teams established according to functions such as: research; publication and information; support; and so forth. Within the research team, researchers form project-based research teams. At any one time, a researcher might be part of two to four project teams.

The ratio of research positions to others has improved in recent years and is currently at approximately 50:50. Currently, of the 52 staff, there are:

- 23 research staff and three academic leaders – the Director, Deputy Director, and the Senior Research Fellow;
- eight editing, publication and information staff (and one international volunteer);
- nine finance, administration and secretariat staff; and
- nine support staff.

Apart from the Senior Research Fellow, all staff are permanent full time. This gives staff security of employment and, according to management and staff, helps to promote a robust team approach because staff are available daily to work with, and support, each other. This full time permanent status, particularly for researchers, was often provided as a defining difference. Researchers explained that this is not typical. Their experiences in other research institutes were of only connecting with colleagues when a project task demanded it.

As required, project-based researchers are also employed, many of whom are regionally based. SMERU also chooses to employ these staff on a full time basis for the period of their contract, again as a way of promoting a team approach, ensuring staff availability, and encouraging a dedicated focus on the particular project.

From an expenditure point of view, the ratio of research staff to others is outlined in the following table:

Table: 1: Total salary and proportion of total that represents researchers 2001 - 2011

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Salary	2,656	2,801	3,720	4,394	3,754	4,537	5,173	5,499	6,124	6,308	6316
% Labour cost – researchers	77%	73%	69%	65%	69%	70%	65%	66%	63%	67%	68%

The expenditure ratios show that SMERU has invested around two-thirds to three-quarters of its resources in research staff so could be said to be investing appropriately to meet its objectives. Notwithstanding this, it is noted that in recent years since projects have become more complex and workload pressures have increased, that the proportion of investment in researchers has been reducing.

Management reported that all staff, regardless of position, are paid at competitive local rates. All staff participate in an annual performance appraisal process. Salary increments are subject to performance assessment, with a sliding scale based on: above average; average; and below average. Professional development needs are identified as part of this process. These are collated according to the structural teams and addressed with the whole of that particular team. In addition, there is a heavy emphasis on learning on the job, with mentoring a key strategy.

One key action recommended is that SMERU takes its performance appraisal system one step further by developing individual performance and development plans. This would enable SMERU to target specific professional development activities for particular staff, leaving group activities for those situations where multiple staff have the same need.

Recommendation: That SMERU strengthen its performance appraisal system further by using the identified capacity strengthening needs to develop individual performance and development plans that then guide the institute's professional development agenda.

Since 2009, changes have been made within the research division to allow more opportunity for promotion, with one senior research position being appointed each year since then. Promotion is based on a combination of: annual performance review; having attained a Masters; having five years experience; having coordinated projects; and evidence of publication. Junior researchers can also be promoted to research category, assessed on a different set of criteria. However, since 2009, no-one has been promoted to that category.

2.2.4. Workload

A consistent theme was the high workloads of the Deputy Director position, researchers and those in the editing and publication team. This issue was raised by SMERU staff and external respondents alike. Staff expressed concerns about the impact on quality. They reported that the volume of work means that there is often not enough time to undertake the high level of analysis required for the increasing number of complex studies. They also noted that these more complex studies are placing additional pressures on the institute's academic leaders to help provide the level of political analysis needed. As noted previously, capacity to undertake policy analysis is limited amongst the research team.

The volume of work is also having an impact on the capacity of the editing and publication team to deliver timely editing and publishing, with a current editing process of two months. In a similar vein, they reported that it takes four to five months to produce the annual report, which appears to the review team to be an excessive amount of time.

This team has been recording timesheets for a year now. Whilst they have not undertaken an in-depth analysis, staff reported that the timesheets confirm a pattern of working long hours. A similar claim of working excessive hours was made by the research team. These staff members do not keep timesheets, but time diaries completed by a sample of the researchers as part of this review, whilst not sufficient in length of time to be conclusive, suggest that the claims might be valid.

The other area of concern expressed by staff was the time available for the senior researchers to supervise and support more junior colleagues. Seniors are not allocated dedicated time to meet this responsibility nor is time built into the work schedules of mid and junior level researchers for such support. It is simply expected that people will make themselves available. There is a palpable commitment within the organisation to supporting each other and this appears yet another aspect of the work that gets done by working long hours on a regular basis. This pattern of working is a key reason given by researcher as to why they do not publish as often as they would like. It is also the reason given by some for the ad hoc approach to networking.

This sense of SMERU staff being overloaded is also an entrenched perception of the institute's partners, donors and clients. Comments included: *"They are spread too thinly [because] the volume of work is great"*, *"They appear to take on too much. Staff are over stretched"*. A few clients and donors reported that they would gladly use SMERU more than they do but deliberately do not ask them because they perceive them to be swamped by the demand. This has serious implications for SMERU because it suggests that it is not being exposed to all of the opportunities it might and that, in some instances, decisions about which projects to bid for are being taken out of its hands.

It is critical therefore that SMERU addresses the workload issue. An internal review of workloads is warranted. This may include:

- analysis of the timesheets collected over the past year by the editing and publication team;
- time diaries kept by the research team for say one month, verified and analysed for patterns, trends and comparisons;
- consideration of quality assurance processes to ensure they are not overly ambitious and contribute unnecessarily to workload and delays; and
- exploration of possible solutions based on the findings of all of the above.

Recommendation: *That SMERU undertake an internal review of workloads, and its quality assurance processes, with a view to: a) addressing workload issues and time delays; and b) ensuring staff are provided with dedicated time to lead and/or participate in supervision and support.*

Another key strategy would be for SMERU to expand its staffing capacity to meet the increasing demands. Board and management reported being very reluctant to develop its research capacity in this way. Their concerns are to do with: a fear of losing the family-like culture of the organisation; the quality of new graduates; having too large a span of control for the Deputy Director; issues of how to meet ongoing financial commitments for staff if any were to become redundant; and the new office premises being currently fully occupied.

It would be possible to address these concerns through a well considered development plan that takes a staged approach to such increase in capacity. This is discussed further in the "Sustainability" section.

2.2.5. Project management

As previously noted, all researchers have the opportunity now to lead research projects and are mentored through this by a more senior researcher who acts as an advisor. Team leaders have responsibility for managing all stages of the project. However, whilst they are responsible for drawing up a budget the actual project budgets are monitored and managed by the Coordinator of Finance. This is a practice that SMERU should look to change.

Ensuring a project is delivered on time and budget is an important responsibility of a team leader. A project's status in terms of both its schedule and budget should be monitored regularly by the team leader and be reported to management on a regular basis, along with explanations of any variance and solutions to address such variances.

Overall management of projects is undertaken by the Deputy Director, who keeps track of staff workloads and project progress using a manual system. This relies on what appears to be an exceptional capacity of the Deputy Director to juggle a huge amount of information. The system did not appear to provide a brief snapshot of the status of projects at any one time. Nor did it appear to give an accurate account of researchers' actual workload, providing only relatively simple information that any particular person is assigned to various projects for any given month.

There was a mix of responses in relation to how well SMERU manages project scheduling. Approximately one-half of the respondents who were partners and clients reported experiences of strict adherence to deadlines and of managing project time well. One partner went so far as to say:

They are a joy to work with. They deliver on time. They did what they said they would do...I never had a moment's worry technically or administratively. I can't say that about other partners.

The other half had contrasting views commenting on things such as missed deadlines, overly strict editing and publishing processes delaying reporting, and being too slow in delivering timely findings. One such donor said:

Their management of projects is not good. In our two experiences of working with them they missed deadlines, therefore making other [partner's] components late

It is not unusual for research projects to experience delays, not all of which can be attributed to the research team. The level of tolerance for delay will vary for each project, client and situation. However, it is apparent from the mix of responses that SMERU needs to take action to minimise the times it is responsible for delays. It is therefore important that more stringent mechanisms are put in place to manage projects. These need not be overly sophisticated or complicated. With changed practices, the current manual system might be more effective. Alternatively, SMERU might wish to explore the feasibility of a software package such as MS Project.

Whichever tracking tool is used, it is important to instil within the organisational cultural practices that ensure the following. Team leaders are held accountable for progress against the aspects for which they are responsible: progress of activity, outputs, and disbursements. As well as the initial scheduling (activity and outputs) and budget that they currently provide, they should also provide updates at least on a monthly basis, which should be entered directly into the chosen management tool. Monitoring reports focused on items that are important to track should be called up from the management system at specific times, at least monthly. The Deputy Director should convene together all team leaders, the head of Publication and Information, and the head of Finance for monthly project monitoring meetings at which status and steps to address any variances are discussed. This would allow for a collective understanding of status of projects and, likewise, a collective responsibility for addressing the most critical issues. The collective focus is important given that project teams in SMERU are not static but dynamic and therefore the status of one project will have implications for others.

Recommendation: *That SMERU put in place more stringent project management practices that include: i) regular updating of the chosen management system by team leaders of project activities, outputs and disbursements; ii) regular monitoring of these by team leaders; and iii) regular monitoring of overall status of all projects through a project management meeting convened by the Deputy Director with team leaders, the head of Publication and Information and the head of Finance.*

2.2.6. Financial management

Basic good practices are in place. SMERU sets an annual budget and reports on this twice a year to the Board. In addition, its accounts are audited professionally each year.

Its current budget is comprised of a combination of funds from AusAID (core funding), commissioned work, and competitive grants. When all income over the 11 years is considered, the ratio of core funding to other sources is, on average, 46% (refer to Table 2). This falls very favourably within the 40%-60% range recommended by AusAID.¹⁴

Table 2: Ratio of core funding to project revenue 2001-2011: annual and total amounts and the 11 year average

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total	%
Core Funding Supp	2,402	6,222	0	3,996	4,447	4,166	4,444	5,263	4,801	6,655	7,285	49,681	46%
Project Revenues	3,094	7,316	3,965	4,086	6,699	7,769	4,137	3,223	8,060	4,324	5,697	58,370	54%
Total Income:	5,496	13,538	3,965	8,082	11,146	11,935	8,581	8,487	12,861	10,979	12,982	108,051	100%

When the ratio is looked at year by year, the picture is more variable suggesting a greater proportion in some years (refer to Table 3).

Table 3: Ratio of core funding to project revenue 2001-2011: annual percentages

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Core Funding Supp	44%	46%	0%	49%	40%	35%	52%	62%	37%	61%	56%
Project Revenues	56%	54%	100%	51%	60%	65%	48%	38%	63%	39%	44%

However, this inconsistency is likely to be the result of time lags associated with the application of cash-accounting rather than an actual reflection of the proportion of funds. If SMERU were to use the accrual system of accounting these fluctuations would be less likely to occur. These fluctuations highlight the importance of not using a single point in time to determine the ratio of core funding to project revenue.

As is good business practice, SMERU has sought to ensure that it makes more money than it spends each year. It has invested its savings according to a standard operating procedure. This has allowed it to purchase its current premises.

The institute has also been building its stocks as part of a plan to build an endowment. The mid-term review recommended this strategy and SMERU was hopeful that AusAID might provide seed funding. The review received advice from AusAID that after exploring this as an option, fiduciary and legal reasons prevent AusAID from providing such an endowment. SMERU has sought such funds from other sources but has not yet found a suitable way to proceed. It is still expressing hope that a solution might be found, particularly if national laws are changed that make philanthropy more attractive. In the meantime, the organisation is contributing to its pool of investments through a range of strategies, including annual savings of approximately IDR 0.3 billion from no longer paying rent.

Management advises that, based on the current budget and interest rates, the organisation would need a minimum of IDR 120 billion for the initial endowment – an amount that is not feasible through savings alone.

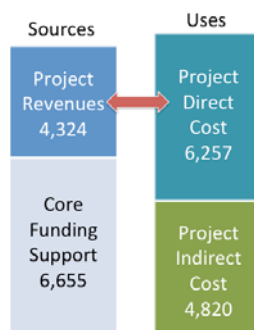
Two significant financial management practice issues were identified from this review. The first is to do with the way in which SMERU costs its projects. Despite a recommendation in the mid-term review that it apply full cost recovery, the institute's practice is to typically quote only 60% - 70% of the full rate of a researcher. They do this in the belief that clients would not tolerate a higher fee. Management reported that they have been told that they are expensive. However, almost without exception, respondents who purchase services from SMERU advised the review team that SMERU could easily increase its professional fee rate, with some indicating that the increase could be anywhere between 50% and 100%, as illustrated in the following comment:

¹⁴ AusAID. (2011). *Revitalizing Indonesia's Knowledge Sector for Development Policy: Draft Design Document*.

I assume they charge at cost recovery. I think that they should increase their fees. They need to ensure they cover all overheads. They are by far the cheapest of our partners (others are from other developing countries). Their rates are lower and they put in more time than others.

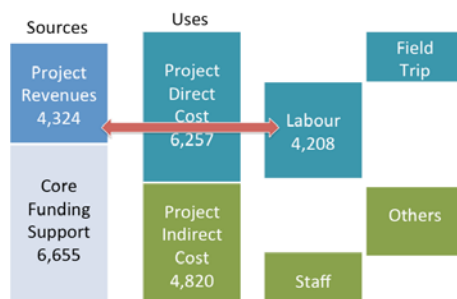
Even where respondents reported that SMERU's rates fall within the accepted fee range, they noted scope for increases, particularly given the high quality outputs. The following diagrams, based on financial data from the audited financial report for 2010 are used to illustrate this issue further. For example, the project revenue for the year 2010 was IDR 4,324 million while the project direct cost was IDR 6,257 million. In this case, the project revenue was insufficient for the costs.

Diagram 1: Sources of revenue and uses – financial year 2010



Project direct costs are comprised of two major categories: direct labour costs of IDR 4,208 million; and costs associated with field trips. By comparing the project revenues (IDR 4,324 with the direct labour costs (IDR 4,208) it is obvious that the revenues are only sufficient for the salaries of researchers, with essentially no margin for savings or the required disbursements.

Diagram 2: Sources of revenue and uses showing labour and associated costs – financial year 2010



Suffice to say that, unless the professional fees are increased to ensure full cost recovery, projects will continue to be subsidised by either the core funding or invested savings (or a combination of both). Some Board members reported that charging a fee that reflects full cost recovery is not in keeping with the public service that SMERU is providing. However, the institute is a business, not a charity and needs to charge for its services appropriately.

In saying that, it might be appropriate for SMERU to have a sliding scale of fees, depending on the particular client. For example, a discounted rate for non-government organisations that have little capacity to pay, a medium rate for government agencies, and full cost recovery (including a savings margin) for international donors and the like. Several respondents reported that such a sliding scale is not unusual, with other institutes applying their fees in this manner.

When applying a full cost recovery, it will be important for SMERU to take account of rising costs, particularly of salaries. Management reported that salaries and other costs are currently rising by an estimated 6% - 12% per annum (the rate of the consumer price index - CPI). Whilst there might be some merit in SMERU negotiating an annual increase in its core funding to match the CPI, it is more important that the CPI is reflected in its project fee structure.

The review team suggests that SMERU begin to implement full cost recovery for all new contracts. In addition, there is merit in SMERU reviewing its pricing structure annually to ensure that it is staying abreast of costs.

Recommendation: *That SMERU implement a full cost recovery of projects, raising its professional fees accordingly for all new projects, and that an annual review of the pricing structure is undertaken to ensure that SMERU is staying abreast of costs*

The second practice issue relates to the setting and monitoring of the budget. Management reported that there is no emphasis on setting anything other than a rudimentary budget or on regular tracking of progress. There is no perceived need for anything further because salaries make up for around 70% of the budget, leaving little in the way of discretionary budget. Hence, there is no forward estimate of project revenue, either in financial terms or percentage of commissioned to competitive grants. Equally, there is no forward estimate of independent research or an estimate of savings for future investment.

Given that SMERU has had some years in which to consolidate, it is now time for it to develop a more business-like practice to its budget that includes: a more comprehensive setting of a budget that takes account of forward estimates across a number of key areas; monthly reports from Finance to the management team; and regular monthly monitoring of progress against estimates with attention to areas where there are variances. It is likely that SMERU will need some development assistance over the next year as it learns to work with this form of budget setting and monitoring. This type of capacity strengthening assistance would be appropriate to the new knowledge sector program.

Recommendation: *That SMERU implement improved budget setting and monitoring processes that include forward estimates for a range of key budget areas, regular reporting to the management team, and regular monitoring of progress against estimates. Further, that AusAID provide an appropriate level of development assistance so SMERU is able to develop the necessary processes and capacity.*

2.3. Sustainability: Time to move out of comfort zone

SMERU is undoubtedly the institute of choice of the clients, donors and partners who participated in this review. Demand for high quality research to inform evidence-based policy clearly outstrips supply because there are so few highly capable research institutes in Indonesia. There is much untapped market potential that SMERU's key stakeholders are encouraging it to consider, as illustrated in the following comment from a donor:

They still have untapped potential. They can do more than what they have been doing. ...They must think for the future – how to grow their roles to take advantage of the opportunities that are there...It requires them to have courage to challenge their status quo.

2.3.1. Growth and renewal

This report has highlighted two main areas in which SMERU could grow its capacity. The first is in its research capacity including:

- more commissioned research to help meet some of the current unmet demand;
- more international research grants undertaken collaboratively with international institutes. Since the mid-term review in 2007, SMERU has successfully bid for 11 competitive grants as well as partnering in other studies. Increasing its efforts in this arena will strengthen its technical capacity by being exposed to new concepts and methods; and
- more independent research financed through its own budget to allow the institute to follow its own research priorities, strengthen its particular niche, and develop its reputation further.

This growth in capacity would require strategies that are funded from within the institute's existing funding stream (for details about its current capacity refer to Annex 5). For example, financial data indicate that SMERU has accumulated reserves of IDR16.4 billion.

These could be invested in an overall business development fund with all, or a proportion of, the interest providing the annual funding stream for increased research capacity. This could be targeted to independent research¹⁵ by allocating a proportion of time of each senior and mid level researcher to independent research – say, 0.2 equivalent full time of each position. The gap in capacity to undertake commissioned work that this would create could be filled by recruiting additional researchers. To minimise the risk to SMERU, these researchers could be employed on temporary contracts for up to two years and made permanent as vacancies naturally arise when researchers leave to take up international scholarships.

Further, research capacity could be increased by attracting back to SMERU those researchers who left to undertake a PhD. The proposed development fund might provide the means to offer the required higher salaries or other incentives. One such incentive could be to allow PhD staff a proportion of their time to engage in consultancy work, with an agreed percentage of their consultancy fee being paid to SMERU. Several of the international respondents reported that this is a standard practice in many institutes.

The second area for potential growth is in that of strengthening the capacity of others, for example:

- Hosting a small number of research to policy networks
- A more formal program of strengthening the capacity of government agencies; and
- Hosting a formal internship program for regional researchers (this would also provide additional research capacity for SMERU).

It is likely that this growth capacity would require the organisation to establish a new operational arm so that its research focus is not compromised. Board members advised the review team that changes to structure in this way are legally and administratively possible. Such a new operational or service arm would require additional funding sources and its own management infrastructure, and not implemented until possibly 2014. If the impediments to government entering contracts with research institutes are addressed, this service arm could source a proportion of its funds directly from clients. However, for the immediate future it is likely that such a service arm would be wholly reliant on funding from donors. In the first instance the most likely source would be AusAID as part of the new knowledge sector program.

As noted previously, the organisation's leaders are reluctant to grow. Their concerns are to do with: a fear of losing the family-like culture of the organisation; the quality of new graduates; having too large a span of control for the Deputy Director; issues of how to meet ongoing financial commitments for staff if any were to become redundant; the new office premises being currently fully occupied; and a fear that it would result in a dilution of research focus.

These concerns are to be expected in an organisation at SMERU's stage of development. Looking at a non-profit life cycle¹⁶ SMERU is currently in the 'produce and sustain' part of the cycle. This is the mature stage of an organisation when it is at its peak and sustaining the organisation is a priority. In this stage, staff undertake their work effectively and enthusiastically. The next stage is 'review and renew' in which an organisation needs to undertake necessary change to reinvent itself, or enter a period of decline.

It is time that SMERU begins to plan for this renewal. Whilst it has a strong competitive advantage now, this is not likely to be the case in the next five or so years. Through the new knowledge sector program up to another 14 institutes will be assisted to strengthen their capacity. They will receive both core funding and intensive development assistance from AusAID. This combination is likely to mean that many of these institutes will reach the well developed mature stage in fewer years than it took SMERU. At that point, SMERU will lose some of its competitive advantage unless it is able to renew itself.

¹⁵ Independent research refers to research that progresses the institute's research agenda and can include research financed through its own budget as well as through international competitive grants.

¹⁶ Sharen, J. (2001). *Five Life Stages of Nonprofit Organizations*. Fieldstone Alliance.
http://mtnonprofit.org/uploadedFiles/Files/Org-Dev/Principles_and_Practices/Nonprofit_Life_Cycles.pdf

Growing and renewing an organisation is challenging. It requires a different level of business strategy than has been required to date. To assist SMERU meet the new challenges, the review team strongly recommends that AusAID provide additional development assistance to help the institute undertake the necessary business development planning. This plan should opt for a staged approach so that the strengths of SMERU are not undermined as it seeks to renew itself. Further, it is likely that some level of assistance will be required in the early stages of implementing the business development plan.

Preceding any such implementation, it is essential that SMERU implement the recommendations in this report relating to: the workload review; full cost recovery; improved project management; and improved financial management. These should be the institute's development priorities in the coming 12 months.

Recommendation: *That SMERU develop and implement a business development strategy that is comprised of two components: i) an increase in independent research capacity funded through interest on a specially appointed investment of its cumulative profit; and ii) a new service arm that is focused on strengthening the capacity of others and which is funded through another grant from AusAID. Further, that AusAID provides an appropriate level of development assistance so SMERU is supported to develop the growth strategy.*

2.3.2. Core funding

A key ingredient for the sustainability of SMERU is ongoing core funding for at least a further five years. It will take five years and possibly more for SMERU to undertake the necessary organisational renewal and business development. One of international institute partners highlighted that it takes around 15 to 20 years of core funding to achieve a self-sufficient institute – the first 10 years for growing; the next five for consolidating past achievements and growing a sustainable business development model; then five to consolidate the business plan.

The review team does not have sufficient information to advise the precise amount of core funding for the next five years but suggest it is probably about right based on the following comments. The ratio of core funding to other sources is currently within AusAID's recommended range. The level of funding to date has enabled the institute to achieve the objectives of the funding and build itself a strong reputation. It has enabled the institute to attract further funds and to accrue needed cash reserves. Such reserves are essential to a healthy, sustainable institute. As noted, core funding must be at a level that allows the institute to develop the required capacity. SMERU has been largely successful in this area to date. SMERU is currently undertaking some activities that could rightly be argued as falling outside core funding, which is targeted at supply side activities. If these activities were funded separately as part of the new knowledge sector program SMERU's core funding could be core effectively targeted. Some consideration could be given to applying CPI to the core funds.

Recommendation: *That AusAID continue to provide core funding to SMERU for at least a further five years at a level similar to the current amount, with non supply-side activities funded separately.*

2.4. Monitoring and Evaluation: Strong monitoring data needing evaluative analysis

The institute has developed a strategic plan that identifies key result areas and associated performance indicators. A very comprehensive set of activities is monitored including: meetings attended; seminars and presentations conducted; workshops organised; training sessions conducted and attended; status of research projects; reports published; journal articles published; research outputs cited by others; and financial expenditure. These are gathered and collated regularly and reported on a six-monthly basis as part of the progress reports to AusAID. These progress reports have changed in nature over the years and in more recent times include reporting against AusAID's development criteria as well as progress against the SMERU strategic plan.

To complement these efforts, monthly staff meetings provide opportunities to discuss progress of research projects and an annual retreat is held for purposes of reflection and collaboratively reviewing some aspect of the institute's business. In 2011 the focus was on reviewing standard operating procedures. Some internally initiated and resourced reviews occur, for example, a short qualitative study to assess the effect of the distribution of the poverty map CD.

SMERU is currently gathering much of the data for the monitoring and evaluation of research as recommended by Hovland (2007). However, despite the very extensive gathering and collation of monitoring data little evaluative analysis is made of the information. That is, there is little or no looking beyond the numbers to see what difference is being made. For example, whilst an ongoing list of citations is kept it does not appear that this is analysed in any way for trends or comparisons. The raw data is left to speak for itself in the progress reports, which is essentially interesting but not useful to a reader nor, we suspect, to SMERU in terms of what the data is telling them about the uptake of their work. Similarly, none of the other data gathered appears to be analysed for management purposes or for providing more in-depth understanding of the effectiveness of the various activities.

This absence of analysis might be partially explained by the choice of indicators (which combine the indicator and target) that are identified in the strategic plan. They are output based and quantitative in nature, do not always reflect well the particular stated output or result, and are cautious in that they set relatively low expectations. For example, for 'Output number 4' – "strengthened collaboration with other relevant organisations", there are six indicators none of which seek to measure the quality, effects, or effectiveness of collaboration. Rather the indicators include such things as the number of workshops held to present findings, contribution to books, number of institutions who attend SMERU workshops, and so forth. In addition, the targets are set low. For instance, a minimum of four workshops or seminars per year to present research findings has been set yet the last three progress reports indicate that in the 18-month period January 2010 to June 2011, 29 of the presentations were related to presentations of findings – with approximately 19 of these occurring in a single year. A review of the indicators for all of the outputs and results suggest a similar cautious trend.

Monitoring and evaluation could be more effective if guided by a plan that includes more suitable performance indicators and targets, an evaluative component, and draws upon the model recommended by Hovland (2007). Given the data already collected, it would take very little additional effort to analyse citations and publications, and possibly a more comprehensive website analysis.

Some simple templates could help to keep impact logs or facilitated reflective sessions could be used to capture anecdotal information and use it to add value (refer to paper listed in footnote¹⁷).

The plan would:

- guide assessment of progress towards outcomes and influence;
- include reviewed performance indicators to ensure that indicators include attention to additional appropriate performance items. (A list of possible indicators has been provided in Annex 6); and
- be further enhanced by identifying some key elements or themes that would benefit from periodic evaluation.

It would be effective to engage a facilitator once or twice a year to lead staff in a simple network analysis and perhaps some joint sessions with staff and a few stakeholders to look at outcomes and what is enabling or constraining these. The facilitator might also be able to lead the whole organisation in an annual review of strategy.

¹⁷ Pamphillon, B. (2009). *From Anecdote to Evidence: a model for rigorous integration of qualitative information in evaluations*. Paper presented to the International conference Australasian Evaluation Society, Canberra, Sep. 2009. www.aes.asn/conf take prompts to 2009 conference.

Development and implementation of a monitoring and evaluation plan should be a collaborative effort across the organisation but the facilitation and oversight might be delegated as a portfolio responsibility to an interested mid level researcher. This would provide a valuable professional development opportunity.

If workload capacity or experience is an immediate issue then SMERU might seek assistance from a monitoring and evaluation expert, perhaps through a person funded by AusAID as part of the Knowledge Sector Program (other institutes might also benefit from such input) or through a volunteer arranged through an organisation such as Australian Business Volunteers (www.abv.org.au).

Recommendation: *That SMERU strengthen its efforts in the area of monitoring and evaluation by developing a monitoring and evaluation plan that, among other things, reviews and sets more effective performance indicators and targets, includes an evaluative component, and draws upon the model outlined by Hovland (2007).*

2.5. Analysis and Learning: Lessons from the mid-term review are applied

Generally speaking, good progress has been made in addressing most recommendations from the mid-term review. It appears that this progress has been enabled by an organisational commitment to ongoing improvement. Clearly, these sentiments were expressed by staff, management and Board. Further, there was a consistently expressed recognition that if SMERU is to remain the country's premier research institute in the socio-economic policy arena then it needs to be open to improvement. In addition, management spoke of the importance of meeting its obligations in a number of aspects of the business. It is evident to the review team that SMERU sees these obligations to included addressing recommendations from a review commissioned by the donor.

Specifically, SMERU has developed a research agenda, as suggested. It has five themes:

- Poverty diagnostics and policies;
- Good governance, decentralisation and public services delivery;
- Social protection policies and social welfare development;
- Labour and migration diagnostics and policies; and
- Pro-poor growth policies.

Each of these has a set of more specific topic areas. It is apparent that the agenda corresponds with the institute's mission.

Whereas the mid-term review suggested developing the agenda in consultation with key stakeholders, SMERU chose to develop it through a consultative process with staff.

The agenda was developed in 2009, and amended in 2010 to ensure alignment with the 2010-2014 National Medium Term Development Plan.

The agenda has not been presented to potential sponsors, as suggested in the mid-term review. Rather, SMERU management advised that it helps guide decisions as to which research projects to apply for or accept. It also guides any individual independent research, which is meant to fall loosely within the agenda. Decisions as to which projects to undertake are made by the Director in consultation with staff. A scan of the many research projects undertaken in the past two years since this agenda was developed indicates that SMERU is investing its resources in studies that are within the five designated themes and the specific topics.

Whilst senior staff have not been assigned portfolio responsibilities for particular themes, as suggested in the mid-term review, all researchers are being exposed to opportunities to make presentations and to engage with stakeholders on research projects. Furthermore, responsibility for leading research projects is now being shared amongst researchers rather than undertaken only by the academic leaders or senior researchers.

There is scope to use this research agenda as a more active tool to help drive the work of SMERU. For example, a stronger independent research agenda was a recurring theme amongst several respondents, including SMERU staff, management and Board.

As highlighted in the “Efficiency” section of this report, current project demands and subsequent workload means that there is little time to concentrate on critical independent research and there is a need to increase efforts to win international competitive grants. If the research agenda were to be used more actively to determine priorities for independent or sponsored research and progress reviewed, this might help position SMERU more proactively rather than simply reacting to opportunities. A more active research agenda that helps drive independent research is incorporated in the business development recommendation in the “Sustainability” section.

SMERU has formed new or is strengthening existing institutional linkages with research institutions both internationally and domestically. Activities include not only collaborative research projects but activities such as joint workshops, summits, and seminars. Amongst the list of international collaborating partners are: Overseas Development Institute (ODI); Erasmus University of Rotterdam; Institute of Ethics, Governance and Law, Griffith University; Philippines Institute of Development Studies. Domestic partners includes organisations such Aceh Research Training Institute and Pattiro Institute.

From project lists and discussions with staff, it is apparent that these collaborative opportunities are increasing in number and staff are gaining new skills and invaluable experience. Coalitions with domestic institutes are only just beginning to take shape. This is an area of potential expansion that many respondents saw as important, with calls for SMERU to invest in linkages with regional institutes. This issue was discussed earlier this report. .

Mid-term review recommendations in relation to the communications strategy and building an endowment have been discussed in other sections of this report.

2.6. Relevance: *Strongly aligned*

The desk-based review confirmed that SMERU’s program of work is highly relevant and strongly aligned to the strategic directions of the Australian and Indonesian governments.

In terms of the new Knowledge Sector program it fits fully into the supply component of the model. As this report outlines, SMERU is well developed in terms of independent, quality research that is having influence in relevant policy areas. Other aspects of its work also fall under this first component, specifically its hosting and focal point role for some national networks and its involvement in supporting indigenous knowledge. Currently, it also has some involvement in strengthening the demand side and an involvement in the intermediary component.

Its program is relevant to the country strategy in a number of ways. Firstly, its poverty focus aligns with the country strategy key priority. Secondly, the untied nature of AusAID’s investment is enabling the institute’s own systems. SMERU is operating its research at both national and sub national levels, including the key five priority provinces noted in the country strategy. Thirdly, it conducts research within three pillars important to the country strategy: 1) sustainable growth and economic management; 2) investing in people – better access to health services and education; and 3) democracy, justice and good government (including strengthening capacity of civil society organisations). Similarly, SMERU’s work fits with the majority of the priorities outlined in “An Effective Aid Program”.

As a final point, SMERU’s research agenda has been aligned to Indonesia’s priorities and the institute has a strong record in working closely with civil society and thereby coming to understand its needs and priorities.

Evaluation Criteria Ratings

Evaluation Criteria	Rating (1-6)
Relevance	6
Effectiveness	6
Efficiency	4
Sustainability	4
Gender Equality	4 (refer to note)
Monitoring & Evaluation	4
Analysis & Learning	5

Rating scale:

Satisfactory		Less than satisfactory	
6	Very high quality	3	Less than adequate quality
5	Good quality	2	Poor quality
4	Adequate quality	1	Very poor quality

NOTE: Whilst gender equality was not a requirement of this review, the review team was asked to rate SMERU based on information gathered incidentally. We have rated it as 'adequate' because from the incidental information the institute appears to be working at least at an adequate level. It might well be performing better in this area than our rating suggests but we do not have sufficient information to confidently assess it higher.

Our assessment is based on the following information:

- The institute is increasingly undertaking gender-related research. Respondents reported satisfaction with the quality of the research and analysis, except in one particular study, which is discussed in the report. Indeed a few respondents cited instances in which SMERU research had improved their (the respondents') understanding of the impact of gender.
- Researchers reported that they participated in gender mainstreaming training in 2007 and that they are now mainstreaming gender issues in most of their studies. They reported taking up more gender-specific research as well as gathering data in ways that enable gender equality analysis. Whilst some researchers indicated a need for more skill and knowledge in this area, they are confident that capacity is improving.
- SMERU reported that it has begun to improve the gender equality of its internal operations, including making opportunities equally available to men and women, the provision of facilities in the office for nursing mothers, and an adjustment of workload to promote exclusive breastfeeding.
- There is a good balance of men and women on the Board of Trustees, in senior management positions, and amongst senior researchers.

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Annex 1 – Revised key evaluation questions

Purpose:

To explore the key factors leading to the successes of and constraints for SMERU in achieving the strategic objectives of the core funding. In addition SMERU's role in strengthening the capacity of other organisations in undertaking or use of evidence-based research will be explored.

This review will inform the knowledge sector program on: a) areas in which SMERU might be supported to achieve greater impact of their core objectives; b) what the appropriate level of and mechanism for core funding may be for the next phase; c) identify the types of things that core funding to other policy research institutions should support to maximise quality and impact of their work.

Key evaluation question	Second level questions	What do we want to know?
To what extent did SMERU achieve the objectives of AusAID's core funding support?	To what extent have SMERU activities achieved the targeted outputs (Strategic Plan 2010-2014) and is it on track?	What types of activities have been undertaken? Which have contributed to the outputs and why? Which have not contributed and why? What progress has been made for each of the result areas? What has enabled achievements? Where something is not on track, why? What is the publication rate each year?
	How well aligned are SMERU's investments with their purpose and strategic direction?	On what is SMERU investing its resources? How are investment decisions made? How well are investments contributing to the organisation's purpose and direction? Are there incentives for quality work? Do the assumptions in the strategic plan still hold? Are all products and services focused on pro-poor policy? If not, why? If not, to what other purposes are they being put?
	To whom does SMERU provide research and how is such research used?	Who receives the research? How is it commissioned? For what purpose? How useful has it been and why? What policy initiatives has the research supported? Have there been initiatives that would have benefited from research but SMERU was not able to provide it? Why?
	How broadly is SMERU engaging with opinion makers, particularly those outside the small circle of development economists?	With whom is SMERU engaging? For what purpose? What fields or organisations are they from? What effect is the engagement having? Who in SMERU is doing the engaging? Are these the right people with the right skills?
To what extent have various program resources been maximised to achieve the required outputs?	What resource-related decisions, activities, practices and models have been the most successful and why? What improvements should be made?	How are resource decisions made and by whom? How well targeted are the resources? What processes are in place to monitor resource decisions and practices and how effective are these? Expenditure compared with allocations; areas of actual investment Vs priority areas What examples are there of efficient use of resources? What makes them efficient? What examples of where not efficient? What makes them inefficient? What implications have there been?

Key evaluation question	Second level questions	What do we want to know?
	<p>How effective are SMERU's internal systems, structures, and processes in achieving its outputs and addressing its major constraints? What improvements should be made?</p>	<p>What are the reporting structures and processes? What are the processes for staff recruitment, retention and succession planning? What are the financial systems? How well are all of these working? Do they work equally well throughout the organisation?</p> <p>How well are roles and responsibilities articulated? How well do people understand their own and others' roles?</p> <p>How is resource time for senior and middle researchers allocated? Do senior staff put adequate time into mentoring mid level staff – technically and career path? Do they spend time networking with stakeholders who have both influential and have an interest in their work? Is there a balance between time spent on stakeholder engagement versus research production?</p> <p>What proportion of research production is related to the core objectives? If outside core, why? What is the proportion of consultancy work?</p> <p>How is performance measured in the organisation? How well aligned is this to contemporary good practice? What works? What challenges are there?</p> <p>What work groups are there, how do they operate, for what purpose? How well do they operate? How well do work groups link?</p> <p>How are mechanisms integrated within the organisation? How effective are the governance aspects of the research program?</p>
	<p>To what extent can SMERU ensure the sustainability of its high quality output?</p> <p>What opportunities are there for financing SMERU's operations and how feasible are these?</p> <p>What opportunities are there for expansion of effort and how feasible are these?</p> <p>What steps need to be taken to achieve improved levels of sustainability?</p>	<p>How is high quality determined? What processes are used? How is it monitored and evaluated? Where it does not meet the required standards, how is this addressed? Is there an internal peer review mechanism?</p> <p>Are the quality standards set possible to achieve with the current financial and technical skills? If not, why?</p> <p>Is there a reputational and quality reliance on only one or two senior individuals? What would be the impact if key senior staff left the organisation?</p> <p>From where does SMERU receive its funding? Where clients pay for the research and other products how is the pricing structure determined?</p> <p>What is the current funding mix? Do they have both national and international funding? Is there a reasonable mix between core and project based funding? Does the project-based funding include both competitive grants and demand-driven projects?</p> <p>Do they have an accurately costed overheads component for projects?</p> <p>Are there suitable incentives for retention of staff?</p> <p>What opportunities (financial and services/products) have already been explored? Which were feasible and which not? Why? How do other similar institutes in Indonesia and elsewhere source their funds and do any of these offer possibilities for SMERU?</p> <p>How feasible are opportunities? What needs to be done to implement these? What other study is needed to inform this?</p>

Key evaluation question	Second level questions	What do we want to know?
What lessons from SMERU can be learned and applied for the development and the implementation of the AIP Knowledge Sector Program?	How effective was SMERU's outreach to Indonesia media and advocacy organisations?	To whom does SMERU outreach? For what purpose? What benefit have these other organisations gained? How effective is the communications strategy? What has enabled and hindered it? In outreaching to media and advocacy, what does the SMERU experience suggest other research institutes might need to do to be successful?
	To what extent were SMERU's business development plans geared towards attracting other financial resources?	What strategies are in place? How are they progressing towards outcomes? What is enabling and hindering success? Are the transaction costs for this strategy in proportion to the importance and effort?
	What is the funding level that would be sufficient for SMERU in the first phase (five years) of the AIP Knowledge Sector Program, considering its absorptive capacity?	What is the current budget? What is required to meet the strategic plan? Is there a shortfall? What possible changes to the strategic plan post 2014? What will be different for SMERU once the Knowledge Sector Support Program is implemented?
	What kind of capacity strengthening package will be useful for SMERU?	Broadly speaking, what is the current capacity in the organisation? What are the capacity strengthening needs? How is capacity strengthened now? What works? What doesn't? What are the future needs? For which staff groupings? How might these needs be best met? What is the estimated cost? How might the activities be resourced? How does the organisation invest in its own learning? Do they undertake skills audits?
How robust is SMERU's monitoring and evaluation system in terms of gathering evidence to show that targeted outcomes and outputs have been achieved?	To what extent have the recommendations from the Mid Term Review been addressed?	What recommendations have been addressed? What has enabled these to be addressed? Which are currently being implemented but not yet completed? Which have not yet begun or addressed and why?
	To what extent was the organisation's oversight system able to learn from the major constraints recognised?	How well does the monitoring and evaluation system monitor progress of outputs and outcomes? ¹⁸ What difficulties are there and why? What might help improve the system? How is the information used by the organisation? If the data show that targets are not being met, what actions are taken? Does SMERU evaluate its own work periodically? Does it ever fund its own reviews of any of its processes or structures?
How relevant is SMERU's work to the Australia Indonesia Country Strategy 2008-2013 and the anticipated AIP Knowledge Sector Support program?		How well aligned is SMERU to the Country Strategy and the Knowledge Sector Support Program? Where does it differ? What are the implications of any differences? Is there some plausible link between SMERU, the Country Strategy and the Knowledge Sector Support Program?

¹⁸ AusAID Indonesia's M&E standards for M&E system will be used to assess SMERU's system

Annex 2 – Data methods

A range of evaluation activities was conducted with SMERU that enabled the involvement of all staff in some way. Specifically the activities were:

- A workshop with researchers that included activities that a) explored such themes as: roles, responsibilities, strengths, challenges, work climate and decision-making; and b) encouraged self-assessment of quality and capacity using ratings scales against selected criteria.
- A workshop with researchers and management to explore:
 - project impact and influence: a facilitated reflective discussion was used to track backwards from a project that had appeared to influence policy. This involved the history, actors, the before and after behaviours, facilitating factors, and constraints.
Note: the review team intended to also look at a project that had not had the desired influence but the time available for this workshop meant this was not possible. Rather, examples of limited influence (as well as examples of positive influence) were sought as part of stakeholder interviews.
 - networks using a basic network analysis.
- Focused discussion groups with each of: publication and information division staff; secretariat, administration and office staff; and support staff. These sessions were tailored to the particular group and explored such themes as: roles, responsibilities, strengths, challenges, work climate and decision-making.
- A focused discussion group with the Board of Trustees that covered themes such as: organisational history; mandate and strategic direction; governance structure and processes; organisational strengths and challenges; risks; and future possibilities.
- A selection of face-to-face individual or group semi-structured interviews that were tailored to specific aspects of the evaluation and varied depending on the staff person.
- A review of documents including: financials; project management; performance appraisal; newsletters; annual reports; progress reports; standard operating procedures.
- Brief citation and publication analyses.
- Brief financial analysis.
- A selection of researchers undertook reflective narrative writing that highlighted important changes brought about by their research.
- A selection of researchers maintained time diaries for a four-day period for analysis by the review team.

For external stakeholders, the review team conducted semi-structured individual or group interviews that focused on a range of themes, depending on the particular stakeholder. Such themes included: perceived strengths and challenges; relevance and/or quality of SMERU research; impact or influence of research; take up of research; SMERU capacity; collaboration and networks; dissemination of findings and other outreach; future possibilities; and areas for improvement. In all 31 external stakeholders were interviewed.

Fifteen AusAID staff participated in either individual or group interviews. These interviews focused on themes such as: program history; program governance and management; the knowledge sector; AusAID's use of SMERU research; perceived strengths and challenges of SMERU; relevance and influence of SMERU research.

AusAID documents relating to the new knowledge sector program were read for purposes of background, context and consideration of future direction.

A brief literature search was undertaken in themes related to: monitoring and evaluation of research institutes; organisational development; project management; and expansion and growth of research institutes. This was to inform data gathering, data analysis and consideration of recommendations.

Annex 3 – Analysis of Policy Briefs based on Hovland

	Implementation of 2007 Teacher Certification Program - Dated June 2009 (revised edition)	Remote Area Allowance and Absentee Levels for Teachers in Remote Areas - Dated January 2010	Supporting Local Government in the Governance of Overseas Employment - Undated (but uses 2011 references)	Labour Impacts of GFC - Undated
Coherence	Use of subheadings, with succinct paragraphs below them, follows logical sequence.	This paper is hard to follow and the logic is not clear. Discussion of findings is confusing. Table showing various absentee rates appears to have errors (unless average refers to something other than the mean)	Issues are obviously complex and the paper is hard to follow. Short paragraphs under key subheadings might help. Background discussion continues under Key Findings. Recommendation section also includes discussion that occurs earlier in the paper.	Paper is well set out and easy to read. There is however, discussion under Key Findings that should appear prior to this section e.g. how the research was conducted. Key sentences in coloured font at the beginning of paragraphs are effective in making messages clear.
Statement of 'problem'	Background section makes it clear SMERU conducted research to assess implementation of policy.	The 'problem' is the absentee rate of teachers in remote area schools, and its effect on education. A number of issues faced by teachers is given and a statement that they need a monetary incentive (rather than addressing the problems they face). This is not necessarily SMERU's issue but they would be better to indicate the govt has instigated this scheme and SMERU is examining the effect.	There is not a succinct statement of the specific problem being addressed. It is difficult to follow the discussion of the current situation re migrant workers, the roles of different levels of government, and the particular issues that need to be addressed. It may be better to look at (for example): <ul style="list-style-type: none"> • legislation; • Interpretation by central and local governments; • key issues. 	The 'problem' as stated in the title and the background section is the impacts of the GFC on labour. This is clear, although many of the findings seem to relate to the labour market generally and there is an implication that the issues are magnified by the GFC.
Potential solutions	Paper jumps straight to recommendations without discussion of potential solutions	Paper jumps straight to recommendations without discussion of potential solutions	Paper jumps straight to recommendations without discussion of potential solutions	There is no discussion about a range of potential solutions, leading to recommendation of preferred solution.

	Implementation of 2007 Teacher Certification Program - Dated June 2009 (revised edition)	Remote Area Allowance and Absentee Levels for Teachers in Remote Areas - Dated January 2010	Supporting Local Government in the Governance of Overseas Employment - Undated (but uses 2011 references)	Labour Impacts of GFC - Undated
Conclusions and recommendations	<p>Conclusions (or summary of situation) not provided.</p> <p>Recommendations indicate what needs to be done but not how or who is responsible.</p> <p>Not all issues have been addressed in recommendations – i) fact that no teacher has received registration number and only a few certificates have been issued; ii) payments of professional allowance have not occurred or are well in arrears.</p>	<p>Under the heading Recommendations there is continued discussion of the findings with a commentary on the importance of the district government role and the suggestion they supplement the allowance to “expand coverage”. Again, logic is hard to follow.</p> <p>Last paragraph actually indicates a need to use indicators <i>other</i> than teacher absentee levels to measure the effectiveness of the Remote Area Allowance although the reason for this is unclear. It is curious in light of the fact that the stated reason for providing the allowance is to reduce teacher absenteeism and the findings show this on its own does not seem to work.</p>	<p>Recommendations should be set out more succinctly. Discussion should have appeared previously. Mostly, recommendations are not couched as such – i.e. not directive. Comments such as “It is only fair if the protection budget is shared along with the sharing of protection tasks between the central and kabupaten governments” does not give clear direction as to what should be done, how and by whom.</p>	<p>There is a section Key Findings and Recommendations, at the beginning of which there are some conclusions. However discussion continues interspersed with recommendations. This discussion needs to occur before the recommendations are made succinctly.</p>

Summary:

Policy briefs have a consistent format – background; findings; recommendations. However the text does not necessarily fit neatly into these sections and there is overlap. It would be useful to have Discussion and a Conclusion that draws together the major findings. Sections to guide the way the content is set out. Currently discussion often occurs in the Recommendations section. This detracts from clear, concise recommendations.

It is not clear who is the target audience. Writer needs to think from the audience perspective. The purpose of the brief should be clear.

Need for succinct recommendations making it clear what needs to be done and where the responsibility lies.

Policy Briefs should be dated.

Annex 4 – Vignettes outlining influence of SMERU research

The following three vignettes are drawn from information derived from a mix of respondents and data sources. They illustrate a range of changes both instrumental and conceptual and include changes to understanding and knowledge, working practices, and policy implementation.

Text Box 1: Using research to help change government policy practice and implementation

In 2005 the Government of Indonesia implemented a direct cash transfer scheme to help offset increased fuel prices. The scheme targeted approximately 15.5 million households and was administered by Post Office Indonesia.

From the outset there was a lot of concern from several sources. Many non-government organisations were unhappy with the philosophy of the scheme. It was hotly debated between politicians with many opposing it. Many in the community were unhappy. The media, nationally and sub nationally, were reporting adversely about the scheme.

SMERU undertook a Rapid Review of the implementation between October and December 2005 in DKI Jakarta and five other locations: West Java; Central Java; North Sumatra; NTB; and North Maluku. This review found, among other things, issues with the way the scheme was targeted and how it was being implemented. SMERU disseminated the information in a number of ways including via a special edition of its newsletter; a research report; a peer-review article; presentations; and participation in government policy discussions.

The Government sought to rectify the major concerns, based on the findings. For example, SMERU assisted the relevant government agency to correct the targeting method. A representative from that agency reported that this enabled them to achieve a significant reduction in the error rate and, whilst not wholly attributable to SMERU, *“...they gave us new insights and shared knowledge that improved our methodologies.”* Government also made changes to how Post Office Indonesia administered the scheme, drawing on the successful practices of some branches identified in the Rapid Review.

Because of the improvements in implementation, there was more satisfaction with the scheme and less public outcry. This resulted in a significant reduction in media articles about the scheme and, in turn, less opposition by politicians. Many non-government organisations were reportedly still not fully happy with the scheme but appreciated that it was now targeted better to the poor.

SMERU has conducted iterative reviews in 2008 and 2009 with subsequent minor changes made to implementation by government. Several respondents reported that SMERU is *“...very influential in the cash transfer arena.”*

A representative from a donor organisation reported that these studies, whilst small in scale and not fully representative of the population, are well respected pieces of work and are very influential in that they are widely quoted and are used by advocate groups and donors to address attacks on the policy.

The ongoing and consistently changing nature of policy development is highlighted in what SMERU staff described as *“recent whisperings”* about the scheme. Some opponents are suggesting that the scheme is destroying social capital in communities. Looking at the impact on social capital was not part of SMERU's Rapid Reviews so there is no evidence to confirm or dispute these recent concerns. A fourth iteration that includes attention to social capital is being sought by the relevant government agency, illustrating a growing demand and use of evidence-based research by policy makers.

Text Box 2: Developing a tool that helps to change the way in which people conceptualise poverty and target programs

The poverty map was put forward by several respondents as the best example of influence. The poverty map was developed by SMERU in two phases, the first in collaboration with Statistics Indonesia and the World Bank, and the second through funding from the Ford Foundation.

Efforts to map poverty in Indonesia had been made by government agencies from as early as 1994. The initial work in which SMERU and its collaborative partners were involved applied a method that had been used in other countries, though this was the first time it had been applied in a large country.

Following the first phase of development in which the model was applied to a small number of pilot provinces, Statistics Indonesia applied it to other provinces, creating a map of the whole of Indonesia. Concurrently, SMERU began to apply a model targeted to village level and this was successfully applied across the country in 2005.

Subsequent to this SMERU developed an interactive CD that was distributed widely to stakeholders. A short qualitative study in 2006 found the map being used by a significant number of government agencies, non-government organisations, donors, universities and individuals.

The poverty map was reported by respondents as an important influential piece of work because of its importance to planning and in helping target programs more accurately to the poor and vulnerable. One international respondent added that it has helped promote the idea of poverty more comprehensively – *“Their influence is in the realm of ideas rather than actual policy. They have brought to the table poverty related issues, models and trends.”* Another international partner highlighted that the poverty map has promoted the idea of a poverty line as the measure, providing a clear way to measures shifts over time.

It is also claimed to have helped set the direction for more contemporary work. For example, whilst a direct link between the poverty map and the current national work to develop a unified data base cannot be claimed, respondents from government agencies and donors pointed to SMERU's poverty map work – and other targeting studies such as the Community Based Monitoring System – as providing the foundation on which the current database work is being developed.

Text Box 3: Using social surveys as a means of increasing understanding and changing work practices

SMERU has been involved in the EINRIP (Eastern Indonesia National Road Improvement Project) since 2008. Researchers have undertaken the social impact studies for each of the affected locations and will continue to do this till the project is completed in 2014. The surveys include an initial baseline study followed by monitoring surveys during the road construction and impact surveys once the road has been completed.

This iterative approach to social impact is new to the Government of Indonesia and has provided them with critical information about community situations, implementation issues, and impact that they have not had access to previously. An international partner involved in the project reported that the government agency has indicated learning a lot as a result of these studies. By being part of the study teams they have learned about the effectiveness of the method as well as being able to hear firsthand about a community's needs, aspirations and concerns. According to this respondent, the survey work has helped create trust between local communities and the government because communities have felt as though someone has listened to, and taken account of, their concerns.

According to members of the survey study team, identifying concerns about land acquisition in the early stages of the project resulted in the government agency seeking further advice from SMERU about the issues and how to address them. As a consequence, the process of acquisition was changed and subsequent surveys demonstrated improved acquisition processes and more satisfied communities.

Annex 5 – An overview of financial capacity to take up future opportunities

SMERU is fortunately in a strong financial position to enter this new phase, as the following tables illustrate:

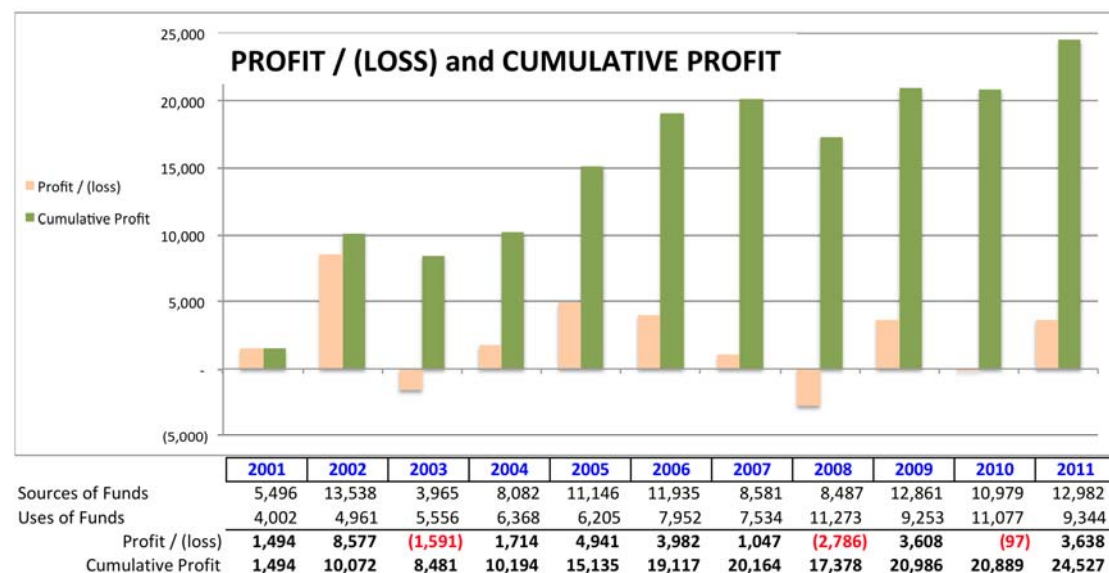
Table 1: SMERU's financial performance 2001 – Nov 2011

In Million IDR										until Nov 2011		
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Project Revenues	3,094	7,316	3,965	4,086	6,699	7,769	4,137	3,223	8,060	4,324	5,697
2	Core Funding Support (AusAID)	2,402	6,222	0	3,996	4,447	4,166	4,444	5,263	4,801	6,655	7,285
	Total Sources of Funds:	5,496	13,538	3,965	8,082	11,146	11,935	8,581	8,487	12,861	10,979	12,982
	Uses of Funds:											
	Project Direct Costs:											
3	Labour Costs	2,040	2,034	2,576	2,855	2,582	3,154	3,362	3,655	3,837	4,208	4,274
4	Field Work	639	791	568	1,113	1,551	1,370	1,337	4,267	1,423	2,049	2,321
	Total Project Direct Costs:	2,679	2,825	3,144	3,968	4,133	4,524	4,699	7,922	5,260	6,257	6,595
	Indirect Costs											
5	Support Staff	616	767	1,144	1,539	1,172	1,383	1,811	1,844	2,287	2,100	2,042
6	Others	707	1,368	1,267	861	900	2,046	1,024	1,507	1,706	2,720	707
	Total Indirect Costs:	1,322	2,135	2,411	2,400	2,072	3,428	2,835	3,351	3,993	4,820	2,749
	Total Uses of Funds:	4,002	4,961	5,556	6,368	6,205	7,952	7,534	11,273	9,253	11,077	9,344
	Profit / (Loss)	1,494	8,577	(1,591)	1,714	4,941	3,982	1,047	(2,786)	3,608	(97)	3,638

Notes:

1. Total revenues from commissioned work
2. AusAID's core funding support only. All other grants were research-related and allocated to line item 1 (project revenues)
3. Total salaries and bonuses for all staff who were dedicated to projects
4. Total costs for field trips, i.e. transportation, meals, accommodation, and fees for regional researchers.
5. Total salaries and bonuses for all support staff who were not directly related to any projects
6. All other costs such as office costs, non-project-related travels and seminars / workshops

As it can be seen from Table 1, SMERU's financial performance has had some periods of volatility, with a peak profit of IDR 8,577 million in 2002 and the largest loss of IDR 2,786 million in 2008. However, the cumulative profit has reached IDR 24,527 million in 2011 as illustrated in Table 2:



Of this 16.4 billion is still available as cash reserves (following purchase of premises). This could be invested as a business development fund, with the interest used to fund increased research capacity, particularly independent research.

Annex 6 – Summary of networks

Partners	Name of Partners	Type of Network			
		Information-Research	Information-Other	Professional	Funding
Central Governments	LIPI (Indonesian Institute of Sciences)	√	√	√	
	TNP2K	√	√	√	
	TNP2K	√			√
	BI (Central Bank of Indonesia)	√			
	Ministry of Trade and Industry	√			
	Ministry of Health	√			
	Bulog	√			
	BPS	√			
	BPS	√			
	BPS			√	
	Bappenas	√	√		
	Bappenas (poverty n social protection division)	√			
	Bappenas	√			
	Bappenas				√
	Ministry of woman empowerment				
	Department of Agriculture	√			
	Menko Kesra (Ministry of Social Welfare)	√			

Partners	Name of Partners	Type of Network			
		Information-Research	Information-Other	Professional	Funding
	Government Office in Ministry	√			
	Some Members of Parliaments		√		

Local Governments	Regional Universities	√		√	
	District of Pekalongan	√			√
	District of Pekalongan	√			
	Jakarta City Government (Kessos & Bappeda)	√			√

Donors/International Organisations	AusAid	√			√
	AusAid				√
	UNICEF (Papua)			√	√
	UNICEF			√	√
	UNICEF	√			√
	Ford Foundation				√
	World Bank	√	√		√
	World Bank	√			√
	Allianz	√			√
	GIZ (GTZ)	√			

Partners	Name of Partners	Type of Network			
		Information-Research	Information-Other	Professional	Funding
	ILO	√			√
	World Bank	√			√
	UNDP	√	√		

National/Local Organisations (Research Institutes, NGOs, etc)	POKJASUS (PKPM)	√	√		
	PEKKA	√			√
	PATTIRO				
	Forum Kajian Pembangunan	√	√	√	
	Researchers outside SMERU	√			
	Pradipta	√			
	Forum LOLEK (Academicians from East Nusa Teng)	√	√		
	JPAI		√		
	GEMA-PKM				
	International Sociological Association		√		
	OMS (organisasi masyarakat sipil)				
	Forum Pembaca Kompas	√	√		
	ANMK (National Coalition Against Hunger)		√		
	GEMA-PKM (Micro Credit)		√		

Partners	Name of Partners	Type of Network			
		Information-Research	Information-Other	Professional	Funding
	Population Coalition			√	
	Child Poverty	√		√	
	JARI&GAPRI	√			

International/Foreign Research Institutes/Universities	IDRC	√		√	√
	IDS	√			√
	ODI	√		√	√
	Academicians/Lectures	√			
	3ie				√
	Victoria University	√	√		
	Australian National University	√	√		
	Social protection in Asia	√		√	

Informal Relation	NGO (friend) which has health issue work	√		√	
	Alumni Network		√		
	Friends in former working institution	√		√	

Partners	Name of Partners	Type of Network			
		Information-Research	Information-Other	Professional	Funding
	Friends in university				
	Nina Shatifan	√	√		

Media	Media ??
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NOTES:

	STRONG Relation
	MEDIUM Relation
	LOW Relation
Red	Needs to be empowered/strengthened in the future

Annex 7 – List of potential indicators

The following indicators have been drawn or adapted from: Ragasa, C., Babu, S., Abdullahi, A.S., and Abubakar, B.Y. (2010). *Strengthening Innovation Capacity of Nigerian Agricultural Research Organizations: Discussion Paper 01050*. International Food Policy Research Institute.

Indicators of research outputs

- number of publications
- % of projects devoted to themes of sustainable development
- Level of research excellence, as determined by external peer review
- Relevance to the building of capability in the institute, as determined by an external evaluator

Indicators of output of services

- Number of clients and % growth in the 'users' and 'government' categories
- Volume of revenue and % growth in the 'users' and 'government' categories
- Volume of revenues and % growth from international clients
- % of value of services related to sustainable development in total volume of revenues
- Satisfaction of clients in the users and government categories, established through a survey

Indicators for capacity strengthening

Human resource development

- % staff with 1 week or more of relevant training in advanced areas
- % of staff undergoing training for a higher degree or other relevant qualification
- Satisfaction of staff regarding opportunities for professional development, established through a survey

Networking

- Number of quality institutes actively interacting with the institute (exchange of personnel, joint activities, etc.)
- Number of research events attended, at home and abroad
- % of institute's budget devoted to interactions, at home and abroad

Relationships with government and funding agencies

- Appraisal of relationships, as determined by an external evaluator

Indicators for business development

- % income from clients in total budget
- % of business development costs in total budget
- % of costs of developing awareness (market research, advertising, brochures, exhibitions, personal contacts, presentations, Internet, etc.) in total income from clients
- % of repeat client in total clients
- Number of new service areas inaugurated

Indicators for management

Personnel management

- Remuneration of researchers (base salary plus incentives) at entry level, mid level and senior level. Comparison with remuneration in other institutes or organisations
- % turnover of researchers

- Staff satisfaction with working conditions, established through a survey

Financial management

- Appraisal of quality financial management, as determined by an external evaluator

Project management

- % of projects delivered on time
- % of projects delivered within project budget
- Appraisal of methods used to manage projects, as determined by an external evaluator
- Degree of autonomy at project team leader level (forming the team, deployment of personnel, financial commitments, relations with client, etc.), as determined by an external evaluator

General indicators of performance for the institute

- % growth of budget
- % growth of staff
- % growth of client income in budget
- Number of international competitive grants in which institute is involved
- Number of researchers in international committees, boards of journals, etc.
- Satisfaction of government and its agencies with institute's excellence and performance, established through a survey
- Satisfaction of other key stakeholders with institute's excellence and performance, established through a survey

Annex 8 – Terms of Reference

Terms of Reference

Independent Completion Report (ICR)

on the Provision of Core Funding Support to the SMERU Research Institute

November 2011

A. Introduction

The Australian Agency for International Development (AusAID) will undertake an independent evaluation to assess the effectiveness of core funding support to the SMERU Research Institute (SMERU) since 1998. The evaluation will review what the organization has achieved; what has worked; what did not work; and why. The SMERU Strategic Paper 2010-2014 will be used as one of references of the evaluation.

This analysis will provide important lessons to inform the development and implementation of the next phase of Australia's support to SMERU through the Knowledge Sector Support Program. These Terms of Reference outline how AusAID will carry out an independent evaluation of its core funding to SMERU.

B. Background

2. SMERU is an independent nonprofit research organization providing applied, evidence-based research focusing on socioeconomic and policy studies. SMERU began in 1998 as the World Bank-supported Social Monitoring and Early Response Unit (SMERU). The Unit was established in response to a call from the Consultative Group for Indonesia (CGI) for more reliable and timely analysis of data on the economic and social impact of 1997/1998 financial crisis and the effectiveness of emergency assistance. In January 2001 the Unit became a fully independent not-for-profit organisation known as the SMERU Research Institute.

3. AusAID has been providing funding to SMERU since 1998 through the utilization of Australia's Trust Fund Facility at the World Bank. AusAID continued direct core funding of \$0.6 million/year from 2001 until 2008 and increased to \$0.8 million/year from 2009 to March 2012 with an additional scope of work to undertake surveys and provide Technical Assistance to the Crisis Monitoring and Response Committee to analyze data and make recommendations to the Government of Indonesia in response to the Global Economic Crisis (GEC). AusAID's current funding scheme to SMERU will end on 31 March 2012.

4. AusAID's core funding to SMERU supports implementation of its mandate to conduct the following:

- a) Carry out monitoring and evaluation of social and economic problems for the purpose of improving public policies and their implementation
- b) Conduct effective research outreach to national and regional governments, civil society, academics and the international community;
- c) Support inclusive public policy discourse on poverty and inequality reduction strategies; and
- d) Strengthen the role of civil society in the formulation and implementation of public policies

5. In addition to AusAID, SMERU received core funding from the Department for International Development (DFID) in 2002-2005 and the Ford Foundation (2002-2007). AusAID's independent Mid Term Review (MTR) of SMERU conducted in November 2006 found that no other research institution in Indonesia that is generally perceived to be as independent and able to produce high quality research on important policy areas like SMERU. The MTR posited that SMERU remained relevant, filling a gap in the provision of analysis of policies and programs that impact on poverty in Indonesia.

6. As a follow up of the MTR's recommendation, in late 2009 SMERU developed a Strategic Plan for 2010-2014 in late 2009. It provides an explanation of SMERU's contribution to Indonesia and aims to show AusAID and potential donors the expected results from their investment. There are five expected outputs over the next five years: a) high quality, policy-relevant and timely research, b) improved public policy for poverty reduction, c) accessible publications and poverty analysis tools, d)

strengthened collaboration with other relevant organizations, and d) effective and efficient SMERU management. Since then, SMERU has decided to move from activity-based programming to results-based approach.

C. Key Issues

7. SMERU's co-founding Director undertook a study on History and Lessons Learned of SMERU in January 2011. The study identified major constraints faced by the organization namely: securing sufficient funding, quality of research, leadership transition, institutional linkages, and maintaining independence. There were six recommendations to foster similar organizations and improve Indonesia's knowledge sector:

- a) A knowledge organization must develop and adhere to a measurable mission statement emphasizing social impact through policy change
- b) Personnel policies (recruitment, compensation, and training) must receive special care
- c) Performance standards must be high therefore SMERU's quality control process is essential to its success
- d) Staff must emphasize networking with other stakeholders
- e) Research topics and dissemination of activities must be closely geared to the demand side that is what policymakers and donors actually need
- f) Research organizations must prioritize core funding.

8. AusAID's independent MTR demonstrated that SMERU was neither a financially sustainable organization nor likely to ever be financially independent unless it could attract a major contribution to an endowment. To date, SMERU's efforts to attract endowment funds have been unsuccessful. As a result, it will remain dependent on donor funding for the foreseeable future. However the MTR indicated that AusAID is not in a position to provide endowment funds to SMERU and we have been further advised that it is unlikely that AusAID will do so in the future due to limitations in AusAID's procurement policies (that do not allow endowments).

9. The Australia Indonesia Partnership created a Program for 'Revitalizing Indonesia's Knowledge Sector for Development Policy' (AIP Knowledge Sector Support Program) in 2009. The design which is in its final stage comprises of four components that include: 1) the research organizations that produce knowledge and evidence which influence policies (Supply side), 2) the policy makers who demand and use evidence in formulating policies (Demand side), 3) Intermediary functions and bodies that translate, package, and communicate knowledge, and 4) the Enabling environment where policies govern how the supply and demand sides interact, and the research systems operate.

10. The AIP Knowledge Sector Support Program will likely provide core funding to selected organizations, which includes ongoing support to SMERU under the Supply component. Under this component, the funding will ensure that these organizations continue to pursue projects which will maintain their networks with users and can diversify their sources of funding. The funding should be sufficient to allow these organizations to be selective and cultivate their research niche in the market; yet, also allow them to decline projects which do not suit their mandate. The Program will develop a formula to determine the amount of core funding for each organization, based on lessons from the Learning Program and reflective of each organization's absorptive capacity.

11. The AIP Knowledge Sector Support Program will also build the capacity of organizations to diversify their sources of income, provide SMERU opportunities an independent research agenda, in addition to retain and develop top quality research staff. In later years, the Program will reduce the amount of core funding to SMERU, with the expectation that the organization will be more competitive in securing other sources of funding (e.g. international grants). A global rule of thumb is that dedicated, sustained core funding should stabilize in the 40% - 60% range. The current proportion of core funding and commissioned research and research grant at SMERU is around 55% to 45%. It is within this context this evaluation considers current and future support to SMERU.

12. The MTR showed that SMERU's work was a good fit with the White Paper which put greater emphasis on research as a form of development assistance. Although the alignment with the Australia Indonesia Country Strategy 2008-2013 and the anticipated AIP Knowledge Sector Support program have not been formally reviewed, we are confident that our support is highly relevant. The ICR will be essentially providing confirmation to this assessment.

C. Objectives of the Evaluation

13. The objectives of this evaluation are to:

- a) evaluate the extent to which AusAID's core funding has enabled SMERU to achieve its objectives
- b) review what SMERU has achieved, what has worked, what did not work, and why, to provide recommendations on actions that need to be taken in order to achieve the targeted milestones in 2014
- c) assess the continued relevance of the SMERU Strategic Plan 2010-2014 and to provide suggestions on how to improve the strategy so that it continues to be relevant to the aspirations and needs of SMERU and the Australia Indonesia Country Strategy 2008-2013
- d) provide advice to help inform key management decisions in relation to: 1) the kind of AusAID's future support to SMERU, in addition to lessons learned that will inform and shape the development and the implementation of the AIP Knowledge Sector Support Program.

D. Scope of the Evaluation

14. The evaluation will assess SMERU's overall performance by assessing against these evaluation criteria: relevance, effectiveness, efficiency, sustainability, gender equality, monitoring and evaluation, and analysis and learning. The ratings will be based on the standard AusAID six-point scale, as outlined in the ICR template (refer to **Annex 1**).

15. Although the evaluation consultant must be able to provide an assessment and rating of the evaluation criteria above, the consultant should provide particular priority to examine the following **key questions**:

- a) **Relevance (Low Priority):** How relevant is SMERU's work with the Australia Indonesia Country Strategy 2008-2013 and the anticipated AIP Knowledge Sector Support program?
- b) **Effectiveness (High Priority):** To what extent did SMERU achieve the objectives of AusAID's core funding support? To what extent have SMERU activities achieved the outputs targeted in the Strategic Plan 2010-2014?
 - How broadly SMERU is engaging with opinion makers, particularly those outside the small circle of development economists?
- c) **Efficiency (High Priority):** How are resources/inputs converted to outputs in the Strategic Plan 2010-2014?
 - To what extent are SMERU's current operations on track to achieve the Strategic Plan?
 - How effective is SMERU's internal system in addressing its major constraints? The internal system includes staff recruitment, retention, succession planning, compensation and training, in addition to financial system.
 - To what extent can SMERU ensure the sustainability of its high quality output?
- d) **Analysis and Learning and Monitoring and evaluation (Medium Priority):** Is SMERU's M&E system sufficiently robust to gather evidence to show that targeted outcomes and outputs have been achieved?
 - Have the recommendations from the Mid Term Review been addressed?
 - Was the organization's oversight system able to learn from the major constraints recognized? The SMERU oversight system includes Program Consultation Committee (PCC) meeting, Board meeting and the M&E system which have been used by SMERU to ensure efficient and effective operations.
- e) **Lessons learned (High Priority):** What lessons from SMERU can be learned and applied for the development and the implementation of the AIP Knowledge Sector Program?
 - How has SMERU's outreach to Indonesia media and advocacy organizations been going? The outreach activity includes SMERU's efforts in communicating/publishing/disseminating their researches to Public Policy Makers/CSO as intermediary or advocacy organisations.
 - To what extent were SMERU's business development plans geared towards attracting other financial resources?
 - What is the funding level that would be sufficient for SMERU in the first phase (five years) of the AIP Knowledge Sector Program considering its absorptive capacity? What kind of capacity building package will be useful for SMERU?

16. Sustainability is not a focus on this evaluation because it has been incorporated in the above assessments. For all findings, the consultant should describe the current situation, identify key enabling or inhibiting factors, provide an analysis of its implications for AusAID, and recommend an appropriate response.

E. Duration of the Evaluation

17. The expected period for the evaluation process is from the first week of November 2011 to February 2012 with 15 days of in-country mission on 28 November – 12 December 2011. This evaluation period includes time for desk review, preparation of the evaluation, and preparation of reports up to 30 input days work which tasks to be divided as below in Section F.

F. Evaluation Process

18. The evaluation will consist of a desk review and interviews with key stakeholders. They may include several people from Indonesian policy makers, research organizations, other think tanks, NGO, donors, AusAID and SMERU. In undertaking the ICR, the evaluation team will:

- a) Conduct a desk study to review relevant program documentation provided by AusAID and advise AusAID of any additional documents or information required prior to the in-country visit (2 days)
- b) Develop an evaluation plan, which includes methodology, instruments, identification of key respondents, and further documentation required (2 days)
- c) Travel time from Australia to Jakarta return (2 days)
- d) Conduct meetings in Jakarta (10 days) on 28 November – 2 December and 5 – 9 December. This includes an AusAID briefing session and introduction to the SMERU team in Jakarta on 28 November.
- e) Conduct preliminary analysis of the interview results and prepare an Aide Memoire for submission at the end of the in-country mission which outlines the major findings and preliminary recommendations of the ICR on 3, 10 and 11 December (3 days)
- f) Participate in an AusAID debriefing session in Jakarta at the completion of the in-country mission and present the Aide Memoire of the ICR to AusAID Jakarta and SMERU on 12 December (1 day)
- g) Process the evaluation data (3 days)
- h) Submit the draft ICR (5 days of writing for the Team Leader and 2 days for the Team Member)
- i) Submit the final ICR (2 days of writing for the Team Leader and 1 day for the Team Member)

G. Reporting Requirements

a) Evaluation Plan

This plan will outline the scope and methodology of the evaluation. The plan will include: the methodology to be used for assessing the outcomes of the program; the process for information collection and analysis, including tools such as questionnaires and/or questions to be asked during focus group discussions; identification of any challenges anticipated in achieving the evaluation objectives; allocation of tasks of the evaluation team; key timings; a consultation schedule identifying key stakeholders to be consulted and the purpose of the consultations; activities/research to be undertaken; and a draft schedule of field visits. It is expected that the Evaluation Plan will be submitted to AusAID by 7 November 2011 or three weeks before the in-country mission for AusAID's feedback.

b) Aide Memoire

The Team Leader with support from the Team Member will submit and present an Aide Memoire (maximum 5 pages) on key findings upon completion of the in-country mission (12 December 2011). The Aide Memoire will be prepared in dot-points with discussion in reference to the Aide Memoire for Evaluation template (see **Annex 2**). It is expected from the schedule that the team will have 3 days to work on the Aide Memoire prior to presenting to AusAID and SMERU.

c) Independent Completion Report

The Team Leader will have up to five working days to write and submit the draft ICR (max 25 pages in length, excluding annexes). The draft shall be submitted on 13 January 2012. AusAID will provide feedback to the Evaluation Team within 3 weeks upon receipt of the draft report from the Team Leader (3 February 2012). The Team Leader will then submit the Final ICR up to a week later (10 February 2012).

I. Team Composition

19. The ICR team will comprise two members, an international evaluation expert with particular expertise in monitoring and evaluation (M&E) as a Team Leader and an expert in organisational development as a Team Member.

a) Monitoring and Evaluation (M&E) Specialist / Team Leader

The M&E Specialist (Team Leader) will have a strong background and experience in evaluation methods and processes, previous proven skills and experience in conducting review and performance evaluation, and demonstrated ability to draw on international best practice to inform the mission. The Team Leader will possess very high analytical skills, an ability to gather and interpret data and information and write constructive, informative reports. The Team Leader will have a forward-looking perspective in terms of looking for lessons and implications to inform future programming.

The Team Leader will preferably have a sound knowledge of AusAID corporate policy on quality reporting system and business process for aid delivery; conversant with AusAID development assistance procedures/regulations and policies. S/he will have high familiarity with the Paris Declaration on Aid Effectiveness. S/he will have working knowledge and familiarity of cross cutting issues such as public financial system and anti-corruption issues, gender, partnership, together with an understanding of Indonesia social and political context (Indonesian language skills desirable). S/he has a high level of professionalism and commitment to delivery of results and excellent report writing skills (in English).

The Team Leader will effectively utilize the expertise of the team member in meeting the Terms of Reference and contractual obligations. S/he will be ultimately responsible for delivering a quality evaluation report. Thus, team leadership skills are also essential.

The Team Leader will be responsible for the following outputs: drafting and submitting an Evaluation Plan, drafting and finalising the Aide Memoire, presenting preliminary findings to AusAID and SMERU, in addition to drafting and finalising the Independent Completion Report. S/he will lead the evaluation process, including participating in the inception briefing, assigning tasks and responsibilities of the team member, and presentation of initial evaluation findings in an Aide Memoire.

b) Organisational Development Specialist (Team Member)

Under the direction of the Team Leader, the Team Member will be responsible for providing advice and written inputs to the Team Leader as instructed by the Team Leader in order for the objectives and reporting requirements of the review to be met.

The Organisational Development Specialist (Team Member) will have technical qualifications, knowledge and background in organizational and human resource development. S/he will have sound experience in the management and/or monitoring and evaluation of independent institutions/NGOs in development programs and developing context. It is desirable that s/he will have experience in public policy and/or research in Indonesia.

S/he will possess good analytical skills, well-developed team skills, experience in gathering and interpreting data and information and writing constructive reports. S/he will have a high level of professionalism and commitment to delivery of results and excellent report writing skills in English.

I. Key Documents

20. Key documents will be provided by AusAID to the Evaluation Team at commencement of the assignment as below:

- a) The SMERU Research Institute: History and Lessons Learned, Sudarno Sumarto, 2011
- b) SMERU Strategic Paper 2010-2014
- c) AusAID Quality at Implementation Report (QAI) for SMERU Initiative

- d) SMERU six-monthly progress reports
- e) AusAID Independent Review of the SMERU Research Institute, 2007
- f) Australia Indonesia Partnership Country Strategy 2008 – 2013
- g) AusAID Draft Design Document – Revitalizing Indonesia's Knowledge Sector for Development Policy

Annex 9 – Evaluation Plan

Evaluation Plan Independent Completion Review: Provision of Core Funding Support to the SMERU Research Institute

November 2011

For information about this evaluation plan contact the team leader
Julie Hind
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This evaluation plan was developed by the team leader in consultation with:

- the review team's other member, Pak Gatot Widayanto;
- Judith Woodland, monitoring and evaluation specialist, Evolving Ways;
- Program staff from AusAID; and
- Senior management from SMERU.

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1. What is this document?

This document outlines the evaluation plan for the independent completion review of the Provision of Core Funding Support to SMERU Research Institute. It has been guided by the review's terms of reference and informed by discussions held with representatives from AusAID and SMERU via a telephone conference on 3 November 2011. The other review team member helped inform the plan and peer support was provided by one of the team leader's colleagues with expertise in monitoring and evaluation.

An evaluation plan is an important first milestone that determines the direction and design of an evaluation. Therefore, this document is to assist further discussions and negotiation about the review with AusAID, SMERU and the evaluation team, in particular: its focus; how information will be collected; how information will be used; and the management of the evaluation. It is anticipated that, through the plan, agreement will be reached about how the review is to proceed and what can reasonably be achieved. The evaluation plan supersedes the terms of reference.

It is a flexible document that will be reviewed regularly throughout the review by the review team in conjunction with the AusAID Program Manager. This will enable appropriate adaptations to be made should circumstances change.

2. What is being evaluated?

The review will evaluate the SMERU Research Institute (SMERU). This is an independent non-profit institute for research and public policy studies. Initially established in 1998 as a World Bank supported unit, since 2001 it has been fully independent. SMERU undertakes applied, evidence-based research in order to provide reliable and timely analysis of socioeconomic and poverty issues.

AusAID has provided funding to SMERU since 1998, with funds channelled through Australia's Trust Fund Facility at the World Bank. It currently funds SMERU \$0.8 million per year, with additional scope to contract surveys and technical assistance to the Crisis Monitoring and Response Committee. This additional work is to support the Government of Indonesia respond to the Global Economic Crisis. This review is focused only on the core funding, not the additional scope of services.

Core funding enables the following activities:

- e) the monitoring and evaluation of social and economic problems for the purpose of improving public policies and their implementation;
- f) the conduct of effective research outreach to national and regional governments, civil society, academics and the international community;
- g) the support of inclusive public policy discourse on poverty and inequality reduction strategies; and
- h) strengthening the role of civil society in the formulation and implementation of public policies.

AusAID also supports SMERU's long term objective and goals to:

- Provide information and analysis to contribute to widening public policy dialogue on the solutions to socio-economic, poverty and vulnerability to poverty issues directly relating to the welfare of the Indonesia people; and
- Strengthen the role of the community in the formulation and implementation of public policies.

AusAID's current funding scheme will end in March 2012. An ongoing commitment to provide core funding has been made by AusAID. Therefore, this review is not assessing the merit or worth of the program as this has already been determined by AusAID.

A mid-term review in 2006 found that this institute is unique in Indonesia in terms of its independence and high quality research. SMERU is guided by a strategic plan that outlines the contribution it aims to make and the expected results from its investments. It has recently decided to move towards a results-based approach.

3. What is the purpose of the evaluation?

From the terms of reference and subsequent discussions with AusAID program staff and representatives from SMERU, it is apparent that this review is, primarily, an objectives-based evaluation that will involve:

- a) evaluating the extent to which AusAID's core funding to SMERU has achieved its objectives;
- b) identifying what SMERU has achieved, what has worked, what did not work, and why, in order to suggest actions that might be required to achieve the targeted milestones in 2014; and
- c) assessing the continued relevance of the SMERU Strategic Plan 2010-2014.

In addition, the review has a formative function. The findings will contribute to organisational and program improvement, particularly in relation to:

- a) how to improve the strategy so that it continues to be relevant to the aspirations and needs of SMERU and the Australia Indonesia Country Strategy 2008-2013;
- b) how SMERU might become sustainable;
- c) how organisational structures and processes might be improved; and
- d) the kind of support AusAID should give to SMERU in the future.

Finally, the review findings will inform the development and implementation of the Australia Indonesia Partnership Knowledge Sector Support Program.

4. What is the focus of the review?

The focus of this review is on the macro level of the SMERU program rather than its individual components or products. It is concerned with outcomes and delivery: what works and why (program outcomes); and information for ongoing change (program implementation).

The formative component of this review will be conducted within the context of the design of the AIP Knowledge Sector Support Program, within which SMERU sits conceptually. The Knowledge Sector Program is comprised of four components: supply; demand; intermediary; and enabling environment. SMERU's primary role falls within the supply component, with a smaller role in intermediary.

Key imperatives of this review are, therefore: contribution to funded knowledge; and the importance of involvement of SMERU staff, management and governing body, as well as AusAID as the funding body.

5. What is the scope of the evaluation?

The review will make judgements about the overall performance of SMERU, assessing against: relevance, effectiveness; efficiency; sustainability; monitoring and evaluation; and analysis and learning. Performance will be rated using AusAID's six-point scale.

Assessment against gender equity is not a specific component of this review but will be considered, where appropriate, as part of the 'effectiveness' and 'analysis and learning'. As noted previously, only those activities supported through core funding are subject to this review. The review will consider the work of SMERU since 1998, when Australia first began funding it. This review will build on previous reviews, using those findings to inform this assessment of performance.

6. Who is the audience?

The audience of a review refers to those people to whom the findings are directed, that is, those who will make relevant decisions about the program based on the findings. Given the purposes of this review the primary users of the findings are: AusAID program managers; and SMERU management and senior staff.

A secondary audience is likely to include other program staff and managers in AusAID for whom the findings have some broader relevance; and SMERU staff.

7. What resources are available?

AusAID Indonesia has contracted an external team of reviewers: a team leader, who is a monitoring and evaluation specialist; and an organisational development specialist. The fees and disbursements for these external reviewers will be paid by AusAID at negotiated rates. In addition, the team leader will be supported through desk-based peer support by colleagues from her team. These team members will also undertake a small number of interviews with respondents who are not based in Indonesia. The costs of this support fall within the negotiated rate for the team leader.

In addition the following resources will be made available to support the review:

- The AusAID Program Manager will provide logistical support and general program advice.
- SMERU will support relevant staff to participate in particular aspects of the review and will assist with logistics.
- Key stakeholders will provide the time for relevant staff to participate in particular aspects of the review.

8. What are the key evaluation questions?

High priority questions

Effectiveness:

- To what extent did SMERU achieve the objectives of AusAID's core funding support?
 - To what extent have SMERU activities achieved the targeted outputs (Strategic Plan 2010-2014) and is it on track?
 - What has worked, what has not, and why?
 - How well aligned are SMERU's investments with their purpose and strategic direction?
 - To whom does SMERU provide research and how is such research used?
 - How broadly is SMERU engaging with opinion makers, particularly those outside the small circle of development economists?

Efficiency:

- To what extent have various program resources been maximised to achieve the required outputs?
 - What resource-related decisions, activities, practices and models have been the most successful and why?
 - How effective are SMERU's internal systems, structures, and processes in achieving its outputs and addressing its major constraints?¹⁹ What improvements should be made?
 - To what extent can SMERU ensure the sustainability of its high quality output? What opportunities are there for financing SMERU's operations and how feasible are these? What opportunities are there for expansion of effort and how feasible are these? What steps need to be taken to achieve improved levels of sustainability?

Lessons learned:

- What lessons from SMERU can be learned and applied for the development and the implementation of the AIP Knowledge Sector Program?
 - How effective was SMERU's outreach to Indonesia media and advocacy organisations?
 - To what extent were SMERU's business development plans geared towards attracting other financial resources?
 - What is the funding level that would be sufficient for SMERU in the first phase (five years) of the AIP Knowledge Sector Program considering its absorptive capacity? What kind of capacity strengthening package will be useful for SMERU?

Medium priority questions

¹⁹ For this review, 'internal systems, structures and process' will include (as a minimum) attention to: staff recruitment, retention, succession planning, compensation, training and financial systems.

Analysis and Learning AND Monitoring and Evaluation:

- iv. How robust is SMERU's monitoring and evaluation system in terms of gathering evidence to show that targeted outcomes and outputs have been achieved?
 - o To what extent have the recommendations from the Mid Term Review been addressed?
 - o To what extent was the organisation's oversight system able to learn from the major constraints recognised?

Low priority questions

Relevance.²⁰

- v. How relevant is SMERU's work to the Australia Indonesia Country Strategy 2008-2013 and the anticipated AIP Knowledge Sector Support program?

9. Approach

The utility of the review's findings is a key objective of the review team. Hence, this review will be informed and shaped by an utilisation-focused approach in which the review team will design and implement the review in ways that will help to maximise the specific, intended use of the findings by the intended users.

Given that there is a strong change aspect associated with the formative component of the review, mean that it is important that those most affected are able to participate in ways that go beyond simply being interviewed. Therefore, our approach will promote the participation of key AusAID and SMERU personnel in all stages, as outlined below, and incorporate techniques that promote their being involved in considering the implications of the data and shaping the recommendations.

Development of evaluation plan:

- A scoping meeting (via telephone conference) between review team, AusAID program staff and senior managers, SMERU to discuss: the review's purpose, scope and desired outcomes; how findings might be used; stakeholders and their relevant importance to the review; feasibility of different methods; and review logistics.
- Feedback on draft evaluation plan.

Implementation of review:

- Because an important component of this review is formative and includes an element of organisational review, it is important to ensure sufficient time to involve SMERU. Therefore, one-third of the available time is allocated to SMERU management, staff and Board.
- Techniques will be chosen that promote interaction and reflective practices, not simply a passive response to questions. For example, some group sessions with SMERU staff will incorporate workshop-type activities that allow: group discussion around semi-structured questions; individual completion of survey consisting of scaling questions; and narrative writing in small groups.
- Time will be set aside towards the end of the in-field data gathering to meet again with SMERU senior managers and AusAID program staff to clarify data, if needed.
- AusAID program staff and SMERU senior managers will be invited to attend various interviews with stakeholders, where it is thought by them (and stakeholder) that observing or participating in the session would add value in terms of their understanding.

Analysis and reporting:

- At the end of the in-country data gathering, AusAID program staff and SMERU senior managers will be invited to participate in the preliminary analysis.
- Preliminary findings will be shared with SMERU and AusAID program staff for purposes of accountability, feedback, clarification, and exploration of implications of suggested recommendations.
- Drafts of the report will be shared with both AusAID and SMERU. This will provide a further opportunity for clarification, checking accuracy, and exploring feasibility and implications of recommendations.

²⁰ AusAID advised that it has already assessed the relevance of this program and believes that it is relevant. Nonetheless, an additional view is sought from the Independent Completion Review. AusAID has further advised that this question requires only a desk-based audit.

In addition, the review team will take a strengths-based approach. This will place an emphasis on uncovering the positive aspects of SMERU, the challenges it faces, and the solutions that might assist in further improving the organisation and what it does.

10. What are the limitations and constraints?

A number of limitations and constraints have been identified:

- The short time frame limits the degree to which the team can involve the AusAID program staff and SMERU staff. For example:
 - participation of SMERU staff has been limited to a series of group sessions with some follow up interviews with select staff, if required. This allows all staff to be involved in a cost effective way but will mean that it will not be possible to explore in-depth with many staff.

The review team considered the inclusion of an on-line survey as one technique for gathering data from SMERU staff but decided against this as more time would be needed than is available for preparation, trial, and analysis of a survey; and

 - for an organisational review component, the team would have preferred to be able to facilitate more joint data analysis and a workshop to explore findings and implications. Less comprehensive techniques for involvement are necessary.
- The time frame has also meant that stakeholders rated as low priority have not been able to be included.
- The preliminary findings will be identified after only 2-3 days of analysis. This could mean that some findings are not shared during the Aide Memoire because they might only emerge once a more in-depth desk-based analysis has occurred after the team return to their respective work places.
- The two review team members have not worked together before so respective professional styles, paradigms and philosophies will need to be identified and negotiated during the planning and implementation of the review.
- The short time frame means that it will not be possible to develop specific indicators and measures where these do not already exist. Instead, these have been drawn from relevant literature.

11. How will data be collected and analysed?

Data methods

Data methods are provided in Appendix 1. Essentially, they involve:

- document reviews;
- a brief review of contemporary literature;
- individual interviews; group interviews;
- group discussions using a workshop-style approach that incorporate opportunities to respond to questions, narrative writing, and surveys using 5 point scale questions; and
- a facilitated exploratory session in regard to future possibilities.

A list of stakeholders to be interviewed is provided as Appendix 2.

Document reviews will be recorded according to agreed themes. Interviews will be conducted using a semi-structured method. For selected stakeholders and particular key questions, 5-point rating scale questions will be included as a short survey to be conducted during the interview or group session.

For the various techniques, team members will be responsible for developing an appropriate list of questions relevant to their particular expertise and the particular broader evaluation questions being addressed.²¹ Team members will make extensive notes of all interviews, group sessions, and document reviews.

²¹ The team leader will have responsibility for key evaluation questions #1, (effectiveness); #4 (analysis and learning; monitoring and evaluation); #5 (relevance). The organisational development specialist will be responsible for #2 (efficiency) and the 2nd layer question for effectiveness to do with investment. Both team members will share responsibility for forming questions in relation to #3 (lessons learned)

Each team member will be responsible for typing these and sharing them with other team members. Notes will be typed up against the key evaluation questions, with emerging themes being noted and other comments added. The team leader will provide the team with a template for typing and sharing of notes.

Data collection

Gaining access to data

Access to key stakeholders will be negotiated through SMERU. It is understood that all data will be available in English and all respondents have a good command of English so there will not be a need for an interpreter for the team leader.

Data measures

This formative component incorporates the organisational review. In undertaking this assessment, a framework comprised of five components (reporting structure; segregated roles and responsibilities; performance measures; work groups; and integrating mechanisms) and one cross-cutting issue (leadership) will be used. For further information refer to Appendix 3.

For the objectives-based evaluation component of the review, SMERU's stated results areas (as found in their strategic plan) will be used for measuring achievements. These are:

- i. Pro-poor policies at the national and regional levels;
- ii. Evidence-based research is used in policy making process by GoI (national and regional) and by non-government organisations;
- iii. Enhanced capacity of national and regional governments and non-government organisations the pro-poor policy making process;
- iv. Strengthened collaboration with other anti poverty organisations; and
- v. Cutting edge research areas and methods

The SMERU strategic plan identifies a range of indicators for each of these. Whilst these will be used for this review, the review team notes that they are, primarily, quantitative in nature. Therefore, these indicators will be supplemented by the following:

- Research Quality Model – the areas for consideration and typical review questions can be found in Appendix 4. This model will be applied to help answer SMERU's key result areas.
- Enhanced capacity – a multi-level framework, incorporating attention to: the individual, organisation, sector and the enabling environment, will be applied to help assess this key result area. (Refer Appendix 5).
- High quality research – the review team will seek the perspectives of research clients, collaborators, and staff about the quality of the research. The review team will use SMERU's set of standards to measure high quality research, if this exists, or the RAND Corporation standards if SMERU does not have one. The RAND standards are:
 - The problem should be well formulated, and the purpose of the study should be clear
 - The study approach should be well designed and executed
 - The study should demonstrate understanding of related studies
 - The data and information should be best available
 - Assumptions should be explicit and justified
 - The findings should advance knowledge and bear on important policy issues
 - The implications and recommendations should be logical, warranted by the findings, and explained thoroughly, with appropriate caveats
 - The documentation should be accurate, understandable, clearly structured, and temperate in tone
 - They study should be compelling, useful, and relevant to stakeholders and decision makers
 - The study should be objective, independent, and balanced.

Perspectives will be obtained through the use of a series of scaling questions offered to respondents in hard copy during the interview

- Collaboration – a model of the 3 Cs will be used: cooperation, coordination, collaboration.²² Refer to Appendix 6.
- Networks – reciprocity; social capital; strength of ties; rules and conventions; transaction costs; network governance; common purpose; sufficiency of resources; outcomes.²³ The review team will seek respondents' perspectives through the use of a series of scaled questions which will be offered in hard copy during the interview.

Data analysis

Triangulation will be applied through the use of four basic parameters:²⁴

- Data triangulation – the use of a variety of data sources;
- Investigator triangulation – the use of different evaluators;
- Theory triangulation – the use of multiple perspectives to interpret the data; and
- Methodological triangulation – the use of a mix of methods.

Analysis of the data will occur on an ongoing, iterative basis during the in-field activities. Team members will record and track analytical insights during the data collection phase. Wherever possible, time at the end of each day will be set aside for team members who have been working together to briefly discuss their major observations, impressions and emergent sense-making of the data.

Once during the in-field phase, the team will come together for half a day to undertake joint iterative data analysis. Analysis will be structured in two ways: a) against the key evaluation questions; and b) according to emerging themes. This process will:

- Help successfully manage the large quantities of data; and
- Identify emerging patterns, themes and hypotheses.

At the end of the data gathering phase, the team will convene for two and a half days to:

- Continue the analysis;
- Jointly draw conclusions, make judgements in relation to the key evaluation questions and consider preliminary recommendations; and prepare the Aide Memoire for presentation to SMERU and AusAID.

For all findings, the review team is to: describe the current situation; identify key enabling or inhibiting factors; provide an analysis of its implications for AusAID; and recommend an appropriate response.

12. What is the schedule of review activities?

The in-field phase of the review will occur between the 28 November and 12 December. Data gathering will conclude on 9 December with a joint session with AusAID and SMERU. This final session will comprise of an exploration of possibilities and joint consideration of some of the key data (refer to Approach on page 5). The remaining days will be set aside for analysis, presentation preparation, and conduct of presentation.

Some desk-based activities will be undertaken both prior to and following the in-field activities. A draft report will be submitted to AusAID by 13 January 2012 for comment by the partners. The final report is due by 10 February 2012. A summary of the itinerary is as follows:

²² Keast, Brown and Mandell. (2007). Getting the right mix: Unpacking integration meanings and strategies. *International Public Management Journal*. 10 (1): 9-33.

²³ Howden, P. (2007). *Help! I'm in a Complex Network – Guides 1 & 2*. State Government of Victoria.

²⁴ Cited in Patton, *ibid*.

Review activity	Timeframe
Scoping of review - via phone conference and document review	3 - 8 November 2011
Evaluation plan	7 – 8 November 2011
Document analysis and review	10 November – 8 December 2011
Literature review (where required)	ongoing throughout review
In-field activities (interviews, discussion groups, additional document reviews; specific audit activities)	28 November – 8 December 2011
In-field activities: Joint session with SMERU and AusAID to explore possibilities and consider some key data	9 December 2011
Data analysis – preliminary	iteratively during in-field phase with specific days set aside: 3, 9, 10 December 2011
Preparation of Aide Memoire	11 December 2011
Aide Memoire presented to various stakeholders	12 December 2011
Data analysis – further discussion and follow-up between team	15 December – 23 December 2011 3 – 10 January 2012
Draft report	19 – 23 December 2011 3 – 12 January 2012
Report considered by AusAID and partners	13 January – 3 February 2012
Final report submitted	10 February 2012

13. How will findings be disseminated?

The findings will be disseminated in the following ways:

- At the conclusion of the in-field phase, the team will jointly prepare and present two Aide Memoires. One for a combination of SMERU and AusAID program staff. One for a wider audience from AusAID.
- Both team members will input to the Independent Completion Review report for consideration by AusAID and SMERU. The drafting will be overseen by the team leader. This report will be structured according to AusAID's Independent Completion Report template.
- Subject to the approval of the AusAID Minister Counsellor the report will be published on the AusAID Indonesia website.

14. What codes of behaviour will be put in place?

The work will be conducted in accordance with the Code of Ethics of the Australasian Evaluation Society. The team leader will provide a copy to the other team member.

Key practices will include:

- Ensuring all those who participate in the review as informants are provided with clear information about the review and what will happen to the information.
- Confidentiality will be assured.

- Data will be displayed in ways that do not permit identification of the informant.
- People will be asked for permission before photos are taken and advised about how these will be used.
- Where negative findings emerge, these will be discussed with the relevant partners (as a courtesy) prior to the Aide Memoire presentations.

Appendix 1 – Key evaluation questions and data methods

Key evaluation question	Second level questions	What do we want to know?	Data methods
To what extent did SMERU achieve the objectives of AusAID's core funding support?	To what extent have SMERU activities achieved the targeted outputs (Strategic Plan 2010-2014) and is it on track?	What types of activities have been undertaken? Which have contributed to the outputs and why? Which have not contributed and why? What progress has been made for each of the result areas? What has enabled achievements? Where something is not on track, why?	<ul style="list-style-type: none"> Document review of progress reports; previous reviews Interviews and groups sessions with SMERU personnel and Board Interviews with stakeholders
	How well aligned are SMERU's investments with their purpose and strategic direction?	On what is SMERU investing its resources? How are investment decisions made? How well are investments contributing to the organisation's purpose and direction Do the assumptions in the strategic plan still hold? Are all products and services focused on pro-poor policy? If not, why? If not, to what other purposes are they being put?	<ul style="list-style-type: none"> Document review: budget/finance; sample of Board minutes Interviews with Board; Director; AusAID program staff Audit of title search and content of sample of research products
	To whom does SMERU provide research and how is such research used?	Who receives the research? How is it commissioned? For what purpose? How useful has it been and why? What policy initiatives has the research supported? Have there been initiatives that would have benefited from research but SMERU was not able to provide it? Why?	<ul style="list-style-type: none"> Interviews and group sessions with SMERU personnel Interviews with research recipients
	How broadly is SMERU engaging with opinion makers, particularly those outside the small circle of development economists?	With whom is SMERU engaging? For what purpose? What fields or organisations are they from? How effect is the engagement having? Who in SMERU is doing the engaging? Are these the right people with the right skills?	<ul style="list-style-type: none"> Document review of progress reports Interviews and group sessions with SMERU personnel Interviews with stakeholders
To what extent have various program resources been maximised to achieve the required outputs?	What resource-related decisions, activities, practices and models have been the most successful and why? What improvements should be made?	How are resource decisions made and by whom? How well targeted are the resources? What processes are in place to monitor resource decisions and practices and how effective are these? Expenditure compared with allocations; areas of actual investment vs priority areas What examples are there of efficient use of resources? What makes them efficient? What examples of where not efficient? What makes them inefficient? What implications have there been?	<ul style="list-style-type: none"> Document review of sample of: financial reports; Board papers; progress reports Interviews and group session with Board; Director; administration and finance staff

Key evaluation question	Second level questions	What do we want to know?	Data methods
	How effective are SMERU's internal systems, structures, and processes in achieving its outputs and addressing its major constraints? What improvements should be made?	<p>What are the reporting structures and processes? What are the processes for staff recruitment, retention and succession planning? What are the financial systems? How well are all of these working? Do they work equally well throughout the organisation?</p> <p>How well are roles and responsibilities articulated? How well do people understand their own and others' roles?</p> <p>How is performance measured in the organisation? How well aligned is this to contemporary good practice? What works? What challenges are there?</p> <p>What work groups are there, how do they operate, for what purpose? How well do they operate? How well do work groups link?</p> <p>How are mechanisms integrated within the organisation? How effective are the governance aspects of the research program?</p>	<ul style="list-style-type: none"> Document review: sample of position descriptions; Board papers; team meetings Interviews and groups sessions with SMERU personnel; Board Review of contemporary literature
	<p>To what extent can SMERU ensure the sustainability of its high quality output?</p> <p>What opportunities are there for financing SMERU's operations and how feasible are these?</p> <p>What opportunities are there for expansion of effort and how feasible are these?</p> <p>What steps need to be taken to achieve improved levels of sustainability?</p>	<p>How is high quality determined? What processes are used? How is it monitored and evaluated? Where it does not meet the required standards, how is this addressed?</p> <p>Are the quality standards set possible to achieve with the current financial and technical skills? If not, why?</p> <p>From where does SMERU receive its funding? Where clients pay for the research and other products how is the pricing structure determined?</p> <p>What opportunities (financial and services/products) have already been explored? Which were feasible and which not? Why? How do other similar institutes in Indonesia and elsewhere source their funds and do any of these offer possibilities for SMERU?</p> <p>How opportunities are feasible? What needs to be done to implement these? What other study is needed to inform this?</p>	<ul style="list-style-type: none"> Interviews and groups sessions with SMERU personnel; Board; AusAID program staff Document review: annual reports; Board papers; sample financial reports; previous reviews Exploratory session with AusAID program staff and SMERU senior managers
What lessons from SMERU can be learned and applied for the development and the implementation of the AIP Knowledge Sector Program?	How effective was SMERU's outreach to Indonesia media and advocacy organisations?	<p>To whom does SMERU outreach? For what purpose? What benefit have these other organisations gained?</p> <p>How effective is the communications strategy? What has enabled and hindered it?</p> <p>In outreaching to media and advocacy, what does the SMERU experience suggest other research institutes might need to do to be successful?</p>	<ul style="list-style-type: none"> Document review: progress reports; sample annual reports; previous reviews Interviews and groups sessions with SMERU personnel; Board; AusAID program staff; stakeholders Exploratory session with AusAID program staff and SMERU senior managers

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Provision of Core Funding Support to SMERU Research Institute

Key evaluation question	Second level questions	What do we want to know?	Data methods
	To what extent were SMERU's business development plans geared towards attracting other financial resources?	What strategies are in place? How are they progressing towards outcomes? What is enabling and hindering success? Are the transaction costs for this strategy in proportion to the importance and effort?	<ul style="list-style-type: none"> Document review of sample of: financial reports; Board papers; progress reports; previous reviews Interviews and group session with Board; Director; administration and finance staff
	What is the funding level that would be sufficient for SMERU in the first phase (five years) of the AIP Knowledge Sector Program considering its absorptive capacity?	What is the current budget? What is required to meet the strategic plan? Is there a shortfall? What possible changes to the strategic plan post 2014? What will be different for SMERU once the Knowledge Sector Support Program is implemented?	<ul style="list-style-type: none"> Document review of sample of: financial reports; Board papers; progress reports Interviews and group session with Board; Director; administration and finance staff
	What kind of capacity strengthening package will be useful for SMERU	Broadly speaking, what is the current capacity in the organisation? What are the capacity strengthening needs? How is capacity strengthened now? What works? What doesn't? What are the future needs? For which staff groupings? How might these needs be best met? What is the estimated cost? How might the activities be resourced?	<ul style="list-style-type: none"> Group sessions with SMERU personnel and Board Interview with Director
How robust is SMERU's monitoring and evaluation system in terms of gathering evidence to show that targeted outcomes and outputs have been achieved?	To what extent have the recommendations from the Mid Term Review been addressed?	What recommendations have been addressed? What has enabled these to be addressed? Which are currently being implemented but not yet completed? Which have not yet begun or addressed and why?	<ul style="list-style-type: none"> Document review of sample of: financial reports; Board papers; progress reports Interviews and group session with Board; Director; SMERU personnel; AusAID program staff Desk-based audit of M&E system against standards
	To what extent was the organisation's oversight system able to learn from the major constraints recognised?	How well does the monitoring and evaluation system monitor progress of outputs and outcomes? ²⁵ What difficulties are there and why? What might help improve the system? How is the information used by the organisation? If the data show that targets are not being met, what actions are taken?	
How relevant is SMERU's work to the Australia Indonesia Country Strategy 2008-2013 and the anticipated AIP Knowledge Sector Support program?		How well aligned is SMERU to the Country Strategy and the Knowledge Sector Support Program? Where does it differ? What are the implications of any differences? Is there some plausible link between SMERU, the Country Strategy and the Knowledge Sector Support Program?	<p>Desk-based comparison of: SMERU Strategic Plan; Country Strategy; and Knowledge Sector Support Program</p> <p>Discussion with AusAID Program staff to explore the plausible links</p>

²⁵ AusAID Indonesia's M&E standards for M&E system will be used to assess SMERU's system

Appendix 2 – Proposed interviews

Stakeholder	Session type
AusAID	
Education and Scholarship section, including: counsellor; Unit Manager, Knowledge Sector Unit; Program Manager, Tertiary Education and Knowledge Sector; and other relevant staff	group interview
Program Manager, Tertiary Education and Knowledge Sector	individual interview
Other AusAID area – Social Protection Unit and Infrastructure	Joint interview
SMERU	
Director and Vice Director	Joint interview
Director	Individual interview
Board of Trustees	Group interview
NGO Partnership	Individual interview
Research group A – drawn from senior, researcher and junior levels	Group interview
Research group B – drawn from senior, researcher and junior levels	Group interview
Publications and Information Division	Group interview
Administration and Office Secretariat	Group interview
Supporting staff	Group interview
Government agencies	
TNP2K	Group interview
Statistics Indonesia	Group Interview
Bappenas	3 x individual interviews
Ministry of Social	Individual interview
Ministry of National Education	Individual interview
Centre of Research and Research, Ministry of National Education	Individual interview
Office of Acceleration of Poverty Reduction	Individual interview
Pakalongan City Government	Individual interview (phone)
Development partners	
World bank; UNICEF; RTI-USAID; PSF (PNPM)	4 x individual interviews
Ford Foundation; Asia Foundation; GIZ; Economic Growth USAID	4 x individual interviews
Other stakeholders	

Evaluation plan – Independent Completion Review:

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Stakeholder	Session type
Parliamentarians	3 x individual interviews
Research institutes	4 x individual interviews
Community service organisations	3 x individual interviews
Universities	
2 x Canberra 2 x UK 1 X Jakarta	5 x individual interviews

Appendix 3 – Organisational development review framework

The organisational development review framework covers five critical components:



Reporting structure

The focus of review under this component is how SMERU defines itself in terms of: producing the deliverables, i.e. research results; how resources are organised internally to ensure stakeholders satisfaction; and the ultimate objectives of the research are met. This review goes beyond what is actually written in what is typically called an organisation chart. In many cases organisations work to the reporting lines as well as the many informal relationships among the people in the organisation. The review aims to find what is really happening in the organisation amidst the formal organisation chart.

Role

The focus here is on how the segregation of roles and responsibilities are defined and cascaded in the organisation – is there any overlapping role that makes decision making longer than it should? Why is it happening? Who should be responsible in making a clear cut solution on this matter? It is imperative to understand why certain roles must be centralised and others fully delegated. There will be an integrity check to ensure that every role has its own accountability so that the whole organisation of SMERU achieves its goals and target efficiently.

Performance Measures

What measured gets done. The focus here is how all aspects of SMERU get measured so that everyone is motivated to accomplish their tasks successfully. The review under this component aims at: identifying key performance indicators of the organisation's programs and staff; how performance is measured; and how measures are used to improve performance.

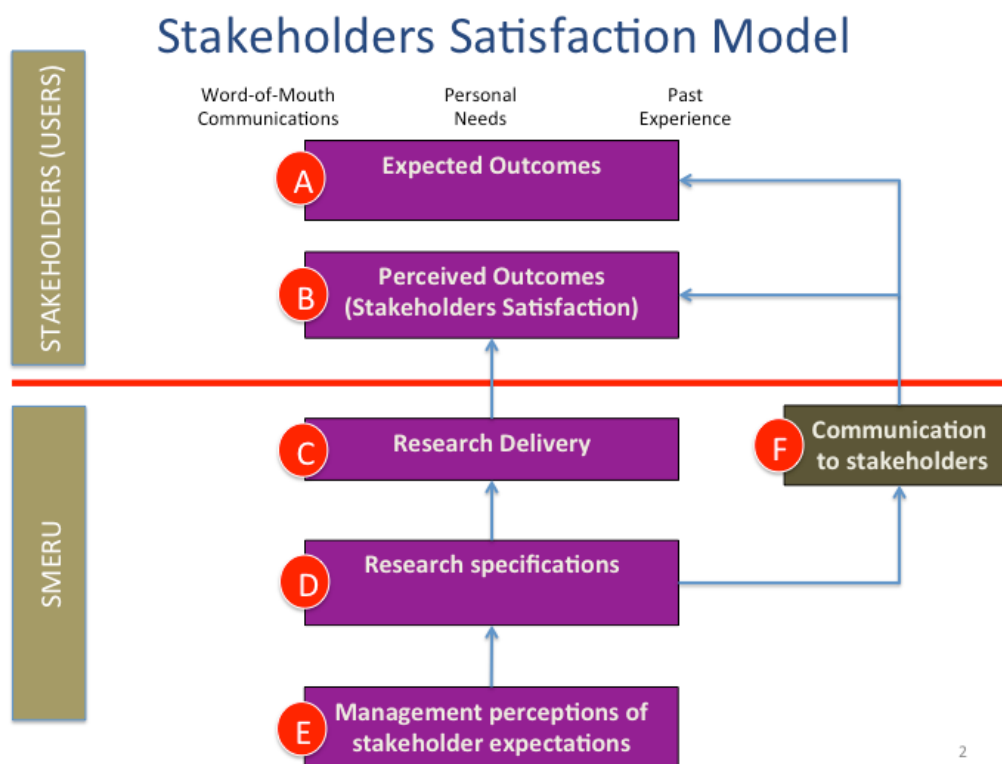
Work Group

Under this component, the review will focus on identifying existing work groups in the SMERU organisation, be they formal or informal ones, and how they operate in relation to delivering results.

Integrating Mechanism

This is the final and very important component as it aims at integrating all components into one cohesive whole: how effective and efficient SMERU organises itself in delivering final deliverables and outcomes to stakeholders. The review will consider how each of the components is orchestrated to achieve the goals. The governance issues will be covered under this component.

Appendix 4 – Research quality model



Four Steps to Stakeholders Satisfaction

1. Understand stakeholders expectations
2. Convert the understanding of stakeholders expectations into research specifications
3. Use research specifications as reference in conducting the research
4. Provide communication kits on research delivery

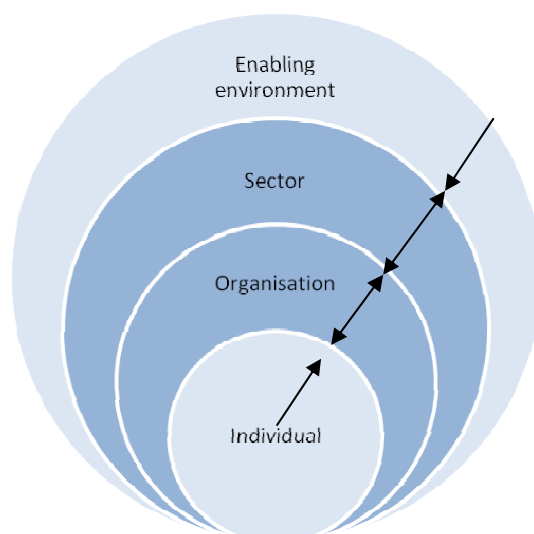


Key Questions for SMERU

	Description	Key Questions
1	Understand stakeholders expectations	<ul style="list-style-type: none"> • Overall, how satisfied stakeholders with SMERU? • What factors that lead into stakeholders satisfaction? • How SMERU interact with stakeholders? (regular basis, after completion of research, etc.) • Who in SMERU interact with stakeholders? • How SMERU understands stakeholders expectations?
2	Convert the understanding of stakeholders expectations into research specifications	<ul style="list-style-type: none"> • Could you elaborate briefly on the process for developing research specifications? • How SMERU relates the specs with expectations? • Who in SMERU develops the specs?
3	Use research specifications as reference in conducting the research	<ul style="list-style-type: none"> • Could you elaborate, in general, how SMERU conducts research? • How to ensure that the researchers conduct the research based on the specs? • What happen if the research being conducted is not following the specs?
4	Provide communication kits on research delivery	<ul style="list-style-type: none"> • How SMERU communicates its research (being conducted or completed) to stakeholders? • Who performs the communication? • How researchers communicate research status to the communicator (to be communicated to stakeholders)?

Appendix 5 – Capacity strengthening evaluation framework

Multi-level capacity building



Based on: Canadian International Development Agency, *Capacity Development - Occasional Series, Vol. 1, No. 1, May 2000*

The following table shows the functions within each level. Strengthening of these functions will strengthen capacity within the level.

Enabling environment	Resources Policy frameworks Standards/ quality frameworks Political context
Sector	Cooperation Coordination Collaboration
Organisation	Aspirations: vision, mission, goals Strategy Organisational skills Human resources Systems and infrastructure (physical and technological) Organisational structure Culture
Individual	Qualifications Skills Practices

Adapted from:

- Canadian International Development Agency, *Capacity Development - Occasional Series, Vol. 1, No. 1, May 2000*
- Hunt J (2005) *Capacity Development in the International Development Context: Implications for Indigenous Australia*, Australian National University, Canberra
- McKinsey and Co. (2001). *Effective Capacity Building in Nonprofit Organizations*. Venture Philanthropy Partners.

Appendix 6 – The 4 ‘Cs’ of collaboration

Cooperation	Coordination	Collaboration
<ul style="list-style-type: none"> • Loose connection, low trust • Tacit information sharing • Ad hoc communication flows • Independent goals • Adapating to each other or accommodation others’ actions and goals • Power remains with organisations • Resources remain with organisations • Commitment and accountability to own organisation • Relational timeframe short • Low risk/low reward 	<ul style="list-style-type: none"> • Medium connections, work-based trust • Structured communication flows, formalised project-based information sharing • Joint policies, programs and aligned resources • Semi-interdependent goals • Power remains with parent organisations • Commitment and accountability to parent organisations and project • Relational timeframe medium, based on projects 	<ul style="list-style-type: none"> • Dense interdependent connections, high trust • Frequent communication • Tactical information sharing • System change • Pooled, collective resources • Negotiated shared goals • Power is shared between organisations • Commitment and accountability to collaboration and parent organisation • Relational timeframe – long term (3 years or more) • High risk/high reward

Source: ARACY (2009). *What is collaboration?*