Independent Progress Review

PNPM Program Support Facility (PSF)

Final Report

October 2012
Acknowledgements

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Independent program review – PNPM Program Support Facility
Final Report

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Acronyms

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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>AusAID</td>
<td>Australian Agency for International Development</td>
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<td>Bappenas</td>
<td>Badan Perecanaan Pembangunan Nasional (National Development Planning Agency)</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<td>CSOs</td>
<td>Community services organisations</td>
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<td>DANIDA</td>
<td>Danish International Development</td>
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<tr>
<td>DGHS</td>
<td>Direktorat Jenderal Cipta karya-DJCK (Directorate General for human Settlements)</td>
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<td>EU</td>
<td>European Union</td>
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<td>GoI</td>
<td>Government of Indonesia</td>
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<td>JICA</td>
<td>Japanese International Cooperative Agency</td>
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<td>JMC</td>
<td>Joint management committee (of the PSF)</td>
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<tr>
<td>Kemkominfo</td>
<td>Kementerian Komunikasidan Informasi (Ministry of Communication and Information)</td>
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<td>KDP</td>
<td>Kecamatan Development Program</td>
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<td>KDPT</td>
<td>(Ministry for Disadvantaged Areas)</td>
</tr>
<tr>
<td>Menko Kesra</td>
<td>Kementerian Koordinasi Kesejahteraan Rakyat</td>
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<tr>
<td>PMD</td>
<td>Pemberdayaan Masyarakat dan Desa (Directorate General of Village Community Empowerment)</td>
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<tr>
<td>PMK</td>
<td>Peraturan Menteri Keuangan (Ministry of Finance)</td>
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<tr>
<td>PNPM Mandiri</td>
<td>Program Nasional Pemberdayaan Masyarakat Mandiri (National Program for Community Empowerment)</td>
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<td>PSF</td>
<td>Program Support Facility for PNPM</td>
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<tr>
<td>TNP2K</td>
<td>Tim Nasional Percepatan Penanggulangan Kemiskinan (The National Team for Accelerating Poverty Reduction)</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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Executive summary

The PNPM Program Support Facility (PSF) was established in 2008 by the Government of Indonesia (GoI) and international development partners. It is a multi-donor trust fund for assisting GoI to provide effective supervision and improved management to the PNPM Mandiri program, which is a core component of the Indonesia’s poverty reduction strategy.

The PSF has four objectives that focus on: coordination of grants and development partner activities; developing capacity of GoI; helping facilitate government and civil society partnerships; and supporting high quality monitoring and evaluation. The facility is administered by the World Bank under the leadership of the PSF’s oversight bodies the Joint Management Committee and Pokja Pengendali.

The review had a two-fold purpose: i) assess the performance of the PSF against its four objectives; and ii) determine if the PSF in its current form is the appropriate mechanism to support PNPM in the future. Key evaluation questions focused on: effectiveness, efficiency, relevance, organisational; and future. The review combined both desk-based and in-field activities that included: document reviews; a brief literature review of contemporary good practice for multi-donor trust funds; and individual and group interviews.

Effectiveness – progress against objectives

Objective #1: Coordinate across grants and amongst development partners: The PSF is proving to be a good platform for GoI to achieve a coordinated approach amongst development partners, who find it a safe and easily accessible way to support a national flagship program. The facility has enabled the GoI to draw together a previously disparate group of trust funds and to streamline the administration of donor funds. It built on an existing successful facility that supported the forerunner program to the PNPM – the KDP (Kecamatan Development Program), which had also been administered by the World Bank. This previous success and the World Bank’s reputation were contributing factors to development partners’ decisions to contribute to the PSF.

Objective #2: Develop capacity to plan, manage and improve poverty reduction programs: The PSF has provided GoI with the capacity to expand and scale up PNPM at a time when government was not able to do it on its own. In particular, the PSF has provided needed capacity in the areas of: administrative systems and processes; fiduciary obligations; expenditure and disbursement; budget structures; management information systems; analytical work to inform policy decision-making; and development of innovative pilots to test ways to increase the impact on poverty through community empowerment.

It is apparent that improvements have been made in governance and anti-corruption thanks to a range of activities including: more regular and robust field supervision missions; a review of standard operating procedures; training of local auditors; introduction of a local problem solving approach; and improved performance management tools. Nonetheless, GoI remains heavily reliant on the PSF for continued good governance and program oversight. Significant government reform is still required. Much of the reform is beyond the scope of PNPM, however an important small step has been the establishment of a small team in Menko Kesra to coordinate all governance efforts across PNPM and the PSF. Respective roles and responsibilities are not yet clear. The review makes a recommendation for this to occur.

It is evident that skills development transfer has been successful in a number of areas. The PSF has also supplemented partner GoI work units with technical assistants who undertake a variety of roles. This support and capacity has been appreciated by GoI. However, it is not clear to the review team what extent sustainable capacity is being developed and how much these positions are simply filling gaps in agencies that have not been sufficiently resourced by government. It appears that the issue is a combination of agencies not filling positions for which they already have a budget and a government that is not allocating sufficient funds. Whilst this is part of the broader need for government reform, an immediate step that could be taken is a review of the positions funded by PSF to determine if they are gap-filling. A recommendation is made to this effect, suggesting the development of transition strategies for moving away from reliance on PSF funding.

The PSF team has a strong focus on, and commitment to, supervision and monitoring of PNPM activities. Their efforts in this area are helping ensure improved governance especially in the absence of GoI capacity to undertake this activity to an agreed standard. Stakeholders consider the quality of supervision is high.
Despite the PSF team ensuring national and local GoI representatives participate in supervision missions, there was a persistent expressed concern that in helping fill a vacuum in government capacity, the PSF team risks insufficient attention to institutional strengthening of relevant implementing agencies.

The dual role of many PSF staff in terms of providing support for PNPM coupled with ensuring agencies comply with World Bank loan requirements appears to be a complicating factor. The PSF team and the World Bank were alone in believing that this dual role does not complicate or compromise the PSF role.

Whilst there might be administrative efficiencies in combining the roles, it is clearly compromising relationships with GoI. Further, the almost opposing philosophies of support (PSF) and compliance (World Bank loan) mean that staff are attempting to work in facilitative, empowering ways whilst at the same time direct GoI. Almost without exception, all other stakeholders want to see the two functions separated.

The review team makes a recommendation to separate out the functions noting that the new approach by the PSF Field Staff, which is facilitative and supports local problem solving, provides a good basis on which to build changes. The report also makes a recommendation that a staged plan for transferring responsibility to GoI be collaboratively developed and that the relevant teams whose function is to provide supervision and support be embedded in the appropriate GoI agencies.

There is some concern that PSF’s success in attracting donor funds is inadvertently expanding PNPM at a rate far in advance of GoI’s absorptive capacity resulting in an increased reliance on the PSF team to develop and manage several of the projects. This is an issue given that the very reason for PSF is to assist GoI to develop capacity to manage and improve PNPM. The report makes a recommendation for a review of the rationale for and impact on institutional strengthening of these large donor contributions.

For pilots, the current capacity development model is one of PSF teams taking a significant lead in the implementation, learning from the implementation, and then transferring the skills, processes and systems found to work best. Yet we know from the literature that this is not a successful model for institutional strengthening.

Rather, it is essential for government to be central to the decision-making and learning processes.

A serious implication of the current approach to pilots and supervision of PNPM is that of ownership. Almost without exception, the strong view of respondents from across GoI, development partners and civil society organisations is that PSF-led projects and the general PSF team approach are having an adverse impact on government ownership and leadership. Indeed, there is a widespread view that the issue of ownership is beginning to pervade the whole of the PNPM, with the PSF teams seen as controlling processes, such as field supervision, that rightfully belong to government. A large majority of respondents called for GoI to take a more assertive role. However, it is important to add that this situation appears to be a legacy of the demands of PSF made by development partners to guarantee high levels of fiduciary and supervisory oversight and a government that has willingly outsourced the responsibility. Given this situation, it is understandable why PSF might implement its responsibility in a way that appears as though they have ownership.

Objective #3: Facilitate government and civil society partnerships: The PSF is enabling partnerships to develop between GoI and civil society organisations, important for good governance and strengthening a community empowerment program further. Some of the relationships are more mature than others because of the longer history of particular projects, such as PNPM Green.

This component of PSF is enabling important peer-to-peer capacity development. It is also providing the opportunities for civil society organisations to offer technical assistance to GoI, which helps to build stronger relationships between government and the organisations.

However, all of the civil society organisations that participated in the review expressed a desire for a greater level of support from the PSF to navigate and build relationships with government. Civil society organisations wish more regular contact with government in order to build their relationships, to share good practices, and to problem solve jointly.

1 In this report, the term civil society organisations is used to refer to both non-government organisations and civil society organisations.
It appears that the issue of ownership might be hindering the facilitation of stronger partnerships, with government more on the periphery of these particular projects rather than integral to them, so civil society organisations are often reliant on the PSF to act as the conduit.

The projects in this component of PSF are mostly modelled on a bottom-up approach. The review team suggests that there is merit in also incorporating a top-down approach in which government is directly supported to develop knowledge and skills to reach out to civil society organisations. A recommendation is made to this effect.

Objective #4: Support high quality monitoring and evaluation: Robust, useful analytical studies that help provide evidence for policy making and program design has long been a niche of PSF.

It is apparent that there is a good uptake of such studies. They have informed new initiatives, been the basis of reform of management information systems, and used to shape the PNPM Road Map.

Sharing knowledge is clearly highly valued by the PSF team, with a range of activities used to achieve this. It is difficult to assess how successful PSF knowledge management and sharing is because there is currently no planned approach to measure this. The review refers the Analytical Team to current methods for measuring knowledge management and makes a recommendation that the PSF adopt some of these.

The Analytical Team is reported to work closely with their counterparts in TNP2K. Both PSF and TNP2K have put forward some advantages in integrating the two teams. The review makes a recommendation that this be more formally explored.

Strengthening the analytical capacity of local research institutes is part of this objective but, to date, little has been done in a formal or planned way. Rather, any such activities have been incidental in nature. The PSF reports it is partnering with the Partnership for Knowledge-based Poverty Reduction (PKPR), also managed by the World Bank to establish an initiative to support the capacity development of universities and think-tanks. To guide its work in this area, the review team refers the PSF to the findings of a recent of the PKPR, available from PKPR or the AusAID.

Monitoring and evaluation of the PSF itself is not well advanced with no formal framework in place for measuring the PSF objectives. Whilst the introduction of work plans and associated performance indicators for each PSF team two years ago is a welcome step in the right direction, this is no substitute for an overarching plan. The review makes a recommendation that a monitoring and evaluation plan be developed, that it be informed by the program theory that underpins PSF, and enables progress against the four objectives to be measured.

Relevance

Basic processes have been put in place to ensure that PSF-funded activities align with the PNPM and broader government poverty reduction policies. Generally, proposals are developed in response to identified need, often as a result of evidence from analytical studies. However, whilst the development of proposals includes consultation with GoI, not all proposals are developed collaboratively with relevant GoI agencies. This often happens for reasons of expediency, demands by development partners for faster response times, and limited availability of relevant GoI staff. Whilst this might help speed the process, it does not help sustain effort and achieve the necessary level of government ownership.

The Bappenas, as the lead agency for the Technical Secretariat, along with the Technical Secretariat has turned around the once ad hoc funding proposal approval process to one that is now more transparent and effective. An informal list of criteria is used by a multi-stakeholder panel to assess proposals. The review team makes a recommendation for this list to be agreed and documented formally to ensure consistency of assessment, improve transparency, and form the basis of streamlining how the results of the assessment of proposals is presented to the JMC.

Generally, all proposals now go through the Technical Committee for assessment prior to final endorsement by the JMC. A recent breach of the due process was cause for great concern by JMC members. Development partners, in particular, were adamant that such breaches should not occur again.

Whilst stakeholders see individual merit in the various activities that are funded, JMC members have no way of judging if they are collectively, progressing the overall objectives of the PSF and the PNPM. Until very recently, there had not been any overall PNPM strategy to help guide the work of the PSF.
This is changing with the pending PNPM Road Map, which even in its draft stage, is being used to align PSF activities.

**Efficiency**

The World Bank standards and reputation are providing important points of additionality in terms of mitigating perceived risk and assuring partners of a high level of fiduciary controls. The large majority of stakeholders are satisfied that the World Bank is administering the Funds because of these comparative advantages. Nonetheless, each of the development partners and government respondents expressed some degree of dissatisfaction with the level of reporting and transparency of information.

They reported having requested over a long period of time more detailed financial and programming information. Despite the PSF team having tried to respond to these requests, according to donors, many of the information needs are still not being met. JMC members want specific information about how well implementation and budgets are tracking against predicted expenditures and timeframes, with variances reported and explained. The Technical Secretariat expressed surprise that the JMC is dissatisfied. It believes that it has been responding to the expressed needs of the JMC. Whatever the reason for this difference in perceptions, it will be important that the JMC formally articulates its financial and programming data needs and for the PSF to respond accordingly. The report makes a recommendation along these lines.

A review of the financial data confirms that the trust fund has increased significantly in size over its life. Initially, financial data suggested that the gap between committed funds and disbursements is widening and the review team was not able to determine the reason for this either from the financial data or discussions with the Technical Secretariat. Following the draft report, the PSF team provided additional data that has allayed the review team’s concerns. The new data suggests, in fact, that the gap is narrowing. The difficulties encountered by the review team in accessing information about disbursement confirmed the issues raised by the development partners in relation to their information needs. It also highlighted the importance of a high level resource allocation strategy, which the literature indicates is good practice for multi-donor trust funds. Without one it is difficult to understand if the disbursement rate is as it should be. The report makes a recommendation that the JMC develops a resource allocation strategy not only to guide assessment of funding proposals but also as a guide to the administrator in relation to the amount and rate of disbursement, and to set some internal benchmarks against which performance can be measured.

Whilst the World Bank is respected for its standards and reputation, a large majority of stakeholders also find their processes protracted and often too rigid. There is a particular need for greater flexibility when working with civil society organisations. Having to use World Bank templates rather than adapting their own resulted in significant transaction costs for these organisations, all of which are not-for-profit, and therefore have limited capacity to absorb such costs. Further, they were offended at having to do this rather than adapt their own, a practice that is usual for them when working with other donors.

Whilst accepting the need for robust procurement processes, these organisations pointed out that, for small purchases, the World Bank should negotiate with them processes that are adequate rather than best practice as befits larger organisations with more complex procurement. In raising these issues, it is relevant to note that on-granting to civil society organisations is a new model for the World Bank Indonesia and therefore is presenting new challenges. PSF staff are working with their World Bank colleagues to try to find more flexible processes and it is anticipated that the partners will learn together as the projects are implemented.

Although the grant cycles for PSF are reported as being similar to others in the World Bank, government respondents reported the timeliness and responsiveness of the PSF grant cycles did not compare favourably with those of other donors. They perceive them to be far more complicated. This might or might not be accurate. In the interests of harmonious relationships, the report recommends the commissioning of a benchmark study to assess how PSF grant processes and cycles compare with contemporary good practice.

**Organisational**

The governance structure of the PSF accords with good practice for multi-donor trust funds. Despite the respective roles and responsibilities of the various bodies being articulated in the PSF operating manual, confusion is still reported. TNP2K and Menko Kesra have recently undertaken an exercise to agree upon and articulate their respective roles.
The report recommends this now be extended to include the roles and interface between Menko Kesra and Bappenas, and between their respective directorates and the PSF Technical Secretariat.

Good practice for multi-donor trust funds suggests that management committees should be inclusive of all relevant stakeholders. The JMC and the Technical Committee do not include the PNPM implementing agencies. As a result, there is a risk of initiatives not being grounded in reality. It also means that there is a heavy reliance on the PSF teams to input this perspective. Whilst this input is valued by stakeholders, it inadvertently continues to weaken implementing agency ownership.

The inclusion of the implementing agencies on the JMC and Technical Committee is also likely to assist buy-in of needed reforms by these agencies. The report, therefore, recommends that implementing agencies be invited to be full members of these governance bodies.

A recurring issue from all JMC members was the absence of a strategic direction for the PSF and a focus on strategy by the JMC. As previously noted, the PNPM Road Map will provide overall direction but it is still important for the PSF to have a strategic plan for itself. A recommendation is made to this effect and includes the need for attention to clarify outcomes for each of the PSF objectives with appropriate performance indicators. In addition, it recommends that outcomes and performance indicators relating to contemporary good practices for multi donor trust funds be set, namely, capacity development of institutions, efficiency and effectiveness of the trust fund itself, and preparation for the eventual transfer of the trust fund to a national authority. At the September JMC meeting the PSF team presented a first draft of a sustainability plan that could, with further discussion among the JMC and more articulation by the PSF team, provide a basis for a strategic plan.

As part of the more strategic focus, it will be important for the JMC to meet more frequently rather than ad hoc as currently happens. Concerns were raised by JMC members about the limited preparation for JMC meetings by government representatives. A possible reason could be because of the division of secretariat functions. The PSF Technical Secretariat carries out some secretariat functions but those relating to direct support to prepare Bappenas and Menko Kesra have been delegated to other secretariats.

This appears to be making a coordinated approach more difficult and re-emphasises the PSF as a separate entity attached to the World Bank rather than as an instrument of support to GoI. The report recommends that once the Technical Secretariat functions that relate to the World Bank loan are separated, the Technical Secretariat is located with, and reports to, Bappenas.

Future

Two major shifts in emphasis are proposed for the future. One is for the PSF to support GoI to prepare for the eventual transfer of the trust fund to a national institution. Such support is identified as good practice for multi-donor trust funds. Whilst the PSF team itself might not have the required expertise, the fund could be used to purchase this, and draw upon an obvious comparative advantage of the World Bank.

The second change recommended is a cultural shift to GoI ownership and leadership. The PSF has worked well to provide the capacity in an environment where it has been absent. Stakeholders want the World Bank to continue to administer the Fund but for the PSF to be more integrated into government. The review recommends that a transition be carefully planned collaboratively by a representative sub group of the JMC. The transition plans should work towards:

- a staged transfer of PSF teams to their relevant counterpart agencies;
- a staged set of actions by GoI to purchase or rent the needed physical space to accommodate the teams;
- a gradual move toward a ‘twinning-like’ or mentoring approach focused on institutional strengthening; and
- a staged transfer of project management of World Bank executed projects to the relevant government agencies to take advantage of the administrative solution for more timely responses and innovation whilst not bypassing GoI ownership.
Recommendations

**Shift towards more government ownership and leadership**

**Recommendation:** The Chair of the JMC to ensure that the JMC and Technical Secretariat jointly develop a PSF strategic plan that is aligned to the PNPM Road Map and clearly sets out expected outcomes of the PSF objectives with appropriate performance indicators, including capacity development of institutions, efficiency and effectiveness of the trust fund itself, and preparation for eventual transfer of the trust fund to a national authority. [Organisational, pg.25]

**Supporting recommendations:**

**Recommendation:** The Director of Poverty Reduction, Bappenas (as the counterpart) and the Senior Manager, Social Development, PSF to ensure the facilitation of collaboratively developed plans with each of the PSF teams and their relevant counterpart agency for the devolution of PSF teams and their portfolios to the counterpart agency. These plans are to be staged according to the situation of each team and agency and include transition strategies that focus on how PSF will support institutional strengthening. [Future, pg. 30]

**Recommendation:** The Senior Manager, Social Development, PSF and the relevant delegate in each of the implementing agencies to ensure the collaborative development of staged transition plans to embed the PSF teams responsible for supervision and support into relevant GoI agencies so they can continue to undertake supervision and support functions but under the direction and leadership of the relevant GoI agencies.[Effectiveness, pg. 13]

**Recommendation:** Following an appropriate direction from the JMC, the Director of Poverty Reduction, Bappenas (as the counterpart) and the Senior Manager, Social Development, PSF to develop a strategy to guide the preparation for the eventual transfer of funds management to a relevant national institution. [Future, pg. 29]

**Recommendation:** The manager of the team in Menko Kesra responsible for governance and anti-corruption to facilitate a collaborative process with the PSF Fiduciary team and other such teams in relevant GoI agencies to: a) formally clarify respective roles and responsibilities, and b) develop a common approach to governance and anti-corruption in PNPM. [Effectiveness, pg. 6]

**Recommendation:** The manager of the team in Menko Kesra responsible for governance and anti-corruption and the PSF Fiduciary team to collaboratively develop a transition arrangement in which the function of fiduciary oversight is gradually transferred from the PSF team to the relevant GoI agencies, with Menko Kesra taking overall lead and responsibility for the approach to governance and anti-corruption in PNPM. [Effectiveness, pg. 7]

**Recommendation:** The Director of Poverty Reduction, Bappenas (as the counterpart) and the Senior Manager, Social Development, PSF to ensure the conduct of a joint review of all technical assistant positions funded through PSF to determine which of these GoI is using to fill gaps due to under-resourcing or leaving unfilled due to administrative or other difficulties, and for any such positions, to develop a transition strategy for moving from reliance on PSF funding. [Effectiveness pg.8]

**Separation of PSF and World Bank functions**

**Recommendation:** The Senior Manager, Social Development, PSF to immediately identify and take steps to operationally separate World Bank and PSF functions. [Effectiveness, pg. 12]

**Strengthen the governance and management of PSF**

**Recommendation:** The Chair of the JMC to officially invite PNPM implementing agencies to join the JMC as full voting members and to actively participate in the Technical Committee. [Organisational, pg. 25]

**Recommendation:** The Chair of the JMC to ensure that the development of a high level resource allocation strategy to guide the work of the PSF and the various funding proposals. [Efficiency, pg. 22]

**Recommendation:** The Senior Manager, Social Development, PSF to ensure that, following the separation of Technical Secretariat functions from the World Bank loan so it is solely dedicated to the PSF, the Technical Secretariat is located with, and reports to, Bappenas. [Organisational, pg. 26]
**Recommendation:** The Director of Poverty Reduction, Bappenas, as the chair of the Technical Committee to ensure a jointly developed agreed set of criteria is documented for assessing all funding proposals and that this be used to consistently assess proposals and to form the basis of a succinct report of proposal assessments for the JMC. [Relevance, pg. 18]

**Recommendation:** The Deputy to the Minister for Poverty Alleviation and Community Empowerment, Menko Kesra and the Deputy for Poverty, Labor, and small and Medium Enterprises, Bappenas, to ensure the formal clarification of the PSF-related roles and responsibilities and interfaces between their respective directorates and with the PSF Technical Secretariat. [Organisational, pg. 24]

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**Improvements to effectiveness and efficiency of PSF**

**Recommendation:** The Chair of the JMC to ensure the JMC discusses, in terms of strategic direction, the need for the PSF to employ a cadre of staff members with specific technical skills so that specific field level support and capacity is available to those implementing sub projects. [Efficiency pg. 8]

**Recommendation:** The Chair of the JMC to ensure that the JMC clearly articulates its financial and programming data needs and that the PSF team responds accordingly. [Efficiency pg. 20]

**Recommendation:** The Chair of the JMC to commission a benchmark study to assess how PSF grants processes and cycle compare with contemporary good practice. [Efficiency, pg. 23]

**Recommendation:** AusAID, specifically, and the JMC, collectively, to review the rationale for large increases in donor contributions to the Trust Fund and to assess the extent to which these are contributing or obstructing the desired institutional strengthening. [Effectiveness, pg. 9]

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**Improvements to monitoring and evaluation**

**Recommendation:** The Senior Manager, Social Development, PSF to ensure the Technical Secretariat develops a monitoring and evaluation plan that is informed by the program theory that underpins the PSF and enables measurement of progress against the four PSF objectives. [Effectiveness, pg. 17]

**Recommendation:** The Manager of the PSF Analytical Team, within a guiding strategy or framework, to implement a range of methods to measure its success in knowledge management [Effectiveness, pg. 16]

**Recommendation:** The Manager of the PSF Analytical Team and the Manager of the TNP2K Monitoring and Evaluation Team to collaboratively explore how they might integrate team members and their work. [Effectiveness, pg. 16]

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**Strengthening the partnerships between government and civil society organisations**

**Recommendation:** The Deputy to the Minister for Poverty Alleviation and Community Empowerment, Menko Kesra (in role of coordinating ministry) and the Senior Manager, Social Development, PSF to ensure that relevant GoI agencies and PSF staff collaborate to develop and implement planned activities to enable GoI to develop knowledge and skills to work in partnership with civil society organisations. [Effectiveness, pg. 15]
1. Introduction

1.1. Activity Background

An independent program review was conducted of the Program Support Facility (PSF) for the PNPM Mandiri program, the Government of Indonesia’s National Community Empowerment Program. Established in 2008 by the Government of Indonesia (GoI) and international development partners, the primary purpose of the PSF is to enable the GoI to provide effective supervision and improved management to the PNPM Mandiri program, which is a core component of the GoI’s poverty reduction strategy. PNPM Mandiri provides support to community based programs and has an overall objective to alleviate poverty by raising rural incomes, improve local-level governance and accountability, promote community participation in development, create assets for the poor and create sustainable employment.

The PSF is the mechanism by which the GoI integrates and coordinates technical assistance, planning advice and dialogue, and targeted financial assistance to ensure that PNPM Mandiri progresses smoothly, maintains its focus on poverty reduction, and operates in a sustainable way. Through the PSF the Government and its development partners collectively target PNPM interventions and monitor fiduciary and accountability systems.

The primary purpose of the PSF is to enable the GoI to provide effective supervision and improved management to the PNPM Mandiri program, with specific objectives to:

i. ensure better coordination across grants and amongst development partners supporting PNPM;

ii. develop capacity at all levels to plan, manage, and improve poverty reduction programs;

iii. reduce poverty through government and civil society partnerships; and

iv. support high quality monitoring and evaluation efforts.\(^2\)

The PSF consists of three integrated management and technical units: the Joint Management Committee; the Technical Committee; and the Technical Secretariat. Both the Joint Management Committee and the Technical Committee are chaired by Bappenas and co-chaired by the World Bank. Strategy development, policy and funding allocation decisions are made by the Joint Management Committee, which is comprised of Echelon 1 representatives from non-executing Government agencies and representatives of those development partners that contribute $US1 million or more.

The Technical Committee is comprised of experts from Echelon 2 representatives from related Ministries and the development partners contributing $US1 million or more. It is responsible for discussing technical issues and preparing related recommendations for consideration of the Joint Management Committee, updating the PSF operations manual, endorsing new PSF grant proposals prior to review by the Joint Management Committee, and reviewing progress towards achieving the PSF objectives.

The Technical Secretariat consists of administrative and technical specialists and provides secretariat support to both the Joint Management Committee and Technical Committee.

The PSF is funded through two Trust Funds, a multi-donor fund and one USAID single donor fund. The funds and the PSF team are administered by the World Bank. The multi-donor fund provides a common platform for donor resources. Funds are used to finance: community block grant programs; community facilitator; support to national coordination supervision activities; support for involvement of non-government organisations in poverty reduction; and technical, administrative, and analytical assistance to the PNPM Mandiri.

1.2. Evaluation objectives and questions

The review, which was undertaken for, and under the direction of, Bappenas, had two purposes:

i. To assess the performance of PSF against its objectives, with particular reference to the extent the PSF is operating efficiently and effectively, and how well the funded activities align with the PSF’s strategic goal and mandate.

\(^2\) Objectives as stated in the Cooperation Agreement between GoI and the World Bank as trustee and on behalf of PNPM partners
ii. To determine whether the PSF, in its current form, is the appropriate mechanism to support the PNPM into the future, including whether it should expand its mandate.

There were five evaluation areas for which key questions were identified. Some of these incorporated secondary level questions

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<td>Effectiveness</td>
<td>To what extent has the PSF achieved its stated objectives? What has enabled and/or constrained the PSF in achieving these?</td>
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<td>Relevance</td>
<td>How well aligned are the funded activities to the PSF purpose and objectives? How well aligned is the purpose and objectives to the Government’s poverty reduction program? Why or why not?</td>
<td>What is the mechanism and process for determining the activities to be funded? How is the effectiveness of activities in progressing PSF strategy determined?</td>
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<td>Efficiency</td>
<td>To what extent has the allocation of funds to support the poverty reduction program been executed effectively and efficiently? What are the enabling factors and constraining issues?</td>
<td>How adequate are the processes for accountability and transparency? How well aligned is expenditure to actual budget? What is enabling or constraining allocation and expenditure? How timely and appropriate is grant cycle?</td>
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<td>Organisational</td>
<td>To what extent are the current governance and service delivery arrangements contributing to or constraining the PSF in meeting its purpose and objectives? What factors are influencing effective governance and service delivery? What changes might need to be made to strengthen governance and service delivery?</td>
<td>What engagement and communication mechanisms does PSF use for decision-making? How open and transparent are these mechanisms? How effective are they? How inclusive of key stakeholders are these processes? How effective and appropriate are the relationships between the PSF team, GoI (particularly MOHA), and PSF donor countries? What is enabling or constraining these? How effective if the overall monitoring and evaluation system? How useful and adequate are the: Governance/anti-corruption plan; and the Field Supervision plan? How effective is the delivery and quality of reporting to GoI, JMC, donors, and general public?</td>
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<td>Future</td>
<td>How likely are the various mechanisms being put in place to result in sustainability of effort? How could the performance of PSF be further strengthened in the short to medium term? How might the roles and functions related to supporting the poverty reduction program be undertaken over the longer-term?</td>
<td>How are the coordinating mechanisms affecting ownership?</td>
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1.3. Evaluation process and methods

The in-field phase of the review occurred between 13 June and 3 July 2012, with interviews conducted between 15 June and 28 June. The Aide Memoire was presented to Bappenas on 3 July.

The review team comprised of Julie Hind and Gatot Widayanto. The team was supported with research assistance in relation to multi-donor trust funds by Phoebe Hardefeldt.

Key respondents were drawn from:
- Government of Indonesia: Bappenas; Menko Kesra; PMD; Kemkominfo; DGHS; and TNP2K – these respondents included key personnel from echelon 1 and 2 and some representatives from echelon 3.
- Development partners: AusAID; USAID; DANIDA; CIDA; The Netherlands; the European Union; The World Bank; ADB and JICA
- PSF staff and management
- A selection of local institutes and civil society organisations

Essentially, the methodology involved:
- document reviews;
- a brief review of contemporary literature to identify key elements of comparable roles and functions of multi-donor trust funds; and
- individual and group interviews.

Team members kept extensive written notes and recorded analytical insights during the data collection phase. Individual analysis of the data occurred periodically during the in-field activities with team members discussing the data and their major observations and impressions. At the end of the in-field phase, the team came together for two days to undertake a more intensive data analysis, which was structured in two ways: a) against the key evaluation questions; and b) according to emerging themes. 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 separately to each of Pak Rudy Prawiradinata, Director of Poverty Reduction, Bappenas and Pak Sujana Royat, Deputy for Poverty Reduction, Menko Kesra. It was then presented to Jan Weetjens, Manager, PSF (with Pak Rudy Prawiradinata, Bappenas).

Following the in-country mission, the team made follow-up enquiries to stakeholders, where required. This included an additional face-to-face session with relevant staff at the PSF team to review and discuss financial data in more depth. All data were collated and analysed in depth and the team members discussed this further analysis via Skype and email. A draft report was presented to Bappenas. A few weeks later a meeting was held with Pak Rudy Prawiradinata to discuss initial comments from Bappenas and written comments supplied by Jan Weetjens. A revised draft, which addressed factual issues, was then prepared. This was distributed by Bappenas for consideration by the Joint Management Committee (JMC) members.

The review team was then requested to present a summary of the draft to a JMC meeting in September and to clarify any questions. JMC members were then given the opportunity to forward written comments to the review team. Such comments informed this final product.

1.4. Structure of this report

This report is essentially structured according to the key evaluation question areas so after this introductory chapter follows: Effectiveness; Relevance; Efficiency; Organisational; and Future. As is the practice with qualitative evaluation, quotes are provided as the evidence to illustrate a point. Ensuring confidentiality was important to the review team. Therefore, quotes are attributed using a person’s stakeholder group and a numerical tag. The numbers do not indicate any particular position or status within any given stakeholder group. They simply relate to a random numbering of stakeholders by the review team. In this way, the review team has tried to ensure that respondents are not identifiable.
2. Effectiveness

2.1. Coordination across PNPM-related grants and amongst development partners is progressing well

The PSF is providing a good platform for the GoI to achieve a coordinated approach amongst development partners and across the grants approved through the PSF Trust Fund. Similarly, it is proving to be a good platform for development partners, providing them with a ready and safe access to one of GoI’s flagship programs. This was a common reason given by development partners for choosing PSF as the channel for their funds.

Coordination of donor funds was a key driving force for GoI when the PSF was established in 2008, at which point it was trying to manage 58 separate PNPM-related trust funds.\(^3\) As one GoI respondent reported, the government was “…over-burdened with multiple trusts and accountabilities and no mechanism for coordination.”\(^4\) Another reported that “…we needed a more streamlined way of administering donor funds…”\(^5\) Clearly, the PSF has successfully brought together these multiple donor funds and interests that might otherwise compete for GoI attention and has apparently become an effective mechanism for donors although this is not one of the stated objectives.

As well as those development partners already involved in PNPM (or its predecessor, the Kecamatan Development Program, KDP) the PSF has been an entry for new ones. A single, safe entry to the program was reported as having made engaging GoI relatively easy and, for some, having introduced them to GoI agencies that they might otherwise have had difficulty in navigating. The success of the Trust Fund in attracting development partners is indicated by the increase in actual funds received – from US$23.78 in 2008 to US$75.17 in 2011 with a cumulative total for 2008-2011 of US$206.76.\(^6\)

The PSF Trust Fund accounts for a minor contribution to the total PNPM effort, with the bulk of activity owned and managed directly by the GoI. Respecting this situation, the greatest proportion of the PSF activity is channelled through GoI as on-budget funds. Alongside this, the inclusion of a proportion of PSF as externally-executed funds enables a level of flexibility and innovation not possible through GOI. This feature of PSF has been decidedly appreciated by GoI, as illustrated in the comment made by a respondent from the Directorate of Village and Community Empowerment (PMD) – “They [PSF] helped us with pre-finance where our systems take too long.”\(^7\)

Being part of a flagship GoI program is attractive to development partners. Doing so through a common Trust Fund offers the potential, because of the critical mass, for their funds to have more impact than might otherwise be possible through smaller bi-lateral projects. Notwithstanding this, some development partners actively choose not to be part of PSF. Both the Asian Development Bank (ADB) and Japan International Cooperative Agency (JICA) choose to support PNPM through separate loan arrangements direct with GoI. Reasons for making this choice include: continuing a long-standing arrangement; the precise reporting arrangements required by their own governments; preferring loans to grants; and reduced transaction costs through bi-lateral arrangements.

Whilst choosing to negotiate separate loans is a choice GoI is free to make for its strategic purposes, it can risk achieving a strong coordinated approach to the PNPM program. As one development partner noted, “…as long as GoI takes separate loans like this, PNPM will never be a policy-based support program.”\(^8\) It is therefore important for GoI to ensure it has in place appropriate mechanisms to coordinate all of these PNPM activities. It is not apparent to the review team how effectively this is occurring. The PSF does engage both ADB and JICA to a degree reported by these agencies as being sufficient to their needs. What is not clear is what mechanisms GoI is taking and if these are sufficient to achieve a comprehensive and integrated overview of PNPM.

Interestingly, whilst a reduction in transaction costs was one of the reasons ADB and JICA gave for not joining PSF other development partners gave this as one of the reasons for taking part.

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3. Number supplied by the management of PSF during interview
4. GoI respondent #1
5. GoI respondent #2
6. PSF Annual Report 2011, pg. 125
7. GoI #3
8. Development partner #7
From the benefits they described it is apparent that the PSF is providing them with a variety of reduced transaction costs. For some, the single, visible entry point is helping reduce search costs. For most, the pooling of resources is reducing contractual costs. For all of them, the level of quality assurance provided by the World Bank reduces costs associated with mitigating fiduciary risks. The World Bank’s reputation was a key contributing factor to these reductions in transactions costs, as illustrated in the following comments from two different development partners:

> We were new to PNPM and we liked building on the experience of the World Bank. It was well positioned to oversight our funds. (Development partner #1)

> The World Bank has lots of these funds...This is a good way for donors to get engaged, with a fund that runs on auto pilot. (Development partner #2)

Development partner confidence in the World Bank’s reputation appears well-founded when the practices of PSF as a multi-donor trust fund are compared with contemporary good practices, as identified in the literature (refer Annex 1). In particular, it is evident that the Administrator of the PSF is meeting good practice in terms of such things as: financial management of the funds; ensuring good fiduciary controls; making reports accessible; and fostering ongoing and informal dialogue with Bappenas, as the chair of the JMC, to resolve issues and discuss priorities.

### 2.2. Enabling PNPM scale up and improving systems through quality work by committed staff providing a good basis for greater integration with GoI

Of the four objectives, this one shows the most marked variations in its level of progress. PSF was, importantly, built on an existing successful model of support to the KDP program, also managed by the World Bank. It was evident from the respondents who had been involved in both the KDP and the PNPM that this helped result in a relatively smooth transfer of one program to another with little loss of momentum.

The PNPM is the largest community driven development program in Indonesia and one of the biggest in the world. Hence, the PSF is unique in terms of its size and level of complexity in which it works. Despite this complexity, the vast majority of respondents acknowledged that the PSF has provided the GoI with the capacity to expand and scale up PNPM at a time when the government was not able to do this on its own. In particular, this much needed additional capacity has been in areas considered as the particular comparative advantage of the World Bank, namely: administrative systems and processes; fiduciary obligations; and expenditure and disbursement. Reports of such improvements were widespread across the stakeholder groups, with one community service organisation stating that “PSF is helping clean up administrative processes faster than if it was being done only through GoI”.

#### 2.2.1. Apparent ongoing improvement in governance and anti-corruption

Among the most referenced improvements were those in the area of governance and anti-corruption. The two most recently available PNPM Governance Six-Monthly Update (Nov 2011 and July 2012), and the 2011 PSF Progress Report confirmed stakeholders’ perceptions. The updates highlighted a number of improvements, a sample of which include: the setting of five key reform objectives by PMD that is being operationalised through an associated action plan; suspension of sub-districts and one entire district where fraud cases had not been resolved; the termination of consultant and facilitator contracts where breaches of conduct had occurred; and referral of cases to law enforcement agencies.

Whilst the November 2011 update reported an increase in reported corruption cases, it noted that this is probably a reflection of improvements in the effectiveness of detection and reporting systems rather than a decline in standards. In a similar vein, the July 2012 update indicates that PMD, with PSF support, is putting in place necessary procedures to recover assets lost to fraud in the Revolving Funds.

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10 As claimed by several respondents

11 Community service organisation #1
The Progress Report noted a significant attention to the training of local auditors in PNPM-Urban, with training provided in 196 cities and districts, and 445 auditors. This resulted in audits being carried out in 21% of PNPM-Urban districts, up from 16% in 2010. This is an important increase given that PSF studies have shown that higher audit samples lead to reductions in misuse of funds.

The improvement in governance and anti-corruption appears to have been enabled by the direct support provided by the PSF team in things such as: a review of the standard operating procedures; jointly held regular field supervision missions; regular meetings with implementing agencies; facilitation of problem solving meetings at the local level; and performance management tools that are used to provide GoI at both national and sub national level with real-time tracking and mapping of performance against core indicators.

Such efforts are clearly not one-off but ongoing. One such example is the recent Governance Review of PNPM Rural, which identified through a multi-stakeholder action research and learning approach a range of actions to address particular issues. Likewise, the current planning for PNPM 12-14, which is being led by GoI but supported by the PSF team, is resulting in agreed actions that should lead to further improvements. One important enabler of this planning is the improved Management Information System (MIS), which has been a key area of technical assistance of the PSF.

A third example is the current organisational development work being undertaken within the PMD with the support of PSF and other development partner funds. This work is seeking to address long-standing concern within GoI and amongst development partners of the limited capacity of PMD to manage and oversight the very large PNPM Rural program. Improved levels of staffing, a more comprehensive secretariat, a sharing of the PNPM responsibility amongst Directors, clearer authority structures, and a more suitable management information system are expected to assist PMD improve its program governance and performance.

These various improvements are welcomed by development partners, as illustrated by the following comment:

“We are very impressed with how they (PSF) have handled this (governance and anti-corruption). The World Bank (PSF) has ensured GoI has taken responsibility for dealing with misuse of funds.” (Development partner #5)

Notwithstanding the reported improvements, it is apparent that GoI remains heavily reliant on the PSF for good governance and management of PNPM, particularly in relation to fiduciary oversight, project supervision, and general in-field supervision. One development partner highlighted that it not just a matter of skills or resources that leads to the over-reliance on PSF. It is also a structural issue with no single agency having the mandate to oversee implementation of this extremely large PNPM program and too little in the way of internal budget execution rules and procedures. As this particular respondent indicated, GoI needs to implement significant further reform if it is to reach a level of fiduciary management acceptable for key donors to finance GoI directly.\(^{12}\)

The scale of the issue raised by this particular development partner extends beyond PNPM to the broader GoI. Nevertheless, there are some steps that might be possible within the PSF program. One is a change in approach to supervision, which is discussed in section 2.2.4. A second step relates to an assessment of what needs to change by 2015 (refer to section 5.1.3). The third involves greater integration and cooperation of governance teams that operate across the broader PNPM arena, as outlined in the following paragraphs.

The establishment of a small team in Menko Kesra dedicated to coordinating governance and anti-corruption activities among relevant GoI agencies and with the PSF Fiduciary Team provides an opportunity to achieve an improved, integrated approach in the PNPM program. This team is relatively new and the interfaces between it and other such teams are reported as still in an embryonic stage. To help maximise its effect, it will be important for the links between it and other such teams to be formally clarified and likewise the various roles and responsibilities. Given comments that follow in later paragraphs of this section of the report, the review team suggests that this work would best be led by the team in Menko Kesra, supported with direct assistance by the PSF team, if required.

**Recommendation:** The manager of the team in Menko Kesra responsible for governance and anti-corruption to facilitate a collaborative process with the PSF Fiduciary team and other such teams in relevant GoI agencies to: a) formally clarify respective roles and responsibilities, and b) develop a common approach to governance and anti-corruption in PNPM.

\(^{12}\) Development partner #7
The existence of this new team also provides an opportunity for Menko Kesra, supported by the PSF Fiduciary Team, to begin to take the lead and full responsibility for the approach to governance and anti-corruption in PNPM. A transitional arrangement could be developed between Menko Kesra and the PSF Fiduciary Team whereby the function of fiduciary oversight can be gradually transferred from the PSF team to the relevant GoI agencies.

**Recommendation:** The Manager of the team in Menko Kesra responsible for governance and anti-corruption and the PSF Fiduciary team to collaboratively develop a transition arrangement in which the function of fiduciary oversight is gradually transferred from the PSF team to the relevant GoI agencies, with Menko Kesra taking overall lead and responsibility for the approach to governance and anti-corruption in PNPM.

### 2.2.2 Technical skills and added physical capacity highly appreciated, with need now to focus on sustainability and ownership

It is evident that the technical skills of the PSF team and the additional expertise that is accessed through the PSF are highly valued, with most GoI respondents making positive comments. Particular capacity strengthening activities that were singled out by respondents included: the assistance in developing the communications strategy; the facilitation of relationships with the media to help improve dissemination of materials and information; assistance in developing new program responses to address findings in various studies; assistance with how best to get cash transfers to people in times of emergency; assistance in the conduct of surveys and focus group discussions and subsequent analysis of data; the formulation of improved standard operating procedures; and the additional staffing provided through both short-term and long-term technical assistants paid with PSF funds.

This latter activity is used across all the relevant GoI agencies for a range of roles such as secretariat, monitoring and evaluation, communications, policy analysis, planning, and institutional capacity development. These positions are highly appreciated, as indicated by the comment made by one senior GoI official:

> PSF supports us by funding staff…I am very satisfied with their level of expertise and the quality of their work (GoI respondent #1)

It is apparent that these positions are providing additional capacity, however it is not clear to what extent sustainable capacity is being developed. All of the positions are temporary in nature and, whilst they are undertaking critical work required in each of these agencies, it was not obvious to the review team what steps GoI and the PSF team are taking to ensure that the required knowledge and skills are being embedded institutionally within the agencies. Rather, it appears that GoI is using many of these positions to fill gaps that it has not filled itself. For example, a secretariat has been funded for Menko Kesra to enable it to carry out its role in relation to oversight and coordination of PNPM Mandiri despite this coordination role being an ongoing responsibility of that Ministry. Two technical assistants were provided to Bappenas in 2011 because of insufficient staff to handle increasing work demand.

This use of technical assistance raises a significant issue in relation to long-term sustainability of effort. If these positions are critical for agencies to complete their PNPM-related work, the review team wonders why GoI is not making allowance for them in the annual budgets of these agencies. In fact, one development partner pointed out that agencies do have significant levels of budget but were not filling positions. Similarly, several other respondents remarked on GoI’s slowness in matching resources to the size of the program with a common theme being summed up in the following way:

> GoI has not scaled up to match the requirements. (Development partner #3)

In particular, respondents expressed concern in relation to PMD. There was a consistent concern that despite the scale of the PNPM task facing PMD that it continues to have a large number of positions unfilled in its secretariat. Whilst most development partners are cautiously optimistic that the current reforms being undertaken by PMD (mentioned earlier in this report) will begin to help address these concerns, a small number of others remain unconvinced.

It appears that the issue is a combination of agencies not filling positions for which they already have a budget and a government that is not allocating sufficient funds. A report from a World Bank respondent suggested that GoI underspends on social programs compared with needs – only 0.5% of the gross domestic product (GDP), approximately one-third of what it needs.
It is apparent from a number of JMC and GoI respondents that budget availability is only one constraint among several. A lack of flexibility to hire and remunerate qualified staff also encourages the GoI to seek technical assistant positions from the PSF and other sources. These issues are not specific to PNPM. Rather, they are part of broader systemic issues that GoI needs to address if it is to mobilise the resources needed to supervise and implement programs such as PNPM. Nonetheless some steps might be taken by GoI agencies with the support of the PSF team.

**Recommendation:** The Director of Poverty Reduction, Bappenas (as the counterpart) and the Senior Manager, Social Development, PSF to ensure the conduct of a joint review of all technical assistant positions funded through PSF to determine which of these GoI is using to fill gaps due to under-resourcing or leaving unfilled due to administrative or other difficulties, and for any such positions, to develop a transition strategy for moving from reliance on PSF funding.

One of the development partners raised concerns about the ability of the PSF to strengthen the technical capacity needs of people responsible to implement programs at the local level. This partner is of the view that PSF, whilst having excellent skills in the social development aspects of the program, does not have the specific technical skills required to adequately strengthen the capacity of those who implement PNPM sub projects or to adequately assess (as part of in-field supervision) the technical quality of sub projects. Such skills relate to: roads construction; natural resource management; renewable energy; health care; and child care. Although villagers receive support from community service organisations and the National Management Consultants and their facilitators, this development partner is strongly of the view that this is not sufficient.

This concern was raised late into the cycle of this review and the review team was, therefore, not able to determine how widespread is the issue. As a result we do not feel able to assess the seriousness of the situation. There is merit, however, in the JMC exploring the extent of the issue and whether it would be advantageous for the PSF to employ something like a cadre of PSF staff members holding a more diverse set of skills, including technical skills related to sub projects. The review team suggests this matter be explored by the JMC rather than the PSF team because it is related to the strategic direction questions, which is discussed in section 5.1.3.

**Recommendation:** The Chair of the JMC to ensure the JMC discusses, in terms of strategic direction, the need for the PSF to employ a cadre of staff members with specific technical skills so that specific field level support and capacity is available to those implementing sub projects.

**Absorptive capacity**

Apart from a potential serious underspend by government, which in itself limits Government’s capacity, there is also some evidence to suggest that perhaps the various PSF-funded projects are expanding PNPM at a rate far in advance of the GoI’s absorptive capacity. For example, several respondents from different stakeholder groups commented on the size and scale of PSF as an issue. One development partner described it as having “…become a Christmas tree to hang things on”.

Clearly, development partners and GoI alike view PNPM, because of its focus on community empowerment, as an obvious mechanism for trialling new initiatives, with PSF as the conduit to facilitate this. Indeed, including a component for non-GoI executed projects is an important feature of PSF because it allows innovations to be trialled more quickly than would be possible through the regular PNPM program or if all PSF projects were funded on-budget.

However, it appears that the very success of the trust fund as a platform for development partners and as a vehicle for innovation for GoI has led to an unintended consequence of growing PSF way beyond intentions. This is illustrated in the following comment made by a development partner:

> The PSF is much larger now than intended – in excess of US$200 million. Therefore the PSF is now more than a support facility. It is a grants scheme so is much more complex. This is an easy way for donors to channel their funds but this was not the intention in terms of supporting Government to manage [PNPM] and strengthening their capacity. (Development partner #5)

Therefore, it appears that an increasing number of innovative projects are being approved by the JMC with insufficient consideration to the absorptive capacity of GoI. As a consequence, many of these are being oversighted and managed directly by various PSF project team staff.

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13 Development partner #9
AusAID, in particular, is increasing its contribution significantly. In light of the possible unintended impact on absorptive capacity, it is perhaps timely for AusAID specifically, and the JMC collectively, to review the rationale for such increases and to assess the extent to which these are enabling or obstructing the institutional strengthening that the facility is meant to be achieving.

Recommendation: AusAID specifically, and the JMC collectively, to review the rationale for large increases in donor contributions to the Trust Fund and to assess the extent to which these are contributing or obstructing the desired institutional strengthening.

2.2.3. A PSF team approach and a GoI attitude that are impacting adversely on GoI ownership and limiting institutional capacity strengthening

Working alongside government counterparts who have limited capacity to take on the amount of additional work appears to be exacerbating an approach in which the capacity development issue is seen as one of skills transfer. In several situations, PSF project teams implement World Bank executed projects or pilots, some in parallel to regular PNPM activities, with the intention of transferring relevant skills, processes and systems to GoI depending on lessons from innovation and evaluation.

Many of the projects are allowing for what one respondent referred to as a PNPM “developmental laboratory”\(^{14}\) in which learning and adaptation is occurring. However, comments from stakeholders from five different projects suggest that much of the rich learning is occurring primarily within the PSF team, not within GoI. The extent of this is illustrated in the following comment:

This is the brains of the program [PNPM]. The strategic thinking is happening here [in the PSF team] (PSF team member #4)

Yet we know from the literature that for institutional strengthening to be successful capacity development must be endogenous in nature and strongly and actively led by the relevant government agencies.\(^{15,16,17,18}\) Governments must be integral to the adaptive processes. The people who are responsible for the success of PNPM must be part of navigating the complexity, the collaborative learning, and the self-reflection.\(^ {19}\)

A number of development partners expressed disappointment that this approach has led to too little capacity development. Frustration was expressed particularly about the PNPM Green project with one development partner reporting:

It is difficult to see how PNPM Green will be ready to be integrated by 2013 when the project ends. The obstacles have been in PSF [team] not integrating with Rural and MOHA [Ministry of Home Affairs] not having a say in how the project develops. There has not been enough focus on developing capacity locally…It has been World Bank driven [whereas] it should have been a bridging phase used to develop local capacity…It needed to have been embedded in PMD.” (Development partner #4)

A significant implication of the PSF team approach is one of ownership. Almost all development partners, GoI and civil society organisation respondents commented on how PSF team practices persistently emphasise ownership by the PSF team rather than ownership by government. World Bank executed projects are being interpreted by the PSF team as their responsibility. Whereas from the reasons JMC members stated for World Bank executed projects, they are essentially an administrative solution to take advantage of more timely responses and innovation, not to bypass GoI ownership.

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14 PSF Team #1
The ownership of these projects is highlighted by statements made by different respondents. In one situation, a PSF team member stated "We manage this project… it is a World Bank executed grant that is why we do all the work."\(^{20}\) In another situation, the GoI respondent reported that even for the technical assistant positions that were for his Directorate, "…the real selection process is by the PSF with some input from this office… we are not involved in the final process of selection."\(^{21}\)

This sense of ownership is perceived to pervade the whole of the PNPM program. Field supervision was a particular case example cited by several respondents from across the stakeholder groups. Some who have been on field missions reported of PSF staff "finger wagging and telling people what they must do".\(^{22}\) Other respondents gave third party reports of complaints and questions from the field about PSF staff giving commands and instructions to local staff.\(^{23}\)

A sense of ownership was also evident in the practices described by PSF team members. Almost without exception staff spoke in terms of: the needs of the PSF team rather than the needs of GoI; of the PSF owning and doing the work; of consultation with or keeping GoI informed rather than collaboration with or facilitating GoI decision-making processes; of inviting GoI to participate in selection panels or drafting up project concepts rather than PSF facilitating GoI leadership; of their obligations being to the World Bank. One particular comment from a PSF staff illustrates this sense of ownership well:

> We are the World Bank so we have obligations especially in relation to fiduciary controls and supervision. Our relationships with GoI are… very collegial but we are always clear about what they should be doing and not doing. (PSF team respondent #3)

Notwithstanding the many criticisms, it is important to note that the practices of some teams and individuals were reported as being more collaborative in nature. The standout example was the Generasi team which was described by one development partner as being decidedly different from other PSF teams by working "…in real partnership with GoI… [where]… all decisions are collaborative".\(^{24}\) The way in which this team described its role confirmed this perspective. They were one of only two PSF teams that were able to see as positive the idea of being embedded with their GoI counterparts, the other being the Analytical Team.

Nonetheless, a strong and common theme of the review was of the PSF team having taken a level of control that would be expected of the GoI and the need for a shift in this control, for example:

> PSF was set up to support PNPM; to help GoI with issues it had difficulties with and to develop capacity – not to do PNPM, which is what is happening. (Development partner #5)

> Many [in PSF Team] do not understand that they are supporting GoI. We must take this back to its objectives. It must go back to supporting GoI. (Community service organisation respondent #2)

> More tasks have been taken on by the PSF Team. Its bureaucracy grew and changed… PSF comes across as a World Bank entity. It is about making GoI follow World Bank processes rather than sharing information and ideas to improve GoI systems. PSF always says to GoI, “We need you to do ‘x’, have you done ‘y’?” There is a real sense that it is not about implementing the program but about World Bank procedures. (Development partner #9)

In defence of the PSF team, it does appear that this issue might be a result of two contributing factors. First, it appears to be a legacy of the pressures placed on it by donors and GoI to guarantee high levels of fiduciary and supervisory oversight in the absence of sufficient GoI standards and practices. Without exception, this guarantee is integral to participating development partners choosing to channel their funds through the PSF. In fact, one development partner went so far as to say that senior GoI officers have repeatedly advised him that the first priority of PSF is oversight of PNPM, not strengthening the capacity of the GoI. When there is such a strong message that the PSF has a responsibility to guarantee exceptional levels of fiduciary and supervisory oversight, it is unsurprising that it will approach the task differently than it would if facilitating capacity was the primary objective.

\(^{20}\) PSF staff #2

\(^{21}\) GoI #5

\(^{22}\) Development partner #4.1, community service organisation #2, community service organisation #3

\(^{23}\) Community service organisation #2, Community service organisation #1, GoI #1, GoI #3

\(^{24}\) Development partner #1.2
The second factor is to do with government leadership. There was a consistent theme of GoI not taking sufficient control or showing sufficient leadership. Examples included GoI “…not being assertive”, of not providing enough staff, particularly in PMD, of being too slow to take the necessary strategic lead, of GoI having “…good intentions, muddling along, but making no decisions”, of the need “…for someone in GoI who is in charge of the whole thing.” These consistent messages suggest that the GoI is, itself, setting up barriers to effective institutional strengthening.

Given this environment, many respondents could understand why PSF was “…substituting for GoI and papering over the cracks.” One development partner pointed out that it is not unusual for World Bank administered facilities to manage and run things because of their expertise. However, added that this need not be the case:

*This wouldn’t happen in some countries such as India, Tanzania, Mozambique, but by and large it does. So it is not unusual what is happening here….GoI increasingly wants to take a lead role but they are used to working the World Bank way. GoI could take over the lead now if it wanted to, simply by things like controlling the agenda, ensuring regular meetings. They have some very good people…By commissioning this review GoI has been put in the leadership role. This is very welcome. (Development partner #6)*

Almost without exception, GoI respondents spoke of the importance of GoI taking the lead whilst not losing the administrative expertise and support of the World Bank, through the PSF team. On the other hand, when ideas were explored with agency representatives in relation to embedding PSF in GoI agencies or GoI managers having the day to day oversight, the review team was often met with a variety of reasons why these would be difficult, with time and physical space being the two most obvious.

There is an apparent dichotomy in play. GoI representatives, from whichever level, claim the essential need for GoI to have more direct control of PSF. Yet there is an observable reluctance to take action to make this happen. If GoI seriously wants to take the lead it needs to address its reluctance and the barriers that are said to be making it difficult. Clearly, it would not be possible to simply transfer responsibility of the PSF across to GoI.

Recommendations in relation to making the transition from the over reliance on PSF are made in the section ‘Future’.

**2.2.4. A strong focus on supervision viewed by other stakeholders as the role of GoI**

The PSF team has a strong focus on, and commitment to, supervision and monitoring of PNPM activities. This was evident from the passion with which team members talked about their responsibilities and obligations and from the emphasis and importance placed on good governance. The 2011 PSF Progress Report outlines several new initiatives that have been implemented to further strengthen supervision and monitoring.

Effective supervision is essential for good governance. The PSF team is playing an essential role in this, especially as GoI does not have sufficient capacity to oversight PNPM as comprehensively as it needs. It is evident that without the PSF resources and expertise, GoI would not be able to supervise and monitor PNPM adequately. The review team has been advised that this situation is a legacy of the rapid expansion of PNPM Mandiri to a mainstream, nationwide program in an environment in which GoI did not similarly scale up its internal resources, processes and systems to match this demand. This failure to adequately resource government agencies appears to have adversely affected PMD in particular. As a consequence, GoI does not have the skill or expertise to conduct the necessary supervision of PNPM and relies heavily on the PSF team.

The quality of the supervision undertaken by the PSF is not questioned by any of the stakeholders – nor the need for some continuing role in supervision by the PSF team. However, a persistent concern from across stakeholder groups was to do with approach. As noted earlier in this report, there is a strongly held view across stakeholder groups that the PSF team’s approach has been one of taking responsibility for oversight of PNPM activities rather than supporting GoI in its responsibilities.

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25 Development partner #8
26 Development partner #3
27 Development partner #2
28 Development partner #3
29 This was reported by a range of respondents from within GoI, development partners and the PSF team. It is also widely reported in PSF documents such as the 2011 PSF Progress Report.
30 A number of comments illustrating these views have been included in the discussion under ‘Objective 2’.
Certainly, PSF team members were adamant that they hold the oversight responsibility and that whilst supervision is also undertaken by GoI, the PSF’s role is to “…check the checkers, supervise the supervisors”.\(^{31}\)

We have already acknowledged that we can understand why PSF team members with a strong commitment to good governance and the external demands from development partners might have stepped in to fill an obvious vacuum in capacity. However, as also noted previously, the literature advises us that external ownership and direction will not result in effective institutional strengthening. Further, the anger expressed by a number of GoI respondents about this approach has the potential to adversely affect relationships.

By and large, respondents indicated that personal relationships between GoI, the PSF, and development partners are positive, with stakeholders speaking about individual counterparts very favourably. However, it is evident that at the institution to institution level there has been a breakdown in relationships. It was common for respondents to speak about the counterpart institution in negative terms. For example, whilst admiration for individual government officials was expressed, respect for government, as an institution, was less obvious. Similarly, whilst respondents made positive statements about individuals in the PSF team, they were dissatisfied with the World Bank as an institution.

One of the complicating factors appears to be the dual role played by many PSF staff as they marry their PSF responsibilities with those associated with oversight of the World Bank loan. Whilst the PSF team and World Bank representatives see no issue with this dual role, almost all other respondents expressed concern. The complexities of this dual role are particularly evident in the areas of supervision and monitoring.

The many respondents who expressed concern recognised that the World Bank has particular responsibilities in relation to fiduciary controls and that it exercises specific authority as part of the loan. Its role in oversight of the loan was unquestioned by respondents. This function is perceived as belonging to the World Bank. However, the strong common view across all stakeholder groups is that the PSF is a mechanism to support GoI and should be directed by government. It is in this context that the large majority of respondents, regardless of which stakeholder group they come from, were adamant that PSF should belong to GoI and that the functions associated with the World Bank loan should be separated from the support that is provided by the PSF. This point of view is illustrated in the following:

> The PSF helps in ensuring compliance with pre-conditions for the World Bank. This means that the PSF is not 100% focused on the PSF. I know that the World Bank and the PSF rationalise it as helping the program but it still diverts attention from the actual job PSF should be doing.
> (Development partner #5)

The two roles – support versus compliance – are framed in completely opposite philosophies and therefore make it almost impossible for PSF staff to work in facilitative, empowering ways to the extent that is needed. They cannot be directed by government whilst simultaneously directing government, a role implicit in the relationship that exists as part of the loan. We suggest these functions be separated as soon as is practically possible. The review team was interested to hear at the recent JMC meeting\(^{32}\) that the PSF has been working on clarification and distinction between these two roles.

**Recommendation:** The Senior Manager, Social Development, PSF to immediately identify and take steps to operationally separate World Bank and PSF functions

The changes made to the Field Team roles last year provide a good foundation on which to begin to separate the functions. The facilitative processes that these staff are now using promote the important endogenous solutions to governance issues. However, the work of the team is still directed by PSF rather than the government and, despite their good underlying practices, the field staff see their work as being external to government. They spoke of reporting their field visits to PSF task team leaders, not the relevant implementing agencies. They “invite” PMD to join them on field visits when in fact supervision and support is actually the responsibility of GoI.

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\(^{31}\) PSF staff #3  
\(^{32}\) September 2012
It is apparent that despite their facilitative approach, the management tools are not being developed collaboratively with GoI. The risk-based approach they have developed for identifying where to focus efforts and the subsequent real-time data they maintain was described as theirs. For example,

*PMD really likes our data. They have said ‘We want you in our office, this data is good.’ They ask us to present the data we get from the provinces – they don’t have this. Our [data] is fresher than theirs. We can get it anytime because we have the program.* (PSF staff #5)

When asked why these management tools were not developed with government and are not transferred to them for their use this same respondent replied:

*You need to understand the rules of the game. We developed the tools and then share the information because unfortunately they [GoI] can’t use them till the government endorses them [the tools]. Yes it would be possible to develop with government but World Bank requirements say we have no access to government [at the national level], only the Task Team Leaders, unless government asks for our input specifically.* (PSF staff #5)

This suggests that there are some bureaucratic barriers within the PSF team that need to be addressed so that a joint approach with GoI is enabled. The review team was pleased to be advised by the PSF management that this matter has already begun to be addressed.\(^3^3\)

The issue of ownership and leadership is unlikely to be resolved sufficiently whilst the various functions sit outside government. Certainly, if we are to take the lessons from the literature, PMD is not likely to fully embrace its responsibilities whilst the responsibilities are outsourced to an external international party. The current approach risks “a capability trap”,\(^3^4\) where “reform dynamics are often characterized by ‘isomorphic mimicry’ – the tendency to introduce reforms that enhance an entity’s legitimacy and support, even where they do not demonstrably improve performance.”\(^3^5\)

Clearly, a simple transfer of functions is not the answer. Clearly, development partners and senior GoI leaders want to be assured of continuing fiduciary and supervisory oversight. We suggest, therefore, that whilst the PSF teams continue to support GoI in the supervision and support of PNPM, the responsibility for supervision, monitoring and support that currently resides in PSF be gradually handed to the mandated agencies. To facilitate this change, we suggest that the relevant PSF teams be embedded in the appropriate GoI agencies. Naturally, this will require a well-planned transition and succession planning developed collaboratively between PSF and the relevant agencies. The intention here is not for PSF to withdraw from this function but to undertake it under the direction of the relevant GoI agency.

**Recommendation:** The Senior Manager, Social Development, PSF and the relevant delegate in each of the implementing agencies to ensure the collaborative development of staged transition plans to embed the PSF teams responsible for supervision and support into relevant GoI agencies so they can continue to undertake supervision and support functions but under the direction and leadership of the relevant GoI agencies.

At the September JMC meeting, the PSF team presented its preliminary response to the draft report of this review and outlined a proposal to embed teams in client institutions that it has been discussing with GoI. In that presentation they outlined the possibility of contracting an audit firm to take over routine fiduciary oversight and implementation support functions. The review team considers this option as having some merit, especially if: a) it separates out the conflicting dual roles; and b) PSF staff are still charged with supporting the implementing agencies strengthen their capacities to undertake the regular supervision and oversight of PNPM that is, clearly, those agencies’ responsibilities.

\(^{33}\) Advice from PSF as part of comments to draft report


\(^{35}\)Ibid. pg. 2.
2.3. Important involvement of civil society organisations is in an early stage of development with opportunities for developing partnerships

The participation of civil society organisations in PNPM is important for good governance. Involvement is being promoted through projects such as PNPM Green, Peduli and the upcoming second phase of the Local Governance project. These projects provide some development partners with opportunities to invest in areas in which they have particular interest, namely strengthening local governments and non-government organisations.\(^{36}\)

Civil society organisations reported satisfaction with being able to participate in PNPM. Those involved in Peduli reported that the peer-to-peer support and capacity development is working particularly successfully. Similarly, these same organisations and those involved in PNPM Green spoke favourably of the opportunities the projects are providing for mutual learning. Representatives of those associated with PNPM Green spoke proudly of the technical assistance they provide to governments and communities at the local level as well as the joint work they are doing with government at the national level to develop training materials. They also reported having been an active part of the design discussions for the most recent stage of PNPM Green. For these particular organisations, the relationships they have with government sound to be more mature, reflecting the longer history of the project.

A key part of this empowerment of civil society organisations is the facilitation of partnerships with government. As one of the development partners\(^{37}\) highlighted, the primary purpose of encouraging participation of civil society organisations is not so communities can implement small projects. The key purpose is to empower such organisations and, through them, local communities, so that people have the knowledge, skills and confidence to demand that government delivers what it should be delivering.

The civil society organisations that participated in this review indicated that, under normal circumstances, they have few opportunities to access government directly and therefore to develop relationships. Similarly, several GoI respondents reported having limited experience in working collaboratively with civil society organisations. Therefore, both parties are reliant on the PSF to help navigate the pathways and facilitate the development of relationships.

Each of the civil society organisations that participated in this review expressed a desire for the PSF teams to play a stronger role in helping them develop relationships with GoI and for agencies to actively seek out opportunities to get to know them.

*PSF is supposed to help us with our relationships with GoI but we never have opportunities to speak with Bappenas and MenkoKesra. They attend events for ceremonial things but we are not given time at the end to speak with them, to build our relationships. (Community service organisation #4 – involved in Peduli)*

Even for PNPM Green, where relationships are more mature, respondents are seeking more assistance from the PSF teams in bridging the gap. For example:

*PSF could be playing a more significant role in bridging between CSOs [civil society organisations] and government. One of our Green projects is next to a national park so bridging work with MOHA, Forestry, Marine and Fisheries would help…CSOs need more capacity in working with and advocating to GoI… We don't have the conduits…PSF should be more like a facilitator and less like a donor. (Community service organisation #3 – involved in PNPN Green)*

In exploring reasons these relationships are not being facilitated as organisations are requesting, it became evident that the issue of ownership, as discussed in the last sub section of this report, is having an impact.

\(^{36}\) Development partner #6

\(^{37}\) Development partner #5
Although these projects were championed by Bappenas and Menko Kesra in their formative stages, it is apparent that GoI is not the owner of them during implementation. PSF staff, not GoI, take administrative oversight of these projects, which are executed by non-government organisations. PSF staff speak of ‘inviting’ GoI to take part in various activities, which is language of ownership not facilitation. GoI respondents feel that they are on the periphery of these projects and expressed great frustration with not being integral to the management of them.

Whilst it is fair to argue that the PSF team needs to take a more inclusive approach to these projects by facilitating GoI participation and ownership, it is also apparent that the GoI needs to be more assertive if it is serious about playing a more significant role. Perhaps a first step might be for Menko Kesra, in its coordinating role, to host discussions between PNPM-related agencies and the PSF team to explore mechanisms for achieving more of a joint approach to the various civil society projects.

Apart from the issue of ownership, the other important reason for facilitating relationships and partnerships is to do with helping strengthen government’s capacity to work with civil society organisations. At present, the strong emphasis, particularly for Peduli, is on strengthening civil society organisations, local non-government organisations and local communities.

Whilst this bottom-up approach resonates well with the community empowerment focus of PNPM, the review team suggests that it is equally important to support government in preparing to meet the demand from communities that is likely to increase as a result of these projects. This should not be left to happenstance.

Incorporating a complementary top-down approach in which government agencies are supported to develop the knowledge and skills to reach out to civil society organisations would help progress this particular PSF objective further. How to work effectively with civil society organisations and the most marginalised people is not something that will readily fall into place for government staff. If it did, then there would be no need for projects such as Peduli. The representative of one community service organisation participating in Peduli expressed concern that unless such relationships and partnerships were a key part of the project government agencies might not develop an understanding of their responsibilities to reach out to all people.

There needs to be more opportunities for government [at national and local level] to develop ways to reach marginalised people. We [civil society organisations] don’t want to do this when it is the job of government…We have many good practices we could share with local government and national government but we have no channels to share good practice; no opportunities to discuss with government. (Community service organisation #4)

**Recommendation:** The Deputy to the Minister for Poverty Alleviation and Community Empowerment, Menko Kesra (in role of coordinating ministry) and the Senior Manager, Social Development, PSF to ensure that relevant GoI agencies and PSF staff collaborate to develop and implement planned activities to enable GoI to develop knowledge and skills to work in partnership with civil society organisations

### Objective 4:
Support high quality monitoring and evaluation efforts

#### 2.4. High quality analytical work is helping build evidence-informed policy and programs and could be further enhanced through improvements in monitoring and evaluation

##### 2.4.1. Evidence of uptake of analytics to inform PNPM

Historically, PNPM has been seen as a platform for well-regarded analytical work. PSF has continued this through a range of operational and thematic studies. These have been used to evaluate the impact of PNPM, to explore areas such as access to PNPM by marginalised people and perceptions of governance, and to undertake longitudinal studies. According to one government respondent, PSF funds have enabled GoI to draw upon the best minds in Indonesia. It appears that several of the GoI agencies are commissioners of operational and policy studies, especially Bappenas, Menko Kesra and TNP2K.

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38 According to several respondents across stakeholder groups
39 GoI respondent #6
An example of good uptake of the findings of PSF-funded studies is the way they have helped inform government policy and program design. Generasi was developed in response to presented evidence, as were Peduli and the Local Governance project. Likewise, the draft Road Map reflects findings from analytical studies. Importantly, uptake occurs beyond agencies responsible for PNPM, with TNP2K being the most obvious example.

Uptake of findings is also evident in the significant changes to the management information systems of the various implementing agencies that are currently being planned. According to respondents from within Bappenas and AusAID, studies have repeatedly shown that existing systems are poor, resulting in weakened capacity of GoI to target poverty reduction and other social programs to the most needy.

Sharing knowledge is obviously valued highly by the PSF team. Clearly they are having much success in sharing knowledge and ideas internally. Almost without exception staff described the PSF team as a dynamic, learning environment. There are processes in place for sharing findings of studies with key stakeholders, though there is insufficient data to determine the efficacy of these. For example, Brown Bag Lunches are held on a regular basis but a review of the attendance lists indicates that these are, largely, only reaching PSF and World Bank staff. Studies and policy briefs are available on the PSF website, though no data was available to indicate which of these are downloaded. Similarly, it does not seem that data is kept to track citations of PSF-funded studies, briefs, working papers and articles.

Knowledge management is a component of this particular PSF objective and whilst quality, uptake and outcomes are not easy to measure, there are some generally accepted ways to do this that would be worthwhile for the Analytical Team to consider. This should occur within a knowledge management framework or strategy so that chosen measures have meaning and are not ad hoc.

**Recommendation:** The Manager of the PSF Analytical Team, within a guiding strategy or framework, to implement a range of methods to measure its success in knowledge management

Now that window three is being implemented, a new set of potential users of PSF-funded studies is evident: that is, civil society organisations. None of the civil society organisations that participated in this review were aware of the various PSF-funded studies but expressed great interest in them. There would be advantages in these organisations being added to stakeholder lists to receive invitations to various presentations. Similarly, if facilitation of partnerships between GoI and civil society organisations are improved, as was recommended in the earlier sub-section of this report, the necessary links for this knowledge sharing could be nurtured through those processes.

From the process described by various respondents, it appears that the PSF Analytical Team and relevant GoI staff work closely through all stages of a study – from initial concept, through design, commissioning and consideration of findings. This suggests not only a recognition by the Analytical Team of the importance of ownership by GoI in such studies, but also a commitment by GoI for using evidence to inform its work. The review team noted that the Analytical Team could also see advantages of being integrated with the monitoring and evaluation team attached to TNP2K.

The PSF management recognised the importance of the analytical work being eventually transferred to a national institution and reported having already begun to think how this might happen. Whilst the monitoring and evaluation team of the TNP2K is not a permanent body, integration with it might, nonetheless, provide an important first step.

**Recommendation:** The Manager of the PSF Analytical Team and the Manager of the TNP2K Monitoring and Evaluation Team to collaboratively explore how they might integrate team members and their work

Whilst a key aspect of this objective is to help strengthen the capacity of local institutes nothing formal is occurring to achieve this. Rather the process, as described by both PSF staff and respondents from local institutes, relies on incidental strengthening when local institutes are invited to participate in studies. Respondents from local institutes reported appreciating the opportunities to undertake studies and to be involved in the design of these. However, they said that there has been no dedicated strengthening of their capacity or, to their knowledge, of other institutes.

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One of the areas they expressed some disappointment about was the non-progression of a proposed regular qualitative studies forum. They see that this would be a key area in which PSF could support them because of the access PSF has to good qualitative researchers. Respondents said that they would welcome mentoring in the area. A PSF team member reported that a formal approach to strengthening local institutes is currently being developed in partnership with the Partnership for Knowledge-based Poverty Reduction (PKPR). To guide this work, the review team refers the PSF team to findings of the recent independent review of the PKPR, available from PKPR or AusAID.

2.4.2. An absence of a monitoring and evaluation plan for PSF

Whilst PSF-funded analytical work is strong, there is no formal monitoring and evaluation plan for measuring the PSF objectives. Instead, progress has begun to be monitored through individual team work plans, which indicate specific deliverables. Work teams report quarterly against these. However, it is difficult to ascertain from these reports the extent of progress against the four PSF objectives. Similarly, progress against the four objectives is not easily found in the annual PSF reports.

It is difficult to gain a sense of whether the PSF is targeting its efforts effectively. Currently, it is not clear how success is being conceptualised, particularly for the more abstract objectives relating to strengthening GoI capacity and facilitating partnerships. The underlying theories of change (for the PSF overall, and for the four objectives specifically) are not obvious. There is no overarching direction to guide the selection of the team’s activities. This is more than a monitoring and evaluation issue but an absence of strategic planning, which is commented on later in this report.

It is important for the PSF team to measure and report on progress against its four objectives, not only against the particular projects it is managing. A monitoring and evaluation plan that is informed by a well-articulated program theory would be a useful management tool to achieve this. The review team acknowledges the emergent nature of some of the PSF work and suggests consideration of recent evaluation literature for promoting the use of program theory in complex and emergent environments.41

Recommendation: The Senior Manager, Social Development, PSF to ensure that the Technical Secretariat develops a monitoring and evaluation plan that is informed by the program theory that underpins the PSF and enables measurement of progress against the four PSF objectives

3. Relevance

3.1. Basic processes are in place to help ensure a good level of alignment with PNPM and GoI poverty reduction program

Basic processes are in place to help ensure a good level of alignment with PNPM and GoI poverty reduction program. Proposals are developed using a common template that calls for a rationale and performance indicators, although, according to several respondents, the quality of some proposals could be improved.

Concepts and proposals should, for purposes of ownership and leadership, be developed in collaboration with relevant government agencies. The review team was advised by several different respondents that this is not always the case. Reasons given for sometimes bypassing a joint approach included limited availability of GoI staff and demands from development partners to progress a concept quickly.

In some instances, the joint processes are truncated, possibly inadvertently reinforcing the ownership and leadership issues. For example, one development partner respondent indicated that whenever government requests her agency to consider a possible new initiative, she always further develops the concept with the PSF team. She might or might not include the government representatives in those discussions. Whilst the review team acknowledges the time consuming nature of a collaborative, government-led process, if institutional strengthening is the goal (rather than developing and implementing projects), then it is important not to short circuit the necessary processes.

The submission and approval process of proposals has had a chequered history. Several respondents reported that up till last year the process was very ad hoc with separate GoI and PSF team proposals. According to these respondents the GoI proposals were not always well formulated, in the absence of PSF support needed to develop them. As a result some government-led proposals had more difficulty in obtaining approval, which was interpreted by some respondents as government ideas not being supported.

According to several respondents from across the stakeholder groups, during these particular years, the process for considering and approving proposals was also not effective, with several being submitted directly to the JMC without having been considered by the Technical Committee. This was reported as a source of much frustration for many JMC members.

Over the past year, Bappenas has strengthened the Technical Committee process so that it works more effectively. The process for proposals is now clearly through the Technical Committee, where the concept is discussed and assessed by a multi-stakeholder panel. The committee uses a tacit list of criteria to assess proposals. This list includes such things as: compliance with the required format; suitable key performance indicators; supports PNPM; alignment with GoI policy; strategy good enough to progress PNPM and the desired objectives; budget makes sense; and concept has been discussed with stakeholders. The process could be strengthened further by Bappenas facilitating the development of an agreed, written list of criteria. This list could then also form the basis of a matrix table that summarises proposal assessments for the JMC. This could help to further streamline approval processes.

As part of commenting on the draft report, the Technical Secretariat indicated that it has been discussing with Bappenas how to systematically tap into global best practice as a means of further strengthening the overall proposal process, not just the check list.

**Recommendation:** The Director of Poverty Reduction, Bappenas, as the chair of the Technical Committee, to ensure a jointly developed agreed set of criteria is documented for assessing all funding proposals and that this be used to consistently assess proposals and to form the basis of a succinct report of proposal assessments for the JMC.

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42 According to most development partners and the PSF team
43 Collation of criteria provided by different respondents
The last step in the process is the final approval and endorsement by the JMC. The review team has been advised that this year, apart from one recent example, proposals are now following the due process of being first considered by the Technical Committee then a summary is given to the JMC for final endorsement. The one episode this year of a proposal not going through due process apparently sparked significant displeasure among the JMC members, especially as it was put forward by a senior government JMC member. Indeed, the tone in which respondents reported this episode suggested that such breaches of process place relationships among stakeholders at risk because they compromise transparency and good governance. It is important, therefore, that the JMC insists on all funding proposals following the agreed due process.

3.2. Need for strategic direction and clarity to help ensure alignment and relevance

A brief review of proposals for 2011 and 2012 suggests that new proposals are, generally, developed as a result of findings from studies or from observed operational issues. What is less clear is how each proposal progresses a broader vision and direction. Whilst the majority of respondents consider individual proposals have merit in their own right, they expressed concern that in the absence of a strategic direction, it is too difficult to assess the extent to which such proposals will impact on the program and the desired outcomes.

A number of development partners reported having long called for a strategic direction to guide the PSF. The slow uptake of this by government has been a source of frustration for them. These respondents suggested that the slowness to provide this direction has been exacerbated by the changes within government and its associated structures. They suggested, for example, that some Directors who might have had the capacity and inclination to provide this leadership are no longer in positions directly relating to PNPM and PSF. Simultaneously, it appears that there have been structural changes to Directorates that have made lines of accountability and responsibility for PNPM and PSF less clear. Similarly, the establishment of TNP2K is reported as having further exacerbated such confusions.

Importantly, key GoI personnel advised that they have begun to take actions to help address some of these confusions. This includes clarifying the respective roles and responsibilities of Menko Kesra and TNP2K. Another is the development of a PNPM Road Map, which even in its draft form is providing needed direction. The PSF teams reported that they have already begun to use this to review their draft work plans for the coming year to ensure they are well aligned with the Road Map. For some PSF teams this is adding further value to their existing periodic joint reflective sessions with the relevant government agencies that are used to review and refine the focus and priorities of their team’s work. A recommendation in relation to a PSF strategic plan, which should align with the PNPM Road Map, is made in the chapter ‘Organisational’.

A further comment in relation to alignment with priorities and overall relevance of activities is the need for the PSF to have a clearer understanding of the underlying theory of change that is driving its work. This issue has already been discussed in an earlier section of this report so will not be outlined further here other than to point out that a well-articulated theory with its various change theories and assumptions can be a valuable management tool for ongoing assessment of alignment and relevance.

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44 According to several of those in attendance at the particular JMC meeting
4. Efficiency

4.1. World Bank standards and reputation are important points of additionality and should enable expectations of partners to be met

Respondents reported an underlying belief that funds are executed effectively and efficiently because the World Bank is at the helm. One of the deciding factors for development partners was the standards and reputation of the World Bank. This brings an important point of additionality in terms of mitigating perceived risk and assuring partners of a level of fiduciary control that is expected to surpass what many other administrators could bring. With the World Bank as the administrator, government and development partners are assured of internationally accepted procurement, accounting and audit standards and controls.

However, the majority of development partners and government respondents expressed a degree of dissatisfaction with the level of reporting and transparency of information. There is a view among some respondents that the World Bank is being complacent. For example, despite the need for annual audits, respondents said that they have not seen evidence of these. The review team, when it asked for copies of the two most recent audits, was advised that these were not available.

There was a palpable level of frustration among development partners and GoI respondents. They reported having asked over a long period of time for more detailed financial reports yet were still not receiving what they required. Whilst the most recent progress report has responded to some of the requests by including targets, these are simple output numbers with no indication of whether the achievements are on or below target. Many JMC members are seeking an understanding of how the PSF budget and program implementation are tracking against predicted expenditure and timelines, with variances reported and explained. Yet they reported receiving nothing more than is available to the general public, which is broad in nature. The dilemma this poses for development partners is illustrated in the following comment:

We believe the funds are safe with the World Bank but we don’t get the whole picture.

(Development partner #4)

Similarly, the review team was not able to access anything other than basic data about contribution and disbursements. Clearly, this level of financial and programming data is not meeting the needs of national or development partners. Nor does it comply with good practice for multi-donor trust funds, which calls for detailed, timely and functional reporting to management committees to facilitate decision-making, and develop a strong sense of ownership.

PSF Technical Secretariat respondents were somewhat perplexed that JMC members were not satisfied with the level of data it is receiving because they believe that they have responded to identified need. The review team was not able to determine why there is a disparity in perception between the Technical Secretariat and the JMC members but it is clear that expectations are not fully understood. It will be important for the JMC to clearly articulate its financial and programming data needs so that the PSF team can then respond accordingly.

Recommendation: The Chair of the JMC to ensure that the JMC clearly articulates its financial and programming data needs and that the PSF team responds accordingly

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45 2011 PSF Progress Report
46 Refer to Annex 1
4.2. Need for greater clarity

Table 1: Contribution by country 2008-2012

As noted previously, the trust fund has successfully attracted new donors since its inception, resulting in a significant increase in funding. The PSF reports on formal pledges and, as can be seen from Table 1, this increase has come in spikes as donors have entered the fund or increased their contributions.

The review team was advised by at least one donor (AusAID) of an intention to significantly scale up its contribution in the coming financial years. PSF can therefore expect to manage an increasing portfolio.

The PSF Technical Secretariat reported that its disbursement rate is keeping pace with expectation. However it proved difficult for the review team to verify this. Whilst the Quarterly Financial Management Report March 2012 supplies the actual amounts disbursed it does not indicate if this is in line with the planned budget. Similarly, the Quarterly Work Plan for the Technical Secretariat does not indicate progress against the specific deliverable ‘Actual disbursements in line with annual forecast for FY 12 (+/- 10%)’. In their comments on the draft report, the Technical Committee advised that, for the calendar year 2011, the burn rate (actual versus forecast) was 86%. They further advised that detailed disbursement projections have been developed for all projects and explanations on variances will be reported on in future reports.

Diagram 2A: Contributions and disbursement – cumulative 2008-2012

When we looked at a comparison between contributions and disbursements we saw an initial widening gap between the two over the past two years (refer diagram 2A). For example, the disbursement of funds at cumulative figure required approximately 18-20 months to materialise at the initial stage of PSF, as indicated by the green arrow. This altered to approximately 12-14 months in 2009 and in 2010. With an increasing cumulative value of funds until 2011, the gap between committed funds and disbursement become wider. From the data available to the review team there was no apparent reason for this possible gap. One explanation is that this might be a deliberate widening of the gap to ensure availability of funds for pre-approved future activities, though this was not indicated by the Technical Secretariat staff with whom the review team met. On the other hand the gap might suggest an increasing challenge for the PSF to disburse the funds quickly and effectively.

Diagram 2B: Contributions and disbursement – cumulative 2008-2012

As a response to the draft report, the Technical Secretariat provided additional information which has been charted in diagram 2B. This suggests that, whilst the gap was widening until the first half of the 2012 year, a major increase in disbursement in the third quarter has resulted in 71% being disbursed. If this pace is maintained, the gap will, in fact, be consistently narrowing. The review team’s initial concerns have been allayed.

However, the difficulties encountered by the review team in clarifying the situation highlight two issues. The first is that financial information was not readily accessible, confirming for us the issue that was raised by the development partners in relation to information they seek.
The other difficulty for the review team in trying to assess the actual situation is that the JMC has not developed a resource allocation strategy. As can be seen in Annex 1, good practice for multi-donor trust funds includes the setting of a high level funding strategy. Apart from such a strategy providing a basis for the assessment of spending proposals, it would also guide the administrator in relation to the amount and rate of disbursements, and set some internal benchmarks against which to judge such performance.

**Recommendation:** The Chair of the JMC to ensure the development of a high level resource allocation strategy to guide the work of the PSF and the various funding proposals.

**Diagram 3: Disbursement by window 2008-2012**

In the 'Effectiveness' chapter we identified a potential unintended consequence of the trust fund's success in terms of expanding at a rate beyond the capacity of GoI. Financial data also show that in 2011 disbursement to GoI through Window 1 far exceeded amounts disbursed in previous years and in 2012 – refer to Diagram 3. With the level of financial data available to it, the review team was not able to ascertain if GoI managed to actually spend this large injection of funds, which would help in understanding if GoI has the absorptive capacity, so we suggest that JMC review this situation with the PSF team. Once again, this highlights the importance of accessible information.

4.3. **World Bank processes are frustrating many stakeholders**

A dilemma for stakeholders is that whilst they recognise and welcome the comparative advantages of the World Bank in regard to its high quality standards and processes, these often mean protracted negotiations and constraints that can work against acting quickly or flexibly.

4.3.1. **Need for more flexibility when working with civil society organisations**

Peduli is an innovative project that seeks to work with civil society organisations to explore better ways of reaching the most marginalised people in the community. Whilst there are common overall objectives, participating partner organisations will implement the project in different ways, depending on the particular hard-to-reach target group.

The PSF has contracts with a small number of executing organisations at the national level, which in turn, negotiate contracts with smaller, local organisations. This on-granting arrangement is new for the World Bank in Indonesia. Similarly, participating civil society organisations have not before worked with the World Bank, though many have experience with grants from donors and with other trust funds.

The participating organisations reported the World Bank processes and systems as being very strict, complex and prolonged – much more so than their experience with other donors. Whilst the civil society organisations stated they fully agree with the need for good fiduciary controls, they have been frustrated by the need to use World Bank templates when they have their own, which could have been adapted to meet the added requirements. This is allowed by other donors and one development partner reported that this practice is what the JMC agreed to when approving the Peduli project. The executing organisations reported having been offended by having to use World Bank templates and feeling that the PSF did not trust them. One respondent said, "This is not polite. This is not the Indonesian way." Another questioned the meaning of partnership if the relationship they are experiencing is one in which the World Bank is dominating.

The procurement process has been overly complicated for the many of the 63 organisations involved. Rigid procurement processes more suited to large purchases were demanded for even single items such as laptops and the purchase of a goat from the market. A typical response was: “Three quotes for a goat with many steps and lots of paperwork is a very stupid process.”

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注: Community service organisation #5
The mandatory use of World Bank templates increased the transaction costs for these organisations, all of which are not-for-profit. They reported it took two to three months to finalise the initial agreement, between six and eight months and much work to harmonise their systems with the World Bank, six months to develop the manual, and 10 months to reach the point where they could procure. The protracted and complicated processes meant that the start-up period was very slow, which frustrated the proposed beneficiaries and the government agencies that have championed the particular project.

The PSF staff reported that they have been making efforts to negotiate greater flexibility within their system with some small successes. This is a welcome intervention. A key part of Peduli is the ongoing action learning. It will be important that this learning is taken up by all partners, including the World Bank, and adaptations made to make future such projects less onerous.

4.3.2. Grant cycle is perceived as cumbersome

Respondents from the World Bank and the PSF Technical Secretariat reported that PSF grant processes and cycle are similar for any other World Bank grant or loan. However, it was a common issue raised by government respondents, with several of them unfavourably comparing the timeliness and responsiveness of the World Bank processes with those of other donors. One example given was a timely grant from another large donor of US$15 million being processed and placed on-budget through the Ministry of Finance in a matter of a few weeks whereas the process for a much smaller grant through the PSF had reportedly taken a year.

According to a few government respondents48 the grant cycle is made more complicated and therefore prolonged because of changes to the World Bank requirements. The review team was advised that since 2010 all grants in excess of US$5,00049 must be approved by Washington. This has been another source of frustration for GoI, as illustrated in the following comment:

*Why should we have to go through the Washington process when donors [who have put into the trust] have already approved the use of their funds? It should not have to be standardised with all other World Bank trust funds. The approval should be in Jakarta, not Washington. They [World Bank] are supposed to facilitate things, to help us with our needs but this is making it more difficult.* (GoI respondent #2)

The PSF grant cycle might not, in truth, be any longer or more complicated than equivalent grants from other sources. On the other hand, it might be so with very sound reasons or it might indicate some need to review and refine processes. In the interests of harmonious relationships with partners, there would be merit in the PSF undertaking a benchmarking study of its grants process and cycle. Including representatives from government development partners in the study team would assist transparency.

*Recommendation: The Chair of the JMC to commission a benchmark study to assess how PSF grant processes and cycle compare with contemporary good practice*

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48GoI respondents #1, #2, #3, #7
49NOTE: the GoI respondent, who was an echelon 2 person, was adamant that the amount is $5,000. The Technical Secretariat advised the review team that the amount is $5 million.
5. Organisational

5.1. An appropriate governance and management model that could be strengthened through some tweaking

5.1.1. Need for formal clarification of roles and responsibilities

The PSF is framed within an appropriate governance and management model that aligns with good practice for multi-donor trust funds (refer to Annex 1). All four suggested components are present in the PSF, namely: a management committee for overall governance and decision-making (the JMC); a technical review group to review and advise on funding proposals (Technical Committee); an administration body (the Technical Secretariat); and a body for policy and strategy discussion (Pokja Pengendali). Because of the particular institutional structures for poverty reduction in Indonesia, TNP2K also provides policy and strategy at the broader poverty reduction level.

Whilst some members of the Pokja are also members of the JMC, the two bodies are essentially separate, helping to ensure separation of functions, as is good practice. However, a common theme of the review was that the various roles and responsibilities and what the interface should be between JMC and Pokja, and between Pokja and TNP2K have not been well articulated. As noted previously, this has possibly contributed to the individual bodies not always taking decisive action that stakeholders are seeking or in some cases taking action without due consultation with the others. As one GoI respondent stated:

“There have been too many fingers in the poverty reduction cake…it is not convenient for coordination because there are so many institutions without clear roles and responsibilities.”

(Official respondent #1).

Several of the development partners and PSF team members reported that the lack of clarity has been a source of both frustration and some disharmony between the different agencies. Examples were given where this disharmony has made a multi-agency collaborative approach almost impossible. It is encouraging, therefore, that some steps have been taken to begin to address this issue, with TNP2K and Menko Kesra (as the chair of the Pokja) having drafted formal clarification of respective roles and responsibilities. There would be merit in a similar clarification of the interface between Menko Kesra and Bappenas (as the chair of the JMC) as well as the interface of the PSF Technical Secretariat and Bappenas and Menko Kesra.

Recommendation: The Deputy to the Minister for Poverty Alleviation and Community Empowerment, Menko Kesra and the Deputy for Poverty, Labor, and Small and Medium Enterprises, Bappenas to ensure the formal clarification of the PSF-related roles and responsibilities and interfaces between their respective directorates and with the PSF Technical Secretariat

5.1.2. Include implementing agencies on JMC and Technical Committee

Good practice suggests that management committees should be inclusive of all relevant government areas. However the JMC does not include any of the implementing agencies. Nor are they a formal part of the Technical Committee, although the review team has been advised by the Technical Secretariat that PMD typically participates in meetings.

JMC respondents reported that when the PSF was formed, Bappenas and MenkoKesra were concerned that implementing agencies would face a conflict of interest and perhaps show bias toward their own agency and initiatives when making funding decisions. The Technical Committee processes have been improved over the past year, thanks to the efforts of Bappenas, making them more transparent and effective. In this context, it should be possible to include implementing agencies as full members of the JMC and Technical Committee and find appropriate ways of addressing periodic potential conflicts of interest. After all, both Menko Kesra and Bappenas are represented on both committees despite also being recipient agencies of PSF funds.

Not having the implementing agencies as part of these committees runs the risk of initiatives not being grounded in reality. It also means that the Technical Committee and the JMC must rely on the PSF teams for the on-the-ground implementation information that can help determine if a proposal is feasible or likely to succeed. Whilst the PSF teams are highly skilled, relying on them inadvertently undermines government ownership of projects and decision-making processes.
Strengthening the sense of joint responsibility is a further reason to include implementing agencies. Several government and development partners commented on the capacity issues of some of the implementing agencies, which impacts on their ability and desire to take on needed challenges. Having a joint responsibility through the JMC might help raise the sense of urgency for the faster reform that stakeholders want.

**Recommendation:** The Chair of the JMC to officially invite PNPM implementing agencies to join the JMC as full voting members and to actively participate in the Technical Committee

### 5.1.3. JMC needs to be more focused on strategy

A recurring issue was that of the JMC being too drawn into operational matters of funding proposals leaving no time for strategic decisions. All government and development partners indicated they want the JMC to be focused on such things as: strategic direction of the PSF; how best to respond to government policy; setting PSF level policy; ensuring alignment of PSF with the Road Map; assessing the performance of the PSF. Clearly, this focus would bring the JMC in line with good practice for multi-donor trust funds, as outlined in Annex 1. These good practices also indicate that the JMC should be setting and monitoring a high level funding allocation strategy to guide the work of the PSF and individual funding proposals. A recommendation in regard to this has been made in the ‘Efficiency’ chapter.

The pending PNPM Road Map will provide an important basis for setting a PSF strategic direction. Development partners who had long requested such a strategy reported seeing this as a welcoming sign of a more assertive government. As previously noted, the PSF teams are already beginning to align their work plans with the draft Road Map. The JMC and the Technical Secretariat must remember, however, that there will still be a need for a PSF strategy. This should be aligned to the Road Map and clearly articulate the expected outcomes for each of the PSF objectives. It is important to have an overall PSF work plan that guides the work of its various teams and activities and against which the JMC can assess progress and performance.

It is evident from interviews, work plans and a reading of the various reports that the four PSF objectives have not been fully clarified in terms of expected outcomes and performance indicators. Nor is there a specific process for managing the performance of PSF, only the separate work units. The review team suggests that the JMC take steps to address this, ensuring that the performance indicators include not only ones relating to the four objectives but also those outlined in the good practices (Annex 1), namely: a) capacity development of national institutions; b) the efficiency and effectiveness of the trust fund itself; and progress on fostering government ownership, including progress on preparation for the eventual transfer of the trust fund to a national authority.

**Recommendation:** The Chair of the JMC to ensure that the JMC and the Technical Secretariat jointly develop a PSF strategic plan that is aligned to the PNPM Road Map and clearly sets out expected outcomes of the PSF objectives with appropriate performance indicators, including capacity development of institutions, efficiency and effectiveness of the trust fund itself, and preparation for eventual transfer of the trust fund to a national authority.

At the September JMC meeting, the PSF team presented a draft proposal for long-term sustainability. This is the culmination of ongoing discussions with the JMC and reflects consideration of the draft report of this review. This could form the basis of a PSF strategic plan. One development partner emphasised the need for the recommendations from this independent review to be incorporated into the strategic plan and for a mechanism to be put in place to monitor that they acted upon. The September JMC meeting was advised that Bappenas, Menko Kesra and PSF management have begun to meet to discuss this very thing. In addition, it would be appropriate for Bappenas, as the JMC chair, to present a written government response to the recommendations contained in this report. Further, the joint working group of Bappenas, Menko Kesra and PSF team should draw up a simple implementation plan to action the recommendations and report to the JMC on progress.

### 5.1.4. Need for a better prepared JMC

In taking a more strategic focus, it will be important for the JMC to meet more regularly. The ad hoc nature of meetings frustrates JMC members, who reported a long history of cancelled meetings. Several development partners saw this as GoI not being committed enough to the PSF. A few also raised concerns about the poor level of preparation of government members especially in terms of achieving a coordinated approach. One partner reported:

*October 2012*  

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In meetings Bappenas took a different publicly stated opinion to that of Menko Kesra in front of the donors. This surprised me. It is not something we would do in my agency. (Development partner #7)

One possible reason for this could be the way in which the PSF has chosen to support the management committee. In this particular multi-donor trust fund, the roles of a Technical Secretariat have been split. The Technical Secretariat provides the financial management of the funds, delivers reports, and provides the administrative duties associated with the management committee. It also meets on a regular basis for ongoing and informal dialogue with Bappenas officials to discuss issues and priorities. It also meets with Bappenas to set the agenda and prepare for JMC meetings and consults with Menko Kesra about the agenda. However, according to respondents from both Menko Kesra and Bappenas, the Technical Secretariat does not undertake the direct support to prepare Bappenas and Menko Kesra in their respective JMC roles or to assist with needed coordination between the agencies. These functions have been given to secretariats separately funded by the PSF.

This approach seems to work against a coordinated approach and has re-emphasised the notion of the PSF being a separate entity attached to the World Bank rather than as an instrument of support to the GoI. This approach has also relied on the two government agencies identifying the level of support they thought they needed. In the case of Bappenas, they reported that they nominated only two positions because they felt they did not have physical room for any more. However, it became apparent during the review that this level of support is insufficient for Bappenas to meet its PSF obligations adequately with an undue burden falling on the position of the Director of Poverty Reduction.

The review team suggests that more secretariat support should be provided to Bappenas and that the agency needs to resolve the issue of physical space so that the secretariat can be located within the relevant directorate. The good practices outlined in Annex 1 suggest that, in order to promote government ownership, it is better to locate the administrator (Technical Secretariat) in the relevant ministry. One option the review suggests the JMC consider is the re-location of the existing Technical Secretariat to Bappenas. This, of course, would require the World Bank to separate out its loan-related functions.

**Recommendation:** The Senior Manger, Social Development, PSF to ensure that, following the separation of Technical Secretariat functions from the World Bank loan so it is solely dedicated to the PSF, the Technical Secretariat is located with, and reports to, Bappenas

5.2. PSF is offering good value to GoI and could now focus on maximising benefit

When considering the overall value of the PSF, its activities can be grouped under two headings:

i. primary activities - those that are directly concerned with administration of the trust funds; and

ii. support activities – those that cross cut to increase effectiveness or efficiency (in this instance, fiduciary management, capacity development and monitoring and evaluation) – refer to Diagram 4.

**Diagram 4: PSF multi-donor trust fund value chain**

The term ‘value’ implies that PSF, as a multi-donor trust fund, delivers value when it manages the linkages between all activities in the value chain. An analysis of the value provided by the PSF is summarised in Table 1. Essentially, whilst it performs well across all of the value chain activities, the value to GoI is not being maximised, especially in the areas of ‘managing the portfolio’ and ‘developing capacity’.

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50 Value Chain is a tool that can be used to analyse the activities that take place in an organisation and relate them to an analysis of the strengths of an organisation. Even though it originated in the private sector, the tool has been widely adapted for not-for-profit organisations.

51 Adapted for this exercise from work by Michael Porter.
Table 1: Summary of value factors of PSF and areas for improving overall value to GoI

<table>
<thead>
<tr>
<th>Activities</th>
<th>Value factors</th>
<th>Changes needed</th>
</tr>
</thead>
</table>
| Obtain donor commitment           | • Strong in obtaining donor commitment because of administrator reputation and standards  
• Supporting flagship program of GoI so attractive to donors  
• Savings in transaction costs  
• For some donors, provides entry to parts of GoI and other partners not otherwise accessed  
• Enabling good coordination amongst development partners and streamlining for GoI | • Some possibility that fund is expanding too quickly or by too much. Need to review rationale for continually expanding size of trust fund (and if it is always the best mechanism) to avoid expanding at a rate above absorptive capacity |
| Manage incoming funds             | • Majority of trust funds being placed on-budget through APBN so using GoI systems | • World Bank executed projects to be implemented by PSF teams but managed by a GoI manager |
|                                   | • Innovation possible in timely manner because of ability to include non-GoI executed projects |                                                                                  |
| Manage portfolio                  | • Development partners are participating in the various governance aspects of the PSF such as the JMC and Technical Committee, though more than half of them\(^\text{52}\) reported difficulties in meeting all the demands because of their limited resources | • Invite implementing agencies to join JMC and Technical Committee as full members  
• Clarify roles and responsibilities and interfaces between Menko Kesra and Bappenas, and with the PSF Technical Secretariat |
|                                   | • Moved from ad hoc assessment of funding proposals to more effectively going through Technical Committee | • Formalise assessment criteria for funding proposals to improve transparency and further streamline process |
|                                   | • Generally, proposals are informed by evidence  
• PSF team has begun to align workplans with PNPM Road Map | • Develop strategic direction to guide portfolio decisions  
• Develop high level resource allocation strategy to guide portfolio decisions |
|                                   | • Providing secretariat services to PSF team and funded some functions to Menko Kesra and Bappenas | • Strengthen secretariat services by:  
  o separating out functions of World Bank from PSF – currently dual role is seen to compromise the PSF  
  o embedding Technical Secretariat in Bappenas  
  o improving GoI preparation for JMC by coordinating the secretariats  
• Reporting is not meeting needs of JMC –  
  Clarify financial and programming data requirements so Technical Secretariat can meet needs |
|                                   | • Good practice indicates importance of preparation of an eventual transfer of funds management to a national institution – draw on comparative advantage of the administrator to achieve this |                                                                                  |

\(^{52}\) Development partners #2, #5, #6, and #7
<table>
<thead>
<tr>
<th>Activities</th>
<th>Value factors</th>
<th>Changes needed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allocate and transfer funds</strong></td>
<td>• Strict fiduciary and procurement controls</td>
<td>• Possibility that size of fund outstripping capacity to disburse with widening disbursement gap – review situation to ascertain if an actual concern</td>
</tr>
<tr>
<td></td>
<td>• Managing an increasingly large amount of funds</td>
<td>• Commission benchmark study to compare PSF grant cycle and process with good practice</td>
</tr>
<tr>
<td><strong>Develop capacity</strong></td>
<td>• Has provided capacity where missing, especially through: a) direct TA and b) technical skills transfer</td>
<td>• Approach is more skills development transfer rather than institutional strengthening. Having impact on GoI ownership. Use an approach that strengthens GoI ownership and leadership</td>
</tr>
<tr>
<td></td>
<td>• Incorporating CSOs in projects and strengthening their capacity – important for good governance and community empowerment</td>
<td>• Possibility that GoI is not funding needed positions and relying on TA. Review TAs to identify if any should be ongoing GoI funded and develop transition plan, where needed</td>
</tr>
<tr>
<td></td>
<td>• Promoting peer-to-peer learning and support – good for robust development of CSOs</td>
<td>• Implement staged transfer of PSF teams to relevant counterpart agencies</td>
</tr>
<tr>
<td><strong>Monitoring and evaluation</strong></td>
<td>• Strong in analytical studies - providing good evidence for policy and program development - with good uptake by GoI</td>
<td>• CSOs have limited access to GoI for relationship building. Facilitate and support GoI to develop knowledge and skills in partnerships with CSOs</td>
</tr>
<tr>
<td></td>
<td>• Strong culture of learning and sharing knowledge with good feedback loops and reflection for PSF teams – and for Peduli</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Connecting with M&amp;E counterparts in TNP2K</td>
<td>• Implement range of activities to measure success of knowledge management</td>
</tr>
<tr>
<td></td>
<td>• Strong attention and commitment to supervision and support. Increased focus and frequency. Now including field support to help local problem solving</td>
<td>• Explore how PSF Analytical Team and TNP2K M&amp;E team might integrate to maximise comparative advantages and common approach</td>
</tr>
<tr>
<td></td>
<td>• Now using work plans for each work unit with performance indicators</td>
<td>• Supervision and support : develop staged plan to transfer responsibility for supervision fully to GoI and embed relevant PSF teams in appropriate implementing agencies</td>
</tr>
<tr>
<td><strong>Fiduciary management</strong></td>
<td>• Best practice standards and processes</td>
<td>• Develop an overarching monitoring and evaluation plan to measure progress of PSF objectives</td>
</tr>
<tr>
<td></td>
<td>• Strong focus on good governance. Using a variety of suitable activities to improve governance and anti-corruption</td>
<td>• Develop more flexible fiduciary and procurement processes for civil society organisations – an ‘adequate’ rather than ‘best practice’ standard.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Clarify roles of, and develop a common approach between, the governance teams in Menko Kesra and PSF</td>
</tr>
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</table>
6. Future

6.1. Supporting government to prepare for eventual transfer of funds management

Whilst the future of the PNPM is not assured post the 2014 elections, most respondents express a view that the government will retain some form of community empowerment as part of any future poverty reduction program. Similarly, both government and development partners believe that there will still be a need for some level of donor-funded support.

From the outset of PSF, there has been an intention that PSF would be a bridging initiative, with the trust funds management being transferred to a national institute. Some government respondents expressed disappointment that the transfer will not be possible at the conclusion of the first contract period. However, assisting the government with needed preparation to progress this has not been part of the PSF work plan.

A few respondents expressed the belief that supporting the government to develop the needed capacity to eventually manage the trust fund itself is not the responsibility of the PSF. Reasons included the PSF not having the right sort of expertise and a National Trust Fund being too broad an agenda for a support facility attached to PNPM. However, good practice indicates that a key role of a multi-donor trust fund management committee should be to develop a clear preparation for the transfer of funds management, and for the administrator to help develop the capacity of the national government so this can occur. This should be a clearly articulated component of an exit strategy, which should be developed from the outset and monitored regularly by the management committee.

If the long-term agenda is for the support facility to be managed within a National Trust Fund, then the PSF can never meet its outcomes unless some dedicated action is taken to help progress this. It need not provide the technical assistance itself if it does not have the specific expertise but it is in a strong position to access it for the government through the access it has through the World Bank to a global network of experts and a global bank of knowledge. The review team strongly suggests that the JMC should set appropriate strategy to enable the PSF to facilitate this planning. In the meantime, locating the Technical Secretariat inside Bappenas would provide immediate opportunities for relevant government staff to learn the mechanics of funds management.

**Recommendation:** Following an appropriate direction from the JMC, the Director of Poverty Reduction, Bappenas (as the counterpart) and the Senior Manager, Social Development, PSF to develop a strategy to guide the preparation for the eventual transfer of funds management to a relevant national institution.

6.2. Make an overall cultural shift to GI ownership and leadership

The PSF is at a cross road in its life cycle. The PSF team has worked diligently to help expand the PNPM and to accept the ever increasing challenges in an environment in which GoI did not have the immediate capacity to do so and is still need of significant reform. There is widespread (but not total) agreement amongst stakeholders that, whilst the World Bank should continue to administer the PSF, it is time for it to take an approach that makes it less visible and for the government to more assertively take ownership. Indeed, prior to this review the PSF management had begun to develop an initial plan of action for consideration by the JMC and at the time of this review had begun preliminary discussions with Bappenas, as the chair of the JMC. Subsequent to the draft of this report, the PSF team presented its initial proposal to the September JMC meeting.

The review team suggests that the transition be carefully planned collaboratively by a representative sub group of the JMC, that is, one that is drawn from the PSF team, GoI and development partners. Some changes should be possible almost immediately whilst others, such as the preparation for the National Trust Fund, might be implemented in stages over several years. The transition should include:

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53 According to both government and development partner respondents

54 Refer to Annex 1
- A staged transfer of project management of World Bank executed projects to the relevant government agency. Execution of projects outside GoI is, essentially, an administrative solution to take advantage of more timely responses and innovation, not to bypass GoI ownership. All projects should eventually be managed by the relevant GoI agency, with PSF staff supporting the transition until the agency is able to implement the project independently.

- A staged transfer of PSF teams to their relevant counterpart agency, with the staff being accountable to a relevant manager in that agency. This might be different for each team and agency, depending on the situation. It might or might not involve physical location of the team with its GoI counterpart in the first instance, though this should be the eventual aim.

- A staged set of actions by GoI to purchase or rent premises to provide the space necessary to enable PSF staff to be integrated with the relevant agency.

- A gradual move to a different approach by the PSF teams that is more like ‘twinning’ or mentoring and more focused on institutional strengthening than simple skills development.

**Recommendation:** The Director of Poverty Reduction, Bappenas (as the counterpart) and the Senior Manager, Social Development, PSF to ensure the facilitation of a collaboratively developed plans with each of the PSF teams and their relevant counterpart agency for the devolution of PSF teams and their portfolios to the counterpart agency. These plans are to be staged according to the situation of each team and agency and include transition strategies on how the PSF will support institutional strengthening.
Multi-donor trust funds (MDTFs) are a common aid delivery mechanism, particularly in post-conflict contexts, but also established in a broader array of environments. Many studies have been undertaken which assess the MDTF modality against indicators relating to the principles contained in the Paris Declaration for Aid Effectiveness – namely harmonisation, alignment, management for results and mutual accountability. This paper provides a brief synthesis of some of the existing literature relating to governance models for MDTFs. It sets out some of the existing management and governance models, the strengths and weaknesses associated with aspects of these models, and some considerations at key decision-making points over the life of an MDTF.

**SETTING OBJECTIVES AND PERFORMANCE MANAGEMENT**

Agreeing clear and specific objectives for the MDTF has been identified as a key aspect of MDTF management, with a lack of clarity surrounding the goals and operational structure of some MDTFs cited as resulting in confusion of administering agency staff, donors, and recipient government stakeholders (Barakat et al 2011). ODI (2010) also noted that a lack of clear goals commonly leads to unrealistic expectations by partners of what the MDTF will achieve. Objectives should be agreed for donor, fund administrator and recipient governments (Barakat 2009; Coppin, Manuel and McKechnie 2011), and should be set during the design stage to guide the activities and structure of the MDTF.

In line with these objectives, performance management arrangements need to include indicators relating to the MDTF itself and the support it provides as an aid delivery mechanism, not only individual MDTF-sponsored programmes (Barakat et al 2011). These indicators would normally include indicators relating to:

- capacity building of national institutions supported by the MDTF such as building transparent and accountable public finance systems (Barakat et al 2011);
- the efficiency and effectiveness of the MDTF itself (for example timely and appropriate expenditure of funds) (ODI 2010); and
- a focus on fostering government ownership of the MDTF and clear preparation for the transfer of funds management to national authorities (Scanteam 2007). This is critical for the sustainability of programs when donor funding ceases, and to promote a transition to local ownership of the fund.55

**GOVERNANCE AND MANAGEMENT MODELS**

Common components of the management structure (these are elaborated on below) are:

- A consultative body for policy/strategy discussion
- A Management Committee or Steering Committee - the governance/decision-making body typically consisting of donors, implementing partners, government representatives, and development partners
- Technical Review Groups to review and advise on funding proposals
- An Administration body

**Consultative body**

It should be a forum where other stakeholders such as national civil society representatives, non-contributing donors and others can participate, to ensure broad participation, legitimacy and alignment of MDTF activities (Scanteam 2007; UNDG 2011). This has been reported as important for creating and/or maintaining a consensus on policy issues. A common issue related to consultative bodies is that where no national policy forum exists, the consultative body may be expected to take on this role. This may be practical temporarily, but it is important to foster the development of national structures and processes as soon as possible (Scanteam 2007).

55This was consistently highlighted by recipient representatives at The Hague Conference on Post-Conflict Multi-Donor Trust Funds in 2006.
Good practice is to ensure that the consultative body remains separate from the resource allocation and MDTF management body as combining the functions risks resulting in insufficient focus on strategic matters and lack of clarity on roles and responsibilities (Scanteam 2007).

Management Committee
The role of the Management Committee is generally one of high-level strategic oversight of the MDTF itself, including:

- review and approval of periodic progress reports (programmatic and financial);
- reviewing and considering the general ‘effectiveness’ of the MDTF on a regular basis (often annually) and commissioning independent evaluations of the MDTF (UNDG 2011); and
- setting a high level resource allocation strategy and priorities, not individual spending proposals.

The Management Committee needs to be a manageable size for effective decision-making, with subgroups or technical groups created for specific issues, such as fiduciary management and approval of spending proposals (UNDG 2011).

The composition should be designed to ensure national ownership, inclusiveness and balanced representation (UNDG 2011). Steering committees generally include donors, government representatives and key development partners. The UN Development Gateway recommends including civil society in steering committees to strengthen civil society organisations and increase accountability, though it is noted that this can undermine the preference of donors to earmark their funding (Scanteam 2007).

There should be formal representation by national authorities on MDTF bodies to strengthen ownership and leadership, and provides access to national authorities for policy discussion. Some exceptions to this have been noted (for example, in Sudan where involvement actually undermined government ownership (Scanteam 2007)). Formal representation also provides a safety net to donors and to the Administrator through formally sharing risks and responsibilities with national authorities (Scanteam 2007).

A common issue with Management Committees is handling multiple roles and conflicts of interest (this also relates to the Administrator function). Real or perceived conflict of interest commonly arises where there is a lack of clear division between those responsible for reviewing proposals and those responsible for their approval (Scanteam 2007). These multiple roles may have efficiency and effectiveness gains, but they need careful management and clarity for all parties on the expectations and roles of all staff (Scanteam 2007). For example, questions have been raised about situations such as co-financing projects where the fund administrator is also on the Management Committee, a "friendly culture" that is too uncritical when assessing projects proposed by the organisations assessing them, and in the case of the UNDG Iraq Trust Fund, government officials claimed that too high a share of funds went to UN agency implemented tasks (Scanteam 2007).

The exclusion of some parties from the Management Committee forum has also been identified as problematic. Common issues include:

- The exclusion of civil society, often due to sensitivities around donor earmarking of funding (Scanteam 2007).
- Minimal national government involvement, which limits opportunities for building capacity and legitimacy, and can circumvent elected representatives and democratic bodies.
- Excluding some key Ministries, which can lead to poor communication and coordination, and leads to the development of rivalries. Opportunities are also lost to improve coordination between ministries, avoid overlap and share MDTF resources and capacity across government (Bakarat 2009).

Administrator
The role of the Administrator is typically one of providing Secretariat support to the Management Committee, including:

- Financial management of MDTF funds in line with the Management Committee’s resource allocation strategy
- Delivery of detailed, timely and functional reporting to the Management Committee to facilitate its decision-making role and develop a strong sense of ownership.

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- Consolidating progress reports submitted by implementing partners to the Management Committee for consideration.
- Supporting meetings and administration duties.

Strengthening national government ownership of the MDTF itself and its work has been highlighted as a major challenge for the MDTF modality. The Administrator plays a key role in fostering ownership, as insufficient oversight of MDTFs by donors and weak government systems means that excessive influence falls to the Administrator (Governance and Social Research Development Centre 2011). Mechanisms relating to the Administrator body which can help foster national ownership include:

- Ensuring Administrator staff are familiar with the national political processes, and have strong local knowledge and networks to facilitate the integration of the MDTF into local systems (Scanteam 2007).
- Provision of financial management information to the MDTF Management Committee which includes sufficient detail, as to assist strategic decision-making.
- Fostering ongoing and informal dialogue between the Administrator and the national government to resolve issues and discuss priorities (Scanteam 2007).
- Location of the Administrator within the relevant Ministry, to ensure local ownership and capacity building of the national government so that transition to local management is smooth (Coppin, Manuel and McKechnie 2011).
- Developing an overall work plan for the MDTF in collaboration with the national government and development partners to guide strategic decision making.

The Administrator is typically responsible for ensuring that internationally accepted procurement, accounting and audit standards are maintained, with a view to achieving the MDTF objective of reducing transaction costs and administrative burdens for both donors and the local government (Governance and Social Research Development Centre 2011; Scanteam 2011). All administration documentation, including monitoring and evaluation information, should be easily accessible for transparency and accountability purposes (Bakarat 2009).

PROGRAMMING FUNDS

High level funding allocation strategy

A high level strategy should be agreed by the MDTF Consultative Body or equivalent, to provide the basis for the assessment of spending proposals. The funding allocation strategy needs to align with nationally owned and determined priorities, developed through an inclusive process (Scanteam 2007). It should be noted that the UN distinguishes between what it sees as the World Bank's focus on government ownership of the strategy, and the UN's ideas of national ownership which requires an inclusive dialogue including civil society organisations, non-government organisations, and others (Scanteam 2007). It is important to note the trend of MDTFs harmonising donor alignment, rather than alignment with national government priorities (Bakarat 2009), and to focus on integrating MDTF funds with national budget and planning processes – or developing these where they are absent.

Ideally, the MDTF can be used to prevent or limit the earmarking of aid to particular projects or sectoral interventions, in order to foster local ownership of the MDTF. For example in the Afghanistan Reconstruction Trust Fund, earmarking aid was limited to situations where Afghan government recurrent expenditures and priorities for reconstruction were fully addressed, and only for 50% of donor contributions (Bakarat 2009). If earmarking is permitted, it should align with national government priorities for the particular sector.

Transaction costs

An objective of MDTFs is to reduce transaction costs associated with aid delivery. In this sense, the MDTF should facilitate donor contributions and align donor reporting, providing a forum for policy dialogue and programmatic coordination and harmonization (UNDG 2011). Where this has successfully been achieved, savings have been made for both national institutions and donors.

MDTFs can reduce donors’ allocation costs by removing the need to review individual project proposals, monitor financial and narrative reporting, and evaluate project outcomes, which allows them more time to review consolidated reports and outcomes at the program level, and focus on strategy and policy development (Salomans, Van Lith and Vartan 2009).

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For national institutions, an MDTF should avoid having to address multiple donors’ needs, and standardise practices and procedures (including reporting) to reduce administration costs. Pooling funds also allows for larger allocations by donors as the amounts given are not constrained by the need to manage the funds at an activity level.

In reality, MDTFs commonly result in an increased administrative and financial management burden on partners who deal with the intricacies of the reporting systems (Salomans, Van Lith and Vartan 2009). For example, adjusting to MDTF administrative systems often requires a lot of training, missions to the field, and capacity building of field staff by their provincial offices or headquarters, and reporting and monitoring requirements are typically heavier than requirements for most individual MDTD donor countries (Salomans, Van Lith and Vartan 2009). Savings anticipated by needing to deal with only one central funding partner are generally undermined by donors, in fact, maintaining bilateral funding of agencies and non-government organisations in parallel to the MDTF, meaning a dual management model emerges (Salomans, Van Lith and Vartan 2009).

Review of proposals

Given the time required for review of spending proposals and the sensitivities surrounding this, an appropriate and clear funding approval body needs to be established. It is important that such a body has adequate time and mandate to approve final funding proposals, and that it reports to the Management Committee on a regular basis (Scanteam 2007). National government sign-off of spending proposals should always be required to ensure ownership of funding decisions and formal clearance of programs by national authorities (Scanteam 2007).

As proposals can be complex and technical, it is good practice to establish a robust review process, including technical experts and national government representatives external to the MDTF. Generally the review process would include dialogue with all relevant stakeholders and assessment by broad and inclusive review groups as well as technical review by experts (Scanteam 2007). To avoid perceived or real conflict of interest, the Administrator should be an observer, and meetings would be held on a regular timetable and be open to all stakeholders (including civil society) to observe.58

Disbursement of funds

MDTFs need to have mechanisms in place to avoid having to disperse funds quickly and provide time for government to allocate and disburse them (Barakat 2009), as well as ensuring that processes are in place to monitor the effective and efficient disbursement of funds, and to ensure both donors and recipient governments are accountable and transparent in the distribution and use of funds disbursed through the MDTF (Barakat 2009). This is particularly important given the tendency for MDTFs to create an additional layer of bureaucracy for the recipient and one which, particularly in the case of World Bank-administered trust funds, can be technically onerous (Barakat 2009).

The initial design of funds disbursement processes is critical – resources need to flow on budget and be delivered through government institutions so that capacity building is faster and better-anchored in national systems, and funds are more closely aligned with national priorities (Governance and Social Research Development Centre 2011). The long time-frame for implementing an on-budget locally administered system needs to be acknowledged and donors need to manage this side by side with their need for short-term outcomes: a common risk with MDTFs is that the lack of early progress means MDTF donors conclude that governmental involvement is not possible and the MDTF is itself perceived as ineffective, leading to donors pursuing other forms of support or even setting up ‘compensatory trust funds’ (Barakat 2009; Governance and Social Research Development Centre 2011; ODI 2010).

CAPACITY BUILDING

Immediate, intensive capacity building needs to be embedded in MDTF governance structures and processes – both in the sense of priorities for programming MDTF funding, and the MDTF itself having clear capacity building objectives and performance measures relating to national governance and financial management systems (Copin, Manuel and McKechnie 2011; Barakat 2009).

This requires the provision of sufficient time for effective capacity building, and prioritising capacity building in MDTF management. Focusing on strengthening national capacity requires avoiding an over-reliance on external expertise, and rather utilising expertise as part of an ‘advisory/ mentoring’ programme with a firm end-date (Barakat 2009).

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Similarly, there is a tendency for MDTFs to put structures in place which enable a quick impact – the attitude being of ‘getting things done’. However these often hamper capacity building efforts in practice by undermining government institutions and creating parallel systems (Development Initiatives 2006, ODI 2009, OECD 2010).

In light of this, it is important that MDTF funds are pooled and managed in collaboration with government officials to increase human and institutional capacity to manage funds, and that funds are channelled through government financial systems, creating Ministerial accountability for expenditure of public money (ODI 2010). A common problem identified with MDTFs is their failure to support the development of national procedures, and thus do not transfer skills and procedures for managing aid (Bakarat 2009; ODI 2010).

As mentioned above, the administrators and fund management should be located in the relevant Ministry and should be embedded in national systems (that is, using the local currency and national budget processes), and technical assistance should be able to be used flexibly for work beyond the MDTF (ODI 2009). Furthermore, technical assistance needs to be provided to permanent (rather than temporary) bodies and also to non-state actors, to avoid promoting uneven, and thus unsustainable, state building (ODI 2010).

Reference List


