



FINAL REPORT
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Mid-Term Review of USAID SEADI Project
Support for Economic Analysis Development – Indonesia

-- Economic Growth Office, USAID, Indonesia --

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Mid-term evaluation for Support for Economic Analysis Development in Indonesia (SEADI) Program, working with the National Development Planning Agency (Bappenas) under the Assistance Agreement Economic Growth Programs in Indonesia

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Table of Acronyms

- ADB -- Asia Development Bank
- BPA -- Blanket Purchase Agreement
- COP -- Chief of Party
- COR -- Contracting Officer's Representative
- DCOP -- Deputy Chief of Party
- EG/EGO -- Economic Growth/Office
- GOI -- Government of Indonesia
- KPI -- Key Performance Indicators
- M&E -- Monitoring and Evaluation
- MOF -- Ministry of Finance
- MOT -- Ministry of Trade
- PMP -- Performance Management Plan
- SEADI -- Support for Economic Analysis Development – Indonesia
- SOW -- Scope/Statement of Work
- STTA -- Short Term Technical Assistance
- TNP2K -- Vice Presidents Poverty Unit
- TPP -- Trans Pacific Partnership
- USAID -- United States Agency for International Development
- USG -- US Government
- WB -- World Bank

I. Mid-term Review Purpose and Statement of Work

The overarching objective/spirit of this assessment is to go beyond a typical project retrospective report card, to learn from the experience of all project stakeholders, and apply these insights for the purposes of:

- Taking the SEADI project to its most promising level over its second half term,
- Creatively improving the focus, delivery, efficacy, impacts and potential outcomes of project activities,
- Ensuring that SEADI and Mission EG agenda and program activities are strategically synergistic, and
- Considering the rationale, focus and agenda for a follow-on project building on cumulative SEADI achievements through mid-2013

Statement of Work (SOW)

The terms of this engagement to conduct a mid-term review/assessment of SEADI are included in detail below (BPA Evaluator SOW). The SEADI project was launched in the Spring of 2011 and has now reached its mid-point June of 2012. By design and circumstance, SEADI is a short, intense, complex policy and capacity building project with multiple counterparts and a range of diverse activities. The primary purpose and value of this review is to learn from the experience of SEADI's "ramp-up year" in order to apply these insights to achieving more optimal focus, modality/priority of activities, impactful strategy/objectives, and performance of services -- over the second and final year of full operation.

The key SOW tasks are summarized as follows:

- Review Contract and PMP
- Assess project progress vs plan/indicators etc, noting any GOI impacts resulting
- Assess possibilities of SEADI contribution to higher level impacts which are beyond SEADI control
- Assess performance of SEADI staff, advisors, consultants
- Based on findings, make Work Planning recommendations/changes going forward -- also regarding a possible post-SEADI follow-on initiative.

II. Methodology

This evaluation is grounded in several major activities. First, a large comprehensive range of several dozen background and contract-related documents were carefully reviewed -- as listed in Annex A3. These documents were provided by the SEADI team members and USAID staff and covered various categories, including:

- Basic contract documents
- First Annual Work Plan and Draft Second Annual Work Plan
- Quarterly Reports
- First Year Annual Report (draft in revision)
- Activity and Task SOW's
- Activity and Task Work-products, deliverables, presentations
- Project M&E and PMP plans and results to date (through June 30, 2012)
- Summaries of individual Adviser/GOI counterpart activities/relationships

Second, interviews were conducted with over 50 relevant SEADI counterpart individuals, staff, stakeholders, and related development institutions. These covered several categories including the USAID Mission and EG Team (both inception and exit briefings), SEADI Contract Team, GOI counterparts and client beneficiaries clients, private sector institutions receiving grants, and senior economists of third party development partners at the World Bank and Asian Development Bank.

As directed in the Mid-term SOW, and where appropriate, many interviews incorporated 10-point scale questions to counterparts and clients to gauge their satisfaction level and judgment relating to overall SEADI performance, individual Advisors and technical assistance delivery. More specifically each key counterpart was asked such questions as: “How do you rate the performance/value/utility of SEADI assistance/support over this first year?”; “How do you rate the work of your Advisor in the same regard?”

Third, SEADI was requested to produce additional documentation on activities strategically relevant to this assessment. In addition to an accelerated draft of the 5th Quarterly Report (Annex A6) formally documenting progress by June 30, a Summary of Activities/Tasks conducted by each key Advisor with his/her GOI counterpart, and a Summary of the overall USAID/GOI “Relationship Equity” being developed by the SEADI Advisory Team and the cumulative relationship “capital” resulting from their growing collaborative partnerships with GOI counterparts (Annex A7).

These two compilations of Advisor/Counterpart activity were not specified in the Contract, PMP or Mid-term Review SOW. However, to the extent this relationship “equity/capital” is accruing on behalf of USAID as an outcome of SEADI project performance (“investment”), it can be viewed as an expanding and valuable USAID “asset”. To the extent this asset is managed/leveraged/cultivated effectively over time -- it can lead to a significant “development return on investment (ROI)” in the future.

The assessment included the following action steps:

- Received perspectives and guidance from Mission, EG team and COTR,
- Reviewed Contract SOW and PMP/M&E,
- Reviewed 45-50 highly relevant project plans, documents, budgets, consultant exit reports, outputs and deliverables (work papers and Memos, workshops power-points and presentation materials), etc (Annex A3),
- Conducted interviews with all key project staff,
- Interviewed two major grantee teams,
- Conducted 25-30 in-depth interviews with most key GOI counterpart and stakeholder groups -- and also senior economists of both the World Bank and Asia Development Bank (Annex A4),
- Applied my comprehensive development experience in eliciting, exploring and assessing input and feedback -- written, spoken and behavioral,
- Included (as per the Statement of Work) “10 Scale questions” in meetings with most counterparts -- to draw out and distinguish levels and specifics of satisfaction/dissatisfaction, positives and negatives, strength and deficits, and met/unmet needs, expectation, concerns,
- Welcomed and factored in Sandra Scham’s insights from sitting in and participating in discussions arising in about 1/3 of the scheduled meetings,
- Asked the SEADI project team for -- and reviewed -- the following:
 - comprehensive project documentation

- accelerated draft of 5th Quarterly Report
- revised Second Annual Work Plan,
- accelerated completion of PMP/M&E indicator tracking -- as at June 30, 2012 (Annex A2)
- objective evidence-based documentation of Advisor roles, their specific value-adding activities relationships with their GOI counterparts/agencies (USAID “development assets and relational equity”)
- Provided exit briefings (as required in the Mid-Term Review SOW) with (a) EG, Contract, and Program Office members, and (b) the Mission Director -- discussing a wide range of relevant questions and perspectives.

III. Findings and Conclusions

The following assessment flows directly from -- and is responsive to -- the conduct of evaluation terms, tasks and outputs as specified in the Midterm Review Statement of Work. The report structure presents related Findings and Conclusions as they apply to key facets of SEADI. Collectively taken together, these ground the Recommendations presented in Section V of this report. As instructed, all significant points relating to a post-SEADI follow-on initiative are included in a Special Annex for internal USAID use only -- which can be separated from the main report.

The assessment SOW is very straightforward with little specificity about more detailed elements of content structure. There are many alternative report formats (and no one "right" configuration); thus the consultant has taken liberty of formulating the following structure -- providing a logical flow of relevant information/ideas reflecting the intent of the SOW (tasks and deliverables in combination) as well as the realities emerging from the SEADI review.

A. Overall Contract Obligations: Results to Date (KPI Progress vs. Plan)

1. Specified Activities/Outputs per PMP and M&E

The SEADI project overall, and all major components (Policy analysis/Advisory, Capacity building/training, and Grants) are now meeting (in many cases exceeding) all contract specified outputs and work plan activity/achievement indicators (KPIs).

- After a slow start due in large part to the multifaceted complexity of project design, virtually all targets are being met as evidenced by Quarterly PMP/M&E tracking data -- showing positive progress vs plan on all PMP performance indicators.
- Evidence to date gives reason for confidence that all Contract KPIs are likely to be significantly surpassed over the course of the full two year + contract term within the bounds of funds allocated for each component.

Grants initially lagged but are now on track and will be limited only by funds obligated and expended within the brief duration of the contract.

There is considerable specific detail supporting the findings above as clearly elucidated and documented in designated PMP/M&E sections of the 1st Annual Report and 5th Qtrly Report. (Annex A2, A6)

The two major Grantees were interviewed -- and were very impressive, purposeful, innovative and professional on all counts. Their awards are more pilot project-oriented (practical and applied) than pure research, thus providing demonstrable impacts and discernable outcomes on a comparatively shorter timeframe.

PhD and Masters Degree Scholarship awards initially presented a problem due to overseas/US study terms far exceeding SEADI's short contract duration. This has been resolved via complementary contract mechanisms enabling funding after SEADI terminates in 2013.

- Another minor issue arose at Bappenas due to a misunderstanding regarding formal scholarship authorization/commitment documentation as well as funding related to SEADI's brief two-year term.

- A related issue involved a counterpart's expectation of more regular and informative communications. These issues are understood by SEADI and USAID staff -- and are easily resolved.

Scholarships awards were slow and behind schedule during the first year for other reasons as well. During the early stages of implementation a range of organizational, contracting, and approval/clearance process factors delayed the achievement of formal awards. Also it took longer than expected to formally find, vet, and select candidates who fit all criteria on both sides.

- USAID and the SEADI team are succeeding in resolving these issues and are effectively accelerating the key processes. This is now resulting in targets which are in the process of being met. Projections of progress are positive within the limits of available funding and SEADI/USAID contracting and term limitations.
- Increasing cumulative progress on Scholarships and Grants is evidenced in the SEADI PMP/M&E matrices, the 5th Qtrly Rpt, and draft Second Year Annual Workplan (Annex A2, A6).

GOI Counterpart ratings of SEADI experience and performance -- in response to "10 Scale" rating questions averaged 8.5 - 9 (the full range was from 7 - 10). Their expressed concerns/qualifications typically related to needing/wanting more SEADI services. Client counterparts clearly perceive a positive value indicating that culturally a "9" is their highest grade, and therefore tend not to give "10" even with high performance.

- Their most common reservation/concern was a desire for more/additional practical application, hands-on, and case-oriented TA and relating this to their particular office challenges and work agendas.
- One notable outlier attributes his "4 on a 10 scale" primarily to his frustration with USAID procedures -- specifically around clearances/approvals and contractual processes, misunderstandings about scholarship commitments and modus operandi, and skepticism/questions about the meaning of "demand-driven." These were exacerbated via his perceived deficit in periodic face-to-face Advisor communication. Some of this frustration reflects the subject's fastidious personal make-up and temperament. However, when stripped down to the core problems, it seems evident that the practical solutions are all a function of more regular conscious attention and communication from the COR, COP and relevant Advisors.

Overall, most counterparts enthusiastically confirm the quality/value of SEADI services and its "demand/need driven" process (in varying positive degrees). Almost all highly value SEADI's capacity building and policy analysis mix.

- It bears repeating that a very small minority of outliers expresses significant concern about lack of regular direct personal communication, as well as significant negative concerns about USAID contracting and procedural approval lags, as well as perceived contradictions of what "demand driven" does or does not mean in practice (partly a communications issue).

Most counterparts at mid/lower levels and the majority at senior levels appear strongly motivated, progressive minded, and upwardly mobile -- aspiring to influence mindset change and policy impact across their agencies.

- The majority are in formative stages in their career with an engaging open-mindedness -- impressive in their professional seriousness/commitment and aspiration to empower governmental progress. Many have the earmarks of "young champions in

the making” who want to make a long-term difference in modernizing and integrating GOI policy to international standards.

Most counterparts express a strong desire for shifting the balance of TA toward more workshop/seminar follow-up, hands-on application -- translating best practice principles/concepts to practical local implementation and capacity building.

- They want more support/collaboration on applicable Indonesia case situations, in-house staff and skill development, and also external education/scholarship programs.
- Many want SEADI to include more Indonesian professional expert/practitioner participation -- a younger and locally-relevant complement to older experienced international experts (“gray haired wise men/women”). As the ADB economist noted: “sometimes there is such a thing as too much wisdom.”

SEADI’s work-products, deliverables -- and conduct of operations and activities -- are of sound to excellent professional world standard -- based on comprehensive desk review and observation. This is all the more significant given SEADI’s complex design, multiple/diverse counterparts, challenging political/economic environments, and compressed timeframe.

Advisor, consultant and staff performance are commendably strong; also quality, dedication, competence based on document review, direct discussion, and counterpart feedback. Individual performance ratings from counterparts range over bell-shaped curve of 7.5 to 10 (ten scale) averaging 8.5-9.0. In the consultant’s judgment this is an accurate reflection -- all circumstances considered.

SEADI contract initiatives and Team/Counterpart relationships are now reaching “critical mass.” This is a strong foundation for focusing more strategically on new opportunities and challenges in the year ahead. After a slow start (a function of complex design, multiple/diverse counterparts, staffing factors, contract implementation processes, relationship development) -- escalating activity levels in the 5th Qtr (and projected for the 6th) are accruing together to create the potential for a SEADI “whole” that becomes bigger than the sum of its parts.

- This accelerating traction bodes well for the remaining 14 months with expanding potential for deepening engagement and greater strategic impact. Maximizing second half SEADI impacts/outcomes is a collaborative challenge and endeavor for both the SEADI and USAID EG teams.

2. Policies and Laws (adopted/changed to date)

Formal legislative and policy changes at SEADI’s mid-point -- specific legal and regulatory outcomes attributable to SEADI direct support are limited to Bapepam LK in drafting of:

- The new insurance law ,
- The new non-bank financial institutions laws , and
- New regulations for implementing the International Financial Reporting System.

This is evidenced in the PMPM&E data, and 5th Qtrly Rpt documenting SEADI’s technical assistance in supporting GOI counterparts (Annex A2, A6).

SEADI’s work on labor policy/laws at Bappenas are at an earlier stage of preliminary study prior to formulation of specific new laws or regulations. However SEADI is actively supporting work on these issues (also evidenced in Annex A2, A6)

At the Ministry of Trade, SEADI is contributing to implementation of the Indonesian National Trade Repository (online access to non-tariff measures affecting trade) as evidenced in Quarterly reports (A6). This activity is critical to both long-term U.S. development and commercial interests.

- Contrary to formal policy statements at Ministry levels, SEADI is having modest informal success in supporting more open-minded internal consideration of the Trans Pacific Partnership. This finding reflects several conversations with MOT staff at different levels as well as SEADI long and short term advisers.
- Although longer term formal impacts/outcomes cannot be predicted at this point, this more curious/objective/flexible mindset seems genuine and open to further exploration, understanding, and dialogue.

3. Higher Level Impacts

Beyond the above, there is not yet any evidence of high-level outcomes/impacts achieved (as defined in the SOW) achieved which are attributable to SEADI support.

The SEADI 2 ½ year term is too short on many counts to achieve high level documentable results (for well understood reasons) -- and especially not realistic for impacting high-level economic indicators by way of policy analysis capacity building (versus targeted advocacy).

High-level impacts are well beyond the project's immediate causal relationship or scope -- given SEADI's model of policy analysis and capacity building, demand-driven process, very short timeframe, resource limitations, multiple diverse counterparts, and GOI's inertia pre-2014 national election.

- The processes of policy analysis and capacity building are essential contributors to longer run sustainable reform and governance. However, measurable changes of poverty reduction, employment rates and macro/micro economic indicators involve many other independent variables and causal factors outside of SEADI's activities and beyond its 2 ½ year term.
- Nonetheless, SEADI support can help in varying ways to strengthening GOI's policy analysis process and analytic capacity/mindset which in turn, over time, can contribute to a more fertile long term policy agenda and environment for positive economic change/reform/outcomes.

B. Performance of Advisors (Counterpart Engagement)

1. GOI Counterpart Relationships (MOT, Bapepam LK, Bappenas, TNP2k)

The imbedded advisors are developing productive, strategic relationships with their key counterparts. They are serving them well, responsively, providing numerous modes of value-adding support -- and in the process -- cultivating invaluable assets for deepening USAID engagement going forward.

- This is evidenced in Annex A7, Memos on Advisor Roles, Assistance and "Relationship Equity."

For USAID this represents a strategic asset to be nurtured and capitalized on going forward and in post-SEADI follow-up initiatives.

- The future potential of these relationships and collaborative partnerships are every bit as valuable as SEADI's specified "track-able" activities and performance benchmarks.

Among the four primary SEADI counterparts, the Ministry of Trade and Bapepam have engaged SEADI more comprehensively in supporting their respective agendas in global integration and regulatory reform. This is not surprising in that trade and investment are international processes which are critical to Indonesia's progress/future on many fronts.

Whereas Bapenas and the Vice Presidents Poverty Unit are more domestic in their agendas and preoccupations, the MOT and Bapepam reflect significant traction with multiple counterparts engaging with SEADI advisors and initiatives. Both ministries are working in key reform areas with aims of empowering a more inclusive and globally integrated economy and factors/participants in growth.

Ministry of Trade counterparts evidence an internal mindset that is significantly more open minded than the official policy rhetoric, including about the TPP -- (as one MOT staffer said: "Indonesia is only beginning to figure out what it wants").

- Indonesia's rapidly expanding international visibility and engagement in multiple trade talks with many other countries is fueling a desire for more policy analysis/capacity building. They need and want more support to deal with numerous regional/global forums and negotiating agendas. This is opportune for SEADI and post-SEADI follow-on.

Bapepam LK wants support in developing world standard frameworks for developing private equity and venture capital policy, legal and regulatory frameworks. This is another significant opportunity to support evolution of Indonesia's private sector -- and shift development from government programs to investment and trade.

At Bappenas SEADI is engaged productively by virtue of an effective advisory relationship and an array of (some young) ministry counterparts. There are differing views regarding Bappenas' value, role/power, and future (or lack thereof) in driving economic reform -- given its status as a national planning agency without budget leverage. Annex A7 documents the wide range of SEADI collaborations within Bappenas -- reflecting active Advisor involvement.

- The World Bank and ADB economists believe Bappenas is worth continued support over the next year, suggesting its future could go either way depending on the 2014 election -- with a possible upside of becoming a strong government agency and policy think tank ("brains of the government").

The TNP2K/Poverty unit -- all the counterparts -- is the most opaque, enigmatic, and questionable in terms of gaining traction. Efforts to generate collaborative engagement, leverage, and multiplier initiatives have been elusive at best moving the Poverty Advisor and SEADI to widely explore other counterparts and value-adding footholds. TNP2K is dominated by Australian AID and large multi-lateral agencies. On the margin, one full-time direct poverty expert is a questionable cost/benefit priority.

- The counterpart potential of the Vice President's office merits hard scrutiny as to whether further SEADI engagement can be incrementally meaningful -- compared with either reducing project LOE or redeploying them elsewhere.

C. Performance of SEADI Staff

1. Advisor Value-Added and Relationship Equity

Contract-specified indicators (PMP outputs/activities) do not tell the real or full story of SEADI's engagement, performance -- nor SEADI's current and future potential to contribute to -- and to influence -- Indonesia's economic governance, reform and development.

- To gain a meaningful understanding of SEADI, its performance and future impact potential, it is essential to comprehend the significant scope and substance of SEADI Advisor/Counterpart Relationships and the technical assistance being provided week-in and week-out -- via these key working relationships. Annex A7 compiles and summarizes this in substantive detail -- and is more telling and useful in assessing SEADI progress as a complement to the PMP/M&E data.
- These Advisor/Counterpart relationships and the products of their collaboration are already significant and growing cumulatively with time. Together they represent valuable strategic "off balance sheet" USAID assets (not in PMP/M&E) -- and constitute a substantive foundation and potential for contributing to intermediate and higher level GOI outcomes in the future (post-SEADI).

The work of SEADI Short-Term Experts (STTA) is generally highly rated (while noting caveats expressed earlier in this report). This finding is based on interviews with numerous short term experts and reviewing their deliverable/presentations/workshop materials, along with many conversations with Counterparts.

The positive SEADI assessment factors, taken collectively (quantitative and qualitative), reflect varying degrees of excellence in team leadership, advisor and technical capabilities, staff support, and the mobilization of very competent short-term expertise. From consultant experience -- the SEADI Team performance rates in the 8--9.5 range on a ten scale.

The performance of the COP has been excellent in many regards, given the range of challenges/complexities posed by project design, multiple GOI factors, and compressed timeframes. These circumstances, along with arduous dual roles of Project Leader/COP and lead Advisor to the Ministry of Trade, have understandably (sometimes) spread him too thin to (a) do full justice to both demanding functions, and (b) step above the diverse myriad of activities to work with the larger strategic integrative "whole" of SEADI (forest for the trees metaphor).

The COP can attend to these holistic level challenges/opportunities and add significantly more substantive policy-oriented value/impact if his excellent professional/economics/development talents are:

- Shifted more toward counterpart Advisory needs/opportunities, overall project strategy, and high-level stakeholder relations (particularly MOT and strategic GOI/USAID relationship development at high ministry/counterpart levels), and supported constructively by way of more sustained and strategic COR collaboration

D. USAID/Project Process

Counterpart critique of SEADI -- within the larger context of positive feedback above -- centered primarily on several factors of direct and indirect implication for USAID. Summarized below, they are previously noted in more detail in other sections above:

- Problems/complexities relating to USAID contracting processes.
- Delays relating to USAID clearance/approval process.
- Problems of SEADI technical assistance “success” -- meaning a desire for more technical assistance (a function of project design, duration, and resource levels).
- In a few cases -- lack of regular proactive communications and expectations management and clarifications (also relating to need for more activist COR role)

The USAID role of SEADI COR has seen relatively frequent turnover up to the recent appointment of the third and current COR. Although all CORs have been highly regarded, their other non-SEADI responsibilities and brief duration as COR have left SEADI without optimal and sustained:

- Levels/continuity/depth of USAID cumulative attention, support, strategic guidance
- USAID/Counterpart/Stakeholder consultations and relationship-building
- Larger/longer term strategic oversight, collaboration and partnership.

This is far from a train-wreck, witness all the positives above. However it does offer the chance to add greater, longer term strategic value -- with increased and sustained collaborative effort.

IV. Recommendations

A. Overview -- Maximizing Second Performance/Impacts/Outcomes

1. Strategic Integration/Focus/Priorities

The aggregate of all Findings above, largely positive and complimentary, indicate that SEADI's overall performance is a function of good people (competent and motivated) doing excellent work -- in challenging circumstances (design, diverse counterparts, compressed time, governmental complexities etc). Of course there are important opportunities to improve, fine-tune, learn from experience, develop more strategic focus/impact etc.

- However the first Recommendation is to value the evident strengths of SEADI, its team and "assets" being developed (all noted in the Findings above) -- and to build on them. In the vernacular; "*What ain't broke, don't fix it.*" In other words, there is a lot that is going well in SEADI, and it isn't happening by accident.

This said, the experience of an intense, compressed and challenging first year does provide critical insights for elevating SEADI's sights, strategy and modus operandi. Over the remaining year, SEADI's multi-faceted design, diverse counterparts, and many moving parts bring significant challenges and opportunities.

The correlative Recommendation -- is to achieve more strategic overall focus, leverage, synergies, coherence across the project's multiple components -- while at the same time balancing USAID objectives with the "demand driven" operating modality. How to do this and in what priority/hierarchy of objectives -- with only one year and limited budget -- is SEADI's most important challenge and also a creative opportunity.

- Recommend -- take seriously the old adage: "Better to do fewer things well (in more depth), than too many not so well" (too shallowly). SEADI COP and USAID COR should work together with key Counterparts to strike this balance. This process requires sustained focus, sensitivity and dialogue.
- Recommend -- that USAID/SEADI strive for intermediate project impacts which contribute to outcomes where the "whole becomes greater/more sustainable than the sum of its sundry parts." This must take in account project limits of time, funding, design, and risks of spreading too thin/broadly over multiple activities and counterparts.

Recommend -- Focus GOI/USAID mutual interests more strategically on impacting priority integrative cross-cutting development themes -- to leverage SEADI's remaining activities and limited resources:

- Financial inclusion;
- Trade liberalization;
- Reform-oriented capacity building/policy analysis; and
- Financial market empowerment.

Over time, post-SEADI, each of these objectives will contribute to the higher-level project goal of ameliorating conditions of poverty.

Recommend -- Now is the time for a new collaborative initiative to be undertaken by project leadership and Advisors, the USAID/EG Office, and key counterparts to examine, discuss, counsel and agree on a clear set of more strategic, purposeful, integrated priorities and cumulative synergies among the diverse multiple TA engagements.

- A systematic round of partner dialogue sessions should be under taken -- to establish priorities and potential for longer term impact along the project higher level cross-cutting objectives. It is important to link every activity to larger, longer term, integrated impact potential -- and to conduct “triage” among resource and activity agendas (do more of the most strategically promising -- at the expense of cutting off/back on other activities).

One key question raised by the World Bank and ADB deserves more assessment.

Question: To what degree are SEADI/USAID is aligned with the right (strong enough) Counterparts at strategic and high enough levels. (Properly selected, some perhaps could be mid/lower “champions in the making”.)

- Recommend -- The COP and COR should initiate these discussions and invite the counsel offered -- to strategically target the most efficacious political/bureaucratic counterpart alliances and champions.

A primary aim of SEADI counterpart engagement should be to expand capacity to target and influence GOI policy options/initiatives/assessment within sympathetic policy making/reform circles -- especially in areas of progressive economic/political governance where GOI interests are open to USAID support/advocacy. This will take timely, purposeful and judicious/discrete dialogue with select counterparts.

2. Advisor/Counterpart Engagement

Recommend -- Take stock of -- and purposefully leverage -- the growing “assets and relationship equity” being developed by SEADI advisors in concert with their counterparts; work these assets more strategically in the variety of ways noted in this report.

- In summary, the objective evidence and result of many conversations with both key project staff and counterparts suggest that Bapepam and MOT offer the deepest immediate and longer term collaboration on tangible and achievable intermediate objectives.
- Bappenas -- with a solid SEADI Advisory relationship, is a worthy second priority with a possible (but at best speculative) political potential of becoming the GOI’s think tank and more effective national planning agency in the future (depending on the next election). This possibility together with SEADI’s positive advisory relationship, and the quality/seriousness/dedication of various counterparts interviewed -- are the basis for recommending that USAID hedge bets and continue to cultivate/empower champions within Bappenas.
- TNP2K can be maintained at a lower level through leveraged collaboration with the World Bank and ADB and the Australians.

Recommend -- Unless far more high level, purposeful, and well-leveraged traction can be arranged via COP and USAID consultations (perhaps assisted by the WB and ADB economists), consider withdrawing and/or reallocating the TNP2K advisor to other more fertile engagement (eg. poverty curriculum development for Indonesian Universities or relevant public/private partnership pilot grant). Also consider providing local SEADI staff expertise on a target of opportunity basis.

Recommend -- Per the findings noted above, the COP should spend at least 60-70% of his time on:

- High-leverage activities with key GOI counterparts (MOT being his prime) and priority cross-cutting themes.
- Playing more of a high-level integrative role relating to USAID/SEADI strategic leadership, allied development agencies, and the most high-potential counterparts.
- The COP can do this by reallocating 60-70 % of the project administration and management load to the DCOP, selected staff, and Contractor home office.

B. Work planning and Reporting

The following Recommendations are specific to work planning, Quarterly and Monthly Reports -- and will provide channels for tracking and addressing several key issues raised in the Review process.

Recommend that:

- Monthly and Qtrly reports include the status of any protracted requests, approvals/clearances, and contracting matters involving Counterparts, SEADI components, and USAID -- summarizing the issues, context, parties involved, timelines, and possible upside/downside factors relating to project/contract operations/performance.
- Monthly and Qtrly Reports have section on challenges and opportunities arising and how handling -- with any requests for action or decision.
- Qtrly Reports have section summarizing specific itemized progress/activities across each Advisor/Counterpart relationship (relational equity balance sheet).
- Qtrly Reports and Workplans include a section examining status/progress on cross-cutting themes (integrative strategic objectives) across all counterparts and myriad of activities -- aimed at creating strategic synergies and collective impacts/outcomes whereby the SEADI "whole" becomes bigger and more purposeful/powerful than the sum of sundry parts/activities. This does not have to be long and complicated, rather a view of the project that steps above the many commendable initiatives -- and assesses the larger picture and status of plan vs progress, the key issues and opportunities involved.

C. USAID Oversight and Project Process

For optimal performance and results SEADI and USAID both will benefit from a more sustained, deeper, time and relationship-intensive involvement of (and collaboration with) the COR. Recommend -- that the COR should spend 25-30 per cent of his time outside the office on SEADI business-- meeting (independently, and with project leadership as appropriate) with ministry counterparts, SEADI staff, and other donors. This will also enable the COR to better (more objectively/strategically) represent the SEADI activities, value, cross-cutting potential at Mission Director and Embassy levels.

- The most important new initiative needed is for the new SEADI COR to invest more “out of office” time as a proactive principal and partner in cultivating/capitalizing on SEADI counterpart relationships -- representing USAID’s interest and adding value as a lead collaborative partner together with the SEADI COP, Advisors and technical experts.
- This expanded role should be maintained throughout the coming year to ensure project and counterpart/relational continuity and SEADI cumulative impact.
- This expanded role should also focus on bridging the mutually frustrating issues involving Mission Clearance/Approval/Contract procedures -- thus solving several of the “critique factors” noted earlier in this report.
- Such issues can be easily resolved through more proactive, direct, regular face-to-face counseling among of USAID principals (EG, Contracts, Program) -- all sharing in achieving the Mission’s best interests.

Recommend -- The COR should familiarize himself with both counterpart concerns and the Contracting Officer’s protocols/preferences; also meet with procurement office each week or two -- to review the status of applications for clearance/approvals. These can be brief, even informal -- providing forums where the considerations of each party can be resolved, and better yet, anticipated.

Recommend -- The COR should organize monthly roundtable or informal meetings with relevant development partners/stakeholders -- in coordination with the SEADI COP and appropriate staff. Related stakeholders (eg. World Bank and ADB economists) voiced a desire/genuine welcome for more regular counseling together and comparing notes, albeit even informal.

- Increased proactive efforts on these fronts -- by both the COP and SEADI COR -- can yield significant upside collaboration benefits, generate new targets of opportunity, and provide a forum for resolving minor (but sometimes unnecessarily aggravating) relational/communication issues.

D. USAID/SEADI Resource/Strategy Considerations

Recommend -- USAID should maintain clear consistent commitment to SEADI over the coming year -- to avoid stakeholder/counterpart uncertainties, loss of their psychic investment, and diminishing project momentum.

- The intangible (but powerful) “people/spirit factor” will make a major difference in SEADI impacts and outcomes. It is essential to maintain SEADI’s momentum and continuity, development of critical mass in relationships/counterpart assets, and collaborative commitment with people/stakeholders -- while at the same time managing mutual and demand-driven expectations throughout.
- The COR needs to play an important role in this -- collaboratively with the COP

Recommend -- SEADI should consider shifting more research grant awards toward meaningful pilot projects. The two main awardees thus far have shown how pilot projects can develop new (and practically applicable) models of public/private sector initiative -- with greater potential for nearer term tangible impact during SEADI’s duration than simply more research.

- SEADI’s budget and burn-rate is on track and able to adjust to both higher and lower funding/activity scenarios -- and can respond to USAID EG priorities and resource realities. SEADI initiatives -- individually and collectively -- have reached “critical

mass” with expanding capacity to achieve increasing short/intermediate impact over the coming year. Furthermore, SEADI has the ability to deploy added incremental funding quickly and effectively -- in a variety of ways consistent with both USAID development priorities and strategically justifiable GOI counterpart needs/opportunities. By capitalizing on USAID/SEADI “assets” already developed, USAID can realize the possibility of a higher “*development return on added incremental investment.*”

Recommend -- that USAID seriously consider additional investment in SEADI over its second year based on positive evidence of SEADI’s performance, the quality of staff, the value/potential of “relational equity” developed, and the strategic intervention opportunities available.

Recommend -- SEADI (and USAID COR) should immediately explore a range of other possible second year initiatives/options as listed below. It follows logically that some also have ongoing relevance for consideration in post-SEADI follow-on planning. Such considerations include:

- Several sources noted that two new strategic GOI counterparts should be considered: (a) The Ministry of Finance -- for obvious reasons relating to GOI’s economic performance and efficacy, and (b) local/regional governments (or strategic intermediaries). All SEADI components of Advisory assistance, capacity building, and the grant mechanism offer alternative technical assistance channels.
- Infrastructure and PPP planning and financing modalities have been noted by many as a strategic need in achieving desired economic, trade, investment and poverty reduction goals -- and well as necessary levels of competitiveness, employment and growth.
- Virtually all counterparts express a want/need for more training opportunities and study tours to USA and other applicable countries. Experience in other USAID projects worldwide has demonstrated that (on the margin) study tours can help achieve breakthroughs in policy and political will to undertake necessary reforms. Training is a long term process of course and must compete with other resource allocation priorities.
- USAID should consider off-site workshop requests with greater weight -- as counterparts express the need to avoid job/institutional distractions.
- Counterpart offices are understaffed and many would welcome creative forms of SEADI/Counterpart staffing supplement, ie. some acceptable modality of supplemental local talent actually working together with counterpart office staff. This kind of invitation is both an opportunity for deeper USAID penetration/partnership and a measure of confidence/trust in SEADI/USAID partnership.

Annexes

- A1. SEADI Contract SOW (USAID files)**
- A2. SEADI Contract PMP/M&E Matrices per SEADI Work Plans/Qtrly Reports (USAID Files)**
- A3. Indicative List of SEADI Documents Reviewed**
- A4. Schedule of Interviews: SEADI Staff, Counterparts, Mission, Third Party**
- A5. Summary Diagram of SEADI Institutional Relationships at June, 2012 (COP Diagram)**
- A6. SEADI Annual Work Plans (1st year and draft 2nd year), and 5th Quarterly Report (April/May/June 2012) (USAID Files)**
- A7. Relationship Equity (SEADI/GOI) -- Summary Advisor Value-added (USAID Files)**
 - a. Overview across GOI Advisor/Counterpart Relationship**
 - b. Specific Activities/Outputs for Each Advisor Counterpart**
- A8. Recommendations for SEADI Follow-On**