



# **EXTERNAL REVIEW OF CAPACITY BUILDING AND RESEARCH**

**Final Report by**

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## PARTNERSHIP FOR ECONOMIC POLICY

### EXTERNAL REVIEW OF CAPACITY BUILDING AND RESEARCH

Ernest Aryeetey and Remco Oostendorp

#### 1. INTRODUCTION

In the last three decades, capacity building for economic policy analysis has been a major area of focus in most developing countries. This can be linked to the strong interest that many national governments and international organisations have had in ensuring that the development effort is well supported, both financially and technically, and yields positive outcomes for people. Building capacity for policy-making purposes has also been associated with the “good governance” debates of the period. The pressure to ensure that national governments were equipped to take decisions that were supported with evidence, and which led to positive economic outcomes has been quite intense. A part of that interest has been motivated by the “aid effectiveness” debates of the period, which sought to ensure that international development resources were much better utilised for larger cross-sections of society. The pressure for efficient and effective public expenditures has grown in many countries.

Partnership for Economic Policy (PEP), like other similar initiatives, is an international arrangement for capacity building that has been embraced by researchers from all corners of the globe. Its roots can be found in the project on Micro Impacts of Macroeconomic Adjustment Policies (MIMAP), supported by the International Development Research Centre (IDRC) of Canada. MIMAP started in 1989 across several developing countries as a way of countering what was generally seen as the knock-on effects of unbridled Structural Adjustment Programmes. The idea was that governments in developing countries needed to build the capacity to develop alternative policy approaches that were more effective in tackling widespread poverty and inequality.

PEP<sup>1</sup> began in 2002 as a collaboration between academics situated at the *Centre Interuniversitaire sur le Risque, les Politiques Économiques et l'Emploi* (CIRPÉE), based at Université Laval in Quebec City (Canada) and the Angelo King Institute (AKI) of De La Salle

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<sup>1</sup> At the time, the acronym PEP stood for “Poverty and Economic Policy”.

University in Manila (Philippines). They had collaborated under MIMAP. They came together once again with support and encouragement from IDRC. In this partnership, the different approaches to the conduct of policy research were expected to generate complementarity.

The two partners were later joined by *Centre de Recherche en Economie Sociale* (CRES) based in Dakar, Senegal and the *Grupo de Analisis para el Desarrollo* (GRADE) of Lima, Peru as the partnership arrangements evolved. Thus, this network of four institutions was held together by a shared ideal of contributing to the building of capacity in different development regions. It is evident that, while the four institutions were loosely held together by a shared motivation and an equally enthusiastic funder, there was very little else that informed their working together. It was an open arrangement guided by a common understanding to work together.

The two institutions that joined PEP later, left the arrangement in 2014 following restructuring, and when PEP was incorporated as an organisation headquartered in Nairobi. They have been replaced by two other institutions, namely the Centre for Distributive, Labor and Social Studies (CEDLAS) from Argentina and the University of Pretoria in South Africa. Thus, PEP remains present in all the major developing regions of the world. What is not clear is why institutions join or leave? What is the incentive for wanting to be a part of this network, and what becomes the motivation for wanting to leave the arrangement or remain in it? It is important to emphasise the point that the Board and Management of PEP see two 'real' partners, namely Laval and AKI, and two institutional collaborators, namely CEDLAS and Pretoria.

Since this review assignment began, the consultants have learned of the intended (temporary) withdrawal of AKI from the PEP network by the end of the PAGE-II project in July 2020, thus potentially leaving only three institutions in the arrangement.

The PEP approach of working through established partners or institutional collaborators also means that the approaches to research capacity building have been driven in a significant way by the partner institutions' interests. As a result, the Université Laval group is associated with Microeconomic analysis ([PMMA](#)), while the AKI researchers work on community-based monitoring systems ([CBMS](#)). CEDLAS identifies with experimental research ([PIERI](#)) and University of Pretoria handles macro-micro policy modelling ([MPIA](#)). While there are several possible areas for close collaboration in the conduct of capacity building and research, these do not always easily emerge in view of the structural arrangements in place. Indeed, in terms of collaboration in capacity building, all the TRGs use PEP's "grants-plus" approach. They have also common themes, but these do not necessarily create collaborations, as the researchers are grouped together by TRG, rather than by theme<sup>2</sup>.

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<sup>2</sup> We learned of some collaboration on the online courses: PMMA and PIERI offer a joint course on experimental and non-experimental impact evaluation. The three courses are offered to researchers from all

Apart from the use of standalone institutions as partners or collaborating institutions, there have also been several groups of individuals acting as resource persons, and who are not directly associated with any of the partners or collaborating institutions. They have sometimes taken up scientific leadership roles, which include hosting PEP researchers at their institutions under terms that are not always clear or formally captured. Some stakeholders believe that these arrangements represent the future of PEP and arose out of the early efforts to devolve PEP to the south. Since the southern partner institutions often lacked the capacity to provide resource persons directly, the use of resource persons from several different institutions became a major part of the PEP structure

What is apparent is that, PEP is an organisation that has been significantly successful in its capacity building endeavours over the years. However, it needs to find a more sustainable way of pursuing its agenda relying on partners with varying capacities and strengths. There is the obvious need to create an incentive system that will attract the best or most effective partners to its side, while allowing it to separate from partners when interests and capacities change with time<sup>3</sup>.

#### ***Objectives and Scope of Review Exercise***

The current review exercise is intended to help PEP understand better, how its structure affects the projects and activities of the network. It is done in 4 separate sets of activities, with the first two captured in this report. The Terms of Reference state clearly “This is a review of PEP as an institution, comprising the partners and the Secretariat, and their relationships/interactions with each other. The objective of this review is to evaluate and provide recommendations on four core aspects of PEP’s activities:

- Review of Partnerships
- Review of PEP as an Institution – Governance, Management and operations
- Review of PAGE-II Programme
- Implications for PEP strategic directions”

Thus, our current report will cover a review of the work of each of the partners as well as an assessment of PEP as an institution. In subsequent reports, we will pursue the third leg of the work, reviewing the PAGE-II programme while the final leg looks at the implications for PEP strategic directions.

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TRGs and many take courses outside their TRG. The poverty analysis techniques and tools from PMMA are used in the other TRGs.

<sup>3</sup> John Cockburn takes the view that “the current model does not rely on partners and has been very successful in sustainably attracting the best and most effective resource persons and in ensuring strong research directors, regardless of their institutional affiliation. A move towards a partner-focused approach would endanger our ability to attract the best individuals”.

For this first phase, the objectives as stated in the Terms of Reference include “Performance reviews of PEP’s partnerships (that) will focus on the following key aspects of their activities, while simultaneously assessing whether there are synergies across the partners/ methodologies:

### ***Terms of Reference***

#### **1. Review of Partnerships**

##### **a. Management and Operations**

- **Quality of project coordination and management:** How well has the partner coordinated and managed the activities for which it was responsible?
- **Resource mobilization:** Has the partner played an active role in instigating or supporting resource mobilization?

##### **b. Core Activities**

- **Research quality:** Each partner/collaborating organization houses the director of one of PEP’s four TRGs and, in some cases, one or more resource persons. This part of the review will examine the partners’ contributions in terms of the scientific quality of the concepts, methodologies, tools, and technology employed in their respective TRG, including indicators of research quality evidenced by journal articles, peer-reviewed working papers and other publications.
- **Capacity building:** Assess the effectiveness of the capacity building strategy and training and mentoring activities of each partner in their respective TRG in terms of content relevance, pedagogy, delivery model/structure, learning materials, use of technology, etc.
- **Contribution to communications, research dissemination and uptake:** Assess the contribution of each partner to the communication, dissemination and uptake of their respective TRG. Also, assess the partners’ contributions to PEP-wide communication and reporting activities.

##### **c. Development of PEP Activities**

- To what extent has the partner taken the lead in growing PEP as an institution in terms of its scope and breadth: themes, methodologies, activities, etc?

##### **d. Role of the Secretariat in Partnerships**

- The partnerships are a two-way street. The review should also look at how the secretariat has managed/built/supported the partnerships and whether more can and should be done.
- Compare the Secretariat assessment of DLSU-AKI with their self-assessment with a view of resolving and clarifying the significant discrepancies between the two.

#### **2. Review of PEP as an Institution – Governance, Fundraising and Sustainability**

- **Governance:** With PEP’s incorporation came the establishment of an independent Board and a complete revision of PEP’s governance structure. As the new structure has now been in place for several years, the review will assess the performance of PEP’s governance in its totality (corporate members, board, partners, program

committee, etc.) and their support to the delivery of PEP's mandate and the development of PEP as an institution.

- **Financial Sustainability:** PEP has historically received most of its funding from a limited number of donors, usually 2-3, at any time. This renders PEP vulnerable to the loss of funding from any given donor and prevents the development of PEP to a larger scale. This review will assess PEP's fundraising strategies and provide recommendations to diversify PEP's funding base.

In addition, PEP has recently increased its administrative staff significantly, which raises questions about the long-term sustainability of this structure and the need to increase the scale of activities and annual budgets. The review will reflect on the optimal scale of activities of PEP, the share of costs devoted to administration, and the size and structure of its administrative staff".

In response to the ToR, this first review exercise assesses whether the management and operations of PEP are effective at the level of partners. This includes determining whether the quality of project coordination and management by each of the partners is acceptable. It also includes assessing whether each partner has been effective in mobilising resources to support its work.

The exercise also covers the core activities of the partners by assessing the quality of research undertaken by their researchers, assessing the effectiveness of the capacity-building strategy, and assessing the contribution of each partner to the communications, research dissemination and research uptake activities of PEP.

The review exercise provides an assessment of the extent to which partners take the lead in growing PEP as an institution. This is in relation to the development of themes, methodologies and activities.

The review also assesses the role that the Secretariat plays in supporting the partners. We address the question of whether the Secretariat has been effective and supportive in its dealings with the partners.

In the second part of this review report, the consultants take a close look at PEP as an institution, with a focus on governance, fundraising and sustainability. This takes a deep dive into the role of the Board and its effectiveness. The report looks at how the Board is structured and how it has related to various other stakeholders. It pays similar attention to the corporate members, partners, programme committee, etc.

The review covers the financial sustainability of PEP. After looking at its current financial position, the review considers the cost effectiveness of the current structure of PEP with its more centralised administration. It also looks at the fundraising methods and strategies used by the organisation and how various funders have related to it.

## **Methodology**

The review exercise has adopted two methodological approaches in assembling data and information involving, first a desk study of various relevant documents largely available from the PEP website as well as other documents provided to us by the PEP secretariat, and secondly 'face to face' engagements with a number of stakeholders attending the PEP Annual General Meeting held in Cape Town in May/June 2019. At the same conference, separate focus group discussions were held with the four groups of researchers associated with the four PEP Thematic Research Groups (TRGs).

After the Cape Town meeting, the consultants also engaged in extensive follow-up conference calls with the PEP leadership at Laval University and AKI, Manilla. They were provided with a list of questions and issues to address. Similar questions and issues were sent to the PEP leadership at MPIA and CEDLAS resulting in a written reply (MPIA) and conference call (CEDLAS). The consultants also spoke with PEP's contact person at DfID and had an extensive Skype conversation with the Executive Director, who also responded to the questionnaire.

The scope of analysis provided in this report is limited by the nature of the material available to the consultants. The descriptive material is interrogated to draw various inferences and conclusions.

### **3. REVIEW OF PARTNERSHIPS**

As earlier mentioned, PEP works today through four (4) Thematic Research Groups (TRGs) associated with independent research organisations/centres operating in four (4) different countries and in four (4) regions of the world. There is ample evidence, as shown in previous reviews of PEP, that they each joined the network with a good record of accomplishment as research institutions. This review of partnerships is expected to shed light on the contribution they make to capacity building by PEP. The extent to which the partner has led the development of PEP activities is of interest, just as the relationship between the Centres and the PEP Secretariat since the formalisation of the PEP structure with headquarters in Nairobi. This review relies partially on the self-assessment done by the Centres themselves and the assessments made by the Secretariat as stipulated by PEP's Governance Operations Manual (and applicable to the case of Laval and AKI). Our task is to explain the differences, if any, relying on the information obtained during interviews and also provided by the Centres and the Secretariat.

#### **3.1 The Evolution of the Partnership Arrangements**

We provide in this section some more detail about how the partner institutions emerged. As earlier indicated, the partnership started in 2002 (Phase 1: 2002-2004) between CIRPÉE at

Université Laval (Canada) and AKI of De la Salle University (Philippines). They shared a common interest after having participated in the MIMAP project. They were interested in poverty and inequality and how these were related to the policy actions of governments. The general perception is that they were brought together by a common funder who required them to work together. PEP therefore started as 'Poverty and Economic Policy' Research Network involving the two units from MIMAP. They moved from a focus on individual countries to working around particular themes in a number of countries.

The first independent review of PEP undertaken by Jeffrey Fine and Mustapha Nabli in 2011 provided a comprehensive account of the early days of PEP. They reported that, following from the MIMAP experience, PEP started with a focus on three thematic areas, namely (1) Community-Based Monitoring Systems (CBMS), (2) the Modelling and Policy Impact Analysis (MPIA) and (3) the Poverty Monitoring, Measurement and Analysis (PMMA). The first was run from AKI in Manila, while the second and third were handled by CIRPÉE at Laval.

When we interviewed persons, who were familiar with the story of the early days of PEP, it came out clearly that "the two centres were happy to work with each other so long as they were left alone". This was especially so as they appeared to have different approaches to research and different interests. The Laval group was largely interested in the quantitative analysis of the macro-micro dimensions of policy effects, while the AKI group was specialised in community-based approaches and policy that may not require extensive quantitative analysis. They had a governance arrangement in place that was not very formal, but considered to be effective. It simply involved a shared responsibility and taking turns to administer the network's resources.<sup>4</sup>

The 2<sup>nd</sup> Phase of the project was from 2004 to 2007, and it saw some financial support from AusAID for projects looking at human capital investments in rural areas and their impact. These were the precursor to the fourth TRG, Policy Impact Evaluation Research Initiative (PIERI). Indeed, PIERI emerged in 2007 "to meet specific needs articulated by the international aid community, policy makers and project implementers" (Fine and Nabli, 2011).

One of the agreements reached with IDRC in supporting PEP during the second phase was a devolution of leadership functions to southern countries, and this led to negotiations for the creation of an Africa Office in Dakar and to be housed at CRES, Cheick Anta Diop University. It also led to efforts to involve Southern RPs (outside of AKI and CRES). The actual operation of an Africa office began during the 3<sup>rd</sup> Phase of PEP in 2008-2011. A Latin America office was

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<sup>4</sup> John Cockburn held a different view. He contends that "the two institutions have always worked very closely and harmoniously together on all but the very scientific aspects of the network. Of course, Laval had little to say about CBMS approaches and AKI was focused scientifically on CBMS. However, the network involved much more: inventing the capacity building, grant management and overall administrative framework; fundraising; organizing general meetings; website; governance; and myriad other activities. These were done together, led jointly by the two co-directors (one from Laval and one from AKI)".

also opened in Lima, Peru at GRADE during this phase. Meanwhile, DLSU-AKI kept the PEP Asia Office running. PEP has described the governance of this arrangement as “an informal arrangement based on mutual trust and interest of the parties without requiring any formal mechanisms to execute the partnership” (PEP, 2013).

What was interesting in the 3<sup>rd</sup> Phase was the fact that the administration of grants of all the thematic areas of research and training that were run by Laval was transferred to CRES, Dakar.

In 2013, largely because of the positions taken by various stakeholders with a view to making PEP a more robust organisation, the decision was taken by them to give it a more formal structure that allowed it to operate as a legal entity. According to the PEP leadership, the need to restructure PEP arose out of the need to have an organisation that could raise funds a lot more easily from diverse sources and be seen to be accountable to its funders. Many of the potential funders had indeed expressed a need to see a properly registered entity that they could do business with. PEP was incorporated in Delaware on June 28, 2013 and registered as a 501(c)(3) organisation with the right to sue and be sued. It set up its headquarters in Nairobi subsequently and moved the administration of all its projects<sup>5</sup> to the headquarters or Global Secretariat.

With the transition from an informal network of partners and researchers to a more formal partnership starting after 2013, new rules, structures and processes were put in place that also affected the way partners were expected to manage their tasks. All staff members responsible for tasks related to “Global Secretariat” functions became employed by the Nairobi Office, and report to the Executive Director (ED) regardless of where they were based. The aim of this restructuring was to increase efficiency and coherence through a clearer and more centralised coordination and reporting process. With the new structure, it was envisaged that the natural division of labour in projects between PEP and its partners was for the Secretariat to provide the coordination and management services for the project and for the partners to coordinate via the Research Director the scientific inputs, for both capacity building and research. Exceptions to this would be possible, but would have to be authorised by the Board. The formalisation process was completed in early 2017.

PEP has formally defined ‘partners’ as “the organisations that comprise the institutional membership of the PEP network”. New partners can be proposed by existing partners and need to be approved by the Corporate Members of the network. Before a partner may be accepted there must be a Memorandum of Understanding (MoU) that specifies the nature of the relationship the two parties are entering. PEP can invite an institution to partnership only after it has completed at least one research project in collaboration with PEP. This means that partners are generally well known to the network by the time they join. “Partners must be

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<sup>5</sup> Though this effectively only started in 2016 with PAGE II. The PAGE I grant went to Laval and CRES.

engaged with PEP in building capacity, doing research and contributing to either a new theme or methodological advancement”.

Following the incorporation of PEP into a legal entity and the setting up of offices in Nairobi, CRES and GRADE left PEP. Some of the stakeholders we have spoken to have indicated that both CRES<sup>6</sup> and GRADE<sup>7</sup> were not satisfied with the new arrangements, but have not been specific about the nature of dissatisfaction. We learned, however, from the Management of PEP that the restructuring of the network created the flexibility of opening up the system for attracting partners in the manner described above, so long as they had specific relevant capacities for undertaking PEP activities. The adoption of the new programme, PAGE II, after the restructuring left no room for both CRES and GRADE as they were not structured or equipped to participate in it. The decision had been taken in the restructuring to ensure that partners offered scientific leadership on the relevant programmes. Even though IDRC was anxious to retain CRES as a partner, there were no resources to cover that.

With the departure of CRES and GRADE, PEP attracted two new collaborating institutions, namely the Centre for Distributive, Labour and Social Studies (CEDLAS) based at the *Facultad de Ciencias Economicas* at *Universidad Nacional de La Plata* in Argentina and the University of Pretoria. It is important to mention that key individuals at CEDLAS had been associated with PEP before the relationship between the two organisations was formalised, and this is what influenced the choice. We must also mention that before University of Pretoria came on board, PEP had collaborated with Université du Havre in France in managing MPIA projects<sup>8</sup>. This relationship did not last very long, and is a good illustration of the new ‘revolving door’ approach adopted by PEP<sup>9</sup>.

With the new additions, CEDLAS was given responsibility for the management of PIERI as agreed in a Memorandum of Understanding of March 2017. University of Pretoria now has responsibility for the management of MPIA even though this is not provided for in as much detail in the Memorandum of Understanding signed between the two entities in July 2018.

**A point we conclude on at this point is that PEP operates an open network with a revolving door. What is not very clear to many stakeholders is who walks through the door in any direction and what their motivations are.**

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<sup>6</sup> CRES had always only played an administrative role in PEP. With the centralization of administrative tasks with the GS, it no longer had a role to play.

<sup>7</sup> With the exception of the hosting of one AGM, GRADE’s participation had always been limited to one person, Martin Valdivia, a PIERI RP. As PIERI’s RD is based at CEDLAS, together with RPs for MPIA and PMMA, CEDLAS became a more obvious choice for a Latin American partner.

<sup>8</sup> Helene Maisonnave from Université du Havre joined PEP as a Resource Person in 2010. She was MPIA RD from 2012 to the end of 2017. There was no formalization of the partnership with du Havre as Helene opted to step down while PEP and du Havre were still negotiating a specific MoU.

<sup>9</sup> John Cockburn sees this as proof of the limits to the partner structure.

## 2.2 Partnership with Angelo King Institute

### 2.2.1 A brief description of the Institute

The DLSU - Angelo King Institute for Economic and Business Studies was established in 1999 by two founding institutions, the De La Salle University and the Angelo King Foundation. The corporate vision of the Institute reflects the founding institutions' drive for research excellence, policy relevance and poverty alleviation, which are also part of PEP's vision.

DLSU-AKI supports research by providing grants for projects of DLSU faculty members that are aligned with the research thrusts identified by the Institute and the School of Economics, organising a lecture series and an annual young economists' convention, maintaining a databank, issuing a working paper series and policy briefs, among other activities supporting research.

Two important longstanding activities of the institute are a quarterly summary of various economic indicators as reported by government agencies including the Philippine Statistics Office, and *Bangko Sentral ng Pilipinas*, among others. This is consolidated in an annual report, together with the CBMS programme. The institute is also involved in various short-term contract research projects.

The institute has one project coordinator on its payroll (0.75 FTE). All others are employees of De La Salle University, and these include the Director, most of the research associates, administrative assistant and an office assistant. The operational and research budget of AKI is about US\$52,000, paid for by DLSU (for compensation of Director and administrative/office staff and other office expenses) and interest income from an endowment fund donated to DLSU and Angelo King Foundation for the conduct of research and other DLSU-AKI projects.

AKI has been a founding partner of PEP together with Laval, and both institutions have been the two key partners ever since. However, no members of the CBMS Network Office are employed by AKI or DLSU. They are either employed by the Philippine Institute for Development Studies (CBMS Research Director) or as contract consultants, specialists and experts engaged by the CBMS Network Office. The academic links between the CBMS Network Office and its academic home institution DLSU (or any other academic institution) are therefore weak. This is quite different for the other partner, Laval, where, e.g. 6 of the 11 resource persons of the PMMA group, including the Research Director, are Laval academics.<sup>10</sup> The CBMS Network Office is remunerated from the budget of externally-funded projects which are administered through DLSU-AKI and which includes both PEP and non-PEP funding.

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<sup>10</sup> <https://www.pep-net.org/resource-persons-2>

The CBMS Network Office has been the linchpin for PEP's activities in the area of community-based monitoring systems research, developing its methodology, building capacity, executing research and doing outreach. The CBMS methodology was first developed in 1993 under the Micro Impacts of Macroeconomic Adjustment Policies (MIMAP) Programme supported by IDRC-Canada. The methodology includes the design and implementation of community-based monitoring systems to generate household and individual level data at the local level. The approach involves census data collection of CBMS indicators for multiple dimensions of poverty, using specially developed data collection and mapping software. The approach is also highly institutional, involving technical and capacity building support to local institutions as project partners. It is intended for improved governance and greater transparency and accountability in resource allocation at the level of local government units.

A remarkable achievement in terms of CBMS policy outreach is the adoption of the *Community-based Monitoring Systems Act* by the Philippine Government institutionalising CBMS in all cities and municipalities in The Philippines.<sup>11</sup> This makes CBMS part of the official statistical system and an officially recognised agent for implementing poverty reduction and development programmes. The national government also provides support to local government authorities for the implementation of CBMS surveys.

#### 2.2.2 Quality of Project Coordination and Management

A key management task for each partner is project coordination and management, and its quality is subject to assessment by the Secretariat's internal and a partner's self-assessment every three years. The coordination and management of the CBMS TRG activities is done by the CBMS Network Office, which includes the CBMS Network Team Leader, a Senior Research Associate, Research and Administration Officer, and six junior programme, administrative or research assistants. This is a relatively large office, but it should be noted that the office is involved in both PEP and non-PEP activities. The website also shows four CBMS resource persons, three of whom are in the CBMS Network Office.

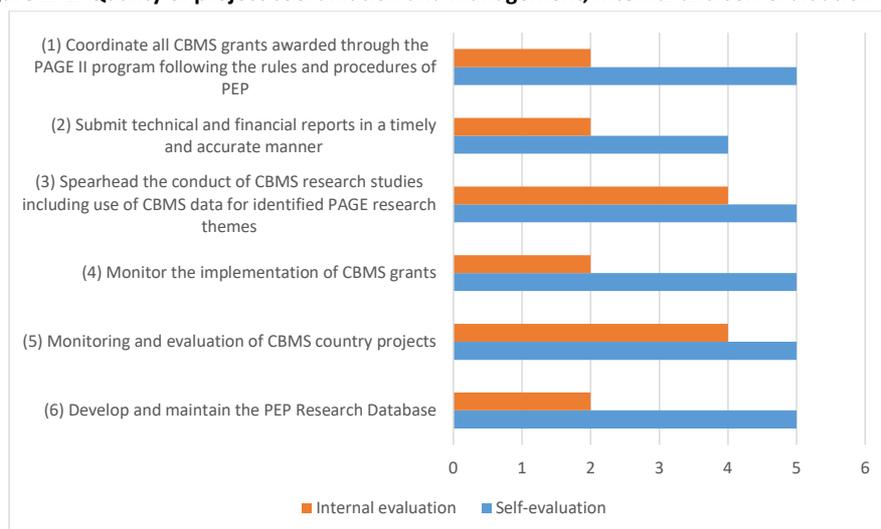
Figure 2.1 below shows the assessments for different items covered by the internal (Global Secretariat) and self-assessments of the quality of project coordination and management, where 1=Poor, 2=Fair, 3=Good, 4=Very good, 5=Excellent.

For a number of items DLSU-AKI did not provide any self-evaluation because the item did not apply to the period under consideration (January 1, 2017 – December 31, 2018). Also, because the Secretariat's evaluation did not flag any serious issues for these items (all were rated as very good) we do not further report on them – but see Appendix 1 for the full picture for all items in the evaluation instrument.

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<sup>11</sup> [https://www.senate.gov.ph/press\\_release/2019/0204\\_prib4.asp](https://www.senate.gov.ph/press_release/2019/0204_prib4.asp)

**Figure 2. 1. Quality of project coordination and management, internal and self-evaluation**



Source: Prepared from PEP Assessment Reports 2019

Figure 2.1 shows a clear discrepancy between the internal (GS) and self-assessments, where generally the secretariat takes a much less positive view of the quality of project coordination and management by DLSU-AKI than the partner itself. The discrepancy is especially stark for the following items: (1) Coordinate all CBMS grants awarded through the PAGE II programme following the rules and procedures of PEP, (2) Submit technical and financial reports in a timely and accurate manner, (4) Monitor the implementation of CBMS grants, and (6) Develop and maintain the PEP Research Database. We therefore address each of these items in turn.

*(1) Coordinate all CBMS grants awarded through the PAGE II programme following the rules and procedures of PEP*

Even though after the restructuring of PEP in 2013, all staff members responsible for tasks related to “Global Secretariat” functions reported directly to the ED, regardless of where they were located, an exception was made for the CBMS secretariat as they continued to be contracted and supervised by DLSU-AKI. A reason for the exception was that CBMS had a long history of being run from the beginning as a self-contained programme. The more important reason was that members of the CBMS secretariat combined their resource person/research assistant role with other administrative tasks, and were already reporting to the Research Director as part of the TRG. Finally, all CBMS personnel were also involved in and paid from many non-PEP activities. That required that they maintain employment with DLSU-AKI.

Because of the employment situation, a number of challenges arose in coordinating and harmonising CBMS functions within PEP. A number of steps have been taken to resolve these issues, however. First, it was agreed at the start of PAGE-II that CBMS grant disbursements would come from PEP-Nairobi in order to maintain network-wide control over this key activity. Secondly, since April 2019 a member of the Global Secretariat in Nairobi - PEP's M&E officer - who knows the CBMS arrangements very well, has been tasked to coordinate and monitor the progress of all CBMS activities and report to the ED through weekly updates (PEP's dashboards).

Nevertheless, in terms of non-administrative tasks, the integration (or "mainstreaming") of CBMS is far from complete and several procedures remain different in the CBMS programme. Specifically, PEP's procedures requiring an external review of working papers<sup>12</sup>, having mentors as co-authors, mandatory online course attendance, study visits, and international conference grants, are not necessarily followed. Here, we discuss why these procedures are not followed by the CBMS Network Office. In the sections on research quality and capacity-building (sections 2.2.4 and 2.2.5 respectively) below, we discuss how this may impact CBMS outputs and researchers.

The CBMS Network Office suggests that CBMS projects are different from other PEP projects, and that this affects which procedures are appropriate. Specifically, CBMS grant recipients are institutional rather than individual as in other PEP projects, leading to additional grant requirements and monitoring activities.<sup>13</sup> Overall, however, administrative issues seem to have resolved themselves over time.

In terms of deviations from non-administrative PEP procedures, specifically those requiring an external review of working papers, having mentors as co-authors, mandatory online course attendance, study visits, and international conference grants, this is due to a divergence of vision. Within the CBMS programme, publication has less priority than capacity-building and policy engagement and there is no history of aiming for external publication in journals with known impact score. The CBMS programme sees itself primarily as 'action research', but it has now included a 'thematic paper' that should be more publishable among its project requirements (see below).

One consequence of CBMS not following some key PEP procedures (e.g. on using external reviewers and mandatory online course attendance) is that the Global Secretariat finds it hard to monitor the quality of the CBMS capacity-building efforts.

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<sup>12</sup> Papers are reviewed by TRG committee members, resource persons and advisor as well as faculty from DLSU during study visits, i.e. *internally*.

<sup>13</sup> It is noted that the MPIA institutionalization project in Mongolia was coordinated as any other MPIA project, however.

*(2) Submit technical and financial reports in a timely and accurate manner*

The internal evaluation states that reports are not always on time and that several reminders have to be sent to CBMS, although the GS also indicates that there has been some improvement over the years. Technical and financial reports were often submitted late with a delay of 1-9 days.<sup>14</sup> A reason given for the delay by CBMS is that requested inputs/comments by PEP GS are sent at short notice, but it may be noted that PC meetings take place on a monthly basis and upcoming deliverables are communicated in advance to all TRG RDs, with follow-up reminders by email/verbally. Other reasons given for the delays by CBMS are time constraints on CBMS Network Team and (for financial reports) the schedule of closing of official books of DLSU Accounting Office.

Recommendation:

- CBMS should endeavour to ensure that technical and financial reports are submitted on time.

*(4) Monitor the implementation of CBMS grants*

The internal evaluation notes that improvements have been made in using PEP intranet to monitor CBMS grants, but that this needs to be done more systematically. The CBMS Network Office appreciates the development of the PEP intranet as one of the platforms for monitoring. It has also provided specific suggestions to the PEP GS on how to adapt the system to take into account differences in output requirements between CBMS and other TRG projects, and implementation of these led to some delays. Overall, the process seems to have created some friction in the past, but this has become less of an issue over time.

*(5) Develop and maintain the PEP Research Database*

The internal evaluation notes that numerous delays and reminders were required, and this has contributed, along with other factors outside CBMS control, to the fact that the databases are not yet available on the PEP website. CBMS has been maintaining its own databases for years, and it was logical and expected (according to the GS) that CBMS would take the lead in developing the PEP database. According to CBMS, inputs and advice was provided to PEP drawing from its experience in establishing and implementing standard protocols and procedures managing the CBMS databases.<sup>15</sup> However, because the GS did not see CBMS leadership emerging, the GS developed a database policy in consultation with the PC, which

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<sup>14</sup> Financial Report to Donors due to PEP GS March 20 2017/submitted March 24 2017 (4 days late); CBMS Financial Report to Donors due to PEP GS Feb 20 2018/submitted Feb 21 2018 (1 day late); Quarterly Financial Reports (for PEP GS) due Jan 15 2019/submitted Jan 16 2019 (1 day late), due Oct 15 2018/submitted Oct 19 2018 (4 days late), due July 15 2018/submitted July 24 2018 (9 days late), April 15 2018/submitted April 19 2018 (4 days late).

<sup>15</sup> CBMS suggested sharing the data upon request, requiring certain info from users.

used a different database architecture, namely the Creative Commons scheme. This entailed the participation of a GS member in an IDRC database training programme which was the principal cause of delay in the development of the PEP database.

CBMS states that it has prepared all the databases, but they have not been made public yet.

Recommendation:

- CBMS needs to get up to speed in terms of providing inputs for the PEP database.

### 2.2.3 Contribution to Resource Mobilisation

Within the PEP governance framework, partners are expected to get involved in fundraising in collaboration with the PEP GS and other partners for joint programmes.<sup>16</sup> The PEP-DLSU-AKI MoU also specifically mentions that the CBMS Network Office will “assist in fund-raising activities for PEP, particularly from donors active in Asia”.

According to the internal assessment, the CBMS office has not been proactive in terms of fundraising. The CBMS office, in the self-assessment, has indicated that they have undertaken several initiatives, including the listing of possible donors and their thematic interests, linking up with a donor representative, and exploring multiple international organisations.

CBMS reports two constraints to their fundraising efforts for PEP. First, the window of opportunity to secure long-term resource support for research grants and capacity building programmes is limited as project funding is usually only available for technical support to specific thematic studies and for short-term projects under specific country support programmes. CBMS has had considerable success in fundraising for “CBMS special initiatives”, involving a wide variety of donors including UNDP, FAO, and UNICEF, but these were short-run projects and for The Philippines.<sup>17</sup> The fact that these funds were raised for CBMS but not PEP suggests a risk that partners may have a stronger incentive to seek funds for own activities and less so for PEP as a whole. On the other hand, some resulting new CBMS modules such as MDG/SDG monitoring have subsequently benefited PEP researchers.

The second constraint mentioned by CBMS was that under the current PAGE partnership, no PEP resources were made available to carry out fundraising activities. In the past, DLSU got CAD 10,000 travel costs for the entire duration of a project for “networking” or participation in non-PEP organized meetings. This was the case for PEP and PAGE-I projects. This item was removed in the PAGE-II budget for DLSU, and the contribution to fundraising is now subsumed in the resources allocated to the CBMS RD. This has created a divergence of expectations between the GS and the CBMS office – while CBMS has downgraded its perceived

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<sup>16</sup> Governance, Management and Operations, June 15 2017, p.5.

<sup>17</sup> <https://www.pep-net.org/special-initiatives>.

responsibility in view of the removal of an explicit budget line, the GS expects the same effort given that fund-raising is still part of the agreed MoU.

In section 3 we will discuss more and in-depth the role of the partners in PEP's fundraising activities, and provide recommendations for improvement.

#### 2.2.4 Research Quality

Quality of research is a *sine qua non* for the PEP network. According to the PEP mission, PEP trains local researchers to apply *cutting-edge* methodologies to the analysis of key economic and social policy challenges in developing countries. Also, PEP offers *high level expertise and high quality scientific evidence* to policymakers at the national, regional and global levels.<sup>18</sup>

The emphasis on research quality has recently been reinforced in PEP by the DfID incentive system, which aims to create an additional incentive to deliver high quality research results and generate impact through publications in highly regarded professional journals. Also as part of the strategy to improve the quality of PEP research, payment tranches have been redistributed towards the last tranches to incentivise thorough revisions of final reports/working papers.<sup>19</sup> A further reinforcement is the PEP "Research Fellows Initiative" as part of the PEP Strategic Directions for 2018-2020, where fellows are drawn from PEP's alumnae, i.e. established researchers who have served as a member of a PEP project research team and who are expected to increase the number of publications by PEP researchers in high impact journals.<sup>20</sup> Currently there are 20 Research Fellows (9 females, 11 males).

In this section, we evaluate the research quality of the CBMS programme in terms of methodology and publications in high impact journals.

##### *Methodology of CBMS approach*

One indicator of research quality is whether the methodologies, including the concepts, tools, and technology employed are state-of-the-art in the profession. In terms of methodologies we distinguish here between methodologies for data collection and methodologies for data analysis, as the CBMS approach includes both.

##### Methodology for data collection

The CBMS approach addresses existing gaps in data availability at local levels. It does this by working with local government units (LGUs) and their communities to enhance their capacity

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<sup>18</sup> Governance, Management and Operations, June 15 2017, p.3.

<sup>19</sup> Strategy to improve quality of PEP research, p.1.

<sup>20</sup> Partnership for Economic Policy Strategic Directions 2018-2020, December 2017, p.11.

for data collection to support evidence-based decision-making. Hence, data collection is a key activity for which CBMS has developed its own practice guide.<sup>21</sup>

The methodology is straightforward and practical, addressing such issues as how to involve LGUs and communities, mobilize resources for CBMS implementation, budget for field and data processing expenses, implement the census, process the data, etc. Common implementation problems encountered are also addressed.

CBMS researchers are therefore learning first-hand how to collect data in the field using the CBMS methodology, and such hands-on experience is extremely valuable for researchers in developing countries typically suffering from lack of available data. The question is however whether the CBMS 'Toolbox' does sufficiently equip these researchers for future data collection efforts?

Here, we raise two issues. First, the methodology includes only one sampling methodology, namely census, without including a context-specific analysis of why this approach is most appropriate and how the appropriate sampling procedure depends on the study area and research objectives. CBMS researchers therefore do not necessarily learn to evaluate the *pros* and *cons* of different sampling procedures. Many CBMS outputs can be created using alternative sampling techniques that are more efficient.<sup>22</sup> Opting for the census approach limits the generalisability of the results as only small areas are being sampled.<sup>23</sup>

Second, the CBMS studies do not offer an analytical approach to the problem of non-random situations. For instance, in one of the working papers it is noted that "Data collection in urban areas was more difficult" but no information is given on the response rate.<sup>24</sup> Also, there is no analysis of whether response patterns are random or non-random, and the subsequent analysis does not attempt to correct for possible biases, e.g. by using weights. Avoiding sampling techniques may be attractive to keep the methodology simple, but in practice sampling considerations cannot be avoided when doing any, including the most basic, statistical analysis.<sup>25, 26</sup>

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<sup>21</sup> Reyes et al. (2004) Community Based Monitoring System: A Tool to Fight Poverty [https://www.pep-net.org/sites/pep-net.org/files/typo3doc/pdf/CBMS-GRB/METHODOLOGY\\_WORKSHOPS/Tool\\_fight.pdf](https://www.pep-net.org/sites/pep-net.org/files/typo3doc/pdf/CBMS-GRB/METHODOLOGY_WORKSHOPS/Tool_fight.pdf).

<sup>22</sup> Within CBMS there is also a perception that a census is always necessary to identify beneficiaries of targeted programs, but this also depends on the targeting mechanisms. E.g. one can target individual children through schools/clinics or one can use self-targeting mechanisms.

<sup>23</sup> The exception is The Philippines where province-wide CBMS censuses have been implemented and recently a national law has been adopted for a country-wide CBMS programme.

<sup>24</sup> Working Paper CBMS-2017-11, section 4.

<sup>25</sup> CBMS has considered sampling at an earlier stage, but judged it too complicated for local governments to implement.

<sup>26</sup> Deaton (1997) notes that "self-weighting designs are rarely self-weighting in practice because adjustments are often made to the weights after the survey, for example to compensate for unanticipated nonresponse by some set of households, and weights have to be used in any case" (p.55).

Recommendation:

- The CBMS Toolbox needs to be expanded in terms of data collection methodologies to include capacity-building in various sampling approaches and methods addressing non-random survey non-response.

#### Methodology for data analysis

CBMS researchers use a variety of tools to analyse their data, of both descriptive and econometric nature. This richness in applications reflects the fact that CBMS surveys typically include 5000+ household-level observations<sup>27</sup>, making the application of many econometric techniques feasible.

The CBMS methodology is developed to address data gaps at low levels of aggregation, and all the in-depth data analysis is typically only based on the CBMS local data. However, in practice, other data sources are available that also do cover the study areas, such as national household surveys, population census, soil maps, and satellite data. The CBMS Toolbox includes useful poverty mapping software which allows researchers to overlay CBMS data on existing maps (e.g. flood maps).<sup>28</sup> It would also be useful to expand the CBMS Toolbox with spatial econometric approaches and local data imputation techniques (such as poverty mapping) to enrich the analyses and to allow extrapolation of local findings to larger geographical areas. These cutting-edge methodologies will be too advanced for local government units to use, but will allow CBMS researchers to do more powerful analytical work.

Recommendation:

- The CBMS Toolbox needs to be enlarged to allow for more powerful analytical approaches, to enrich the analysis and to increase generalisability of the small study sites results.

#### *Publications in high impact journals*

As noted above, within the CBMS programme publication is not the top priority and no CBMS study has been published in a journal with a known article influence score so far.<sup>29</sup> The focus is on setting up a monitoring system for adoption by local and/or national government for policymaking and programme implementation. However, CBMS projects under the PAGE II programme are now required to also prepare a thematic paper that should be more suited for submission to journals. But mentoring is dispersed across different resource persons with different expertise and therefore less focused on the creation of one (homogenous) publishable project output. Project reports are not structured as journal articles from the

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<sup>27</sup> The number of individual-level observations is a multiple of this.

<sup>28</sup> Quantum GIS (QGIS) software.

<sup>29</sup> See [eigenfactor.org](http://eigenfactor.org).

start, requiring researchers to spend much time reworking them before they can be submitted to journals.

In the CBMS focus group discussion, the researchers were clearly concerned about the publication potential of their work, as they suggested several changes to the programme to improve this.<sup>30</sup> Probably the researchers themselves understand that a lack of focus on publishing may lead to a deterioration in the quality (rigour) as well as the broader relevance of CBMS reports, which lowers their private returns on their PEP project. It may also lower the projects' social return in light of PEP's core capacity building and policy advising objectives.

If publication becomes a top priority in the CBMS programme, one may still ask whether this will lead to high impact publications. There are two necessary conditions for high impact publications, namely maximising the academic contribution as well as the quality of research. In order to evaluate the CBMS research we have carefully read all external CBMS publications and the most recent CBMS working papers (from 2017).<sup>31</sup>

In terms of maximising the academic contribution, CBMS researchers noted in a focus group discussion that because the studies typically cover only 1-3 locations the study is more difficult to publish due to a lack of generalisability of the results. This is no problem for CBMS studies from The Philippines as they can benefit from data from many locations, but an issue for the other country teams. As noted before, enlarging the CBMS Toolbox to link CBMS data with other data resources can be helpful in this respect.

Alternatively, CBMS studies can include analysis of how the availability of census data improves/changes the outcomes of an analysis based on non-census data, thereby complementing existing studies based on more aggregated data sources.

Also, CBMS thematic studies should be grounded in the literature rather than the CBMS rationale that local data is often missing and that this hampers local decision-making. Too often the studies read as a case study analysis without making clear how the outcomes are linked to the broader literature and knowledge gaps that may appeal to readers without any specific interest in the small study areas.

Maximising research quality is also key for high impact publishing, and there is clear room for improvement in this respect. This is not to say that there are no good CBMS papers, or that all papers need improvement in each of these areas, but only to point out that CBMS papers are often lacking in one or more of these areas, and this hampers their chances for publication

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<sup>30</sup> They suggested the assignment of a mentor for the entire project, a change in methodology to make the research less local, and giving more attention to the development of a publishable article from the start.

<sup>31</sup> Papers CBMS-2017-01/02/05/06/07/09/10/11/12, <https://www.pep-net.org/working-papers>

in high impact journals. The following issues stand out from the CBMS studies that have been externally published:

- ✓ Titles are not always well-chosen.<sup>32</sup>
- ✓ Some of the abstracts are poorly written.<sup>33</sup>
- ✓ The studies need to provide background information on the study site, but this is not always provided.<sup>34</sup>
- ✓ The research objectives do not always have analytical substance.<sup>35</sup>
- ✓ The analysis does not always go beyond description.<sup>36</sup>
- ✓ The econometric estimation techniques applied are sometimes questionable.<sup>37</sup>
- ✓ Discussion of the methodology should not cover textbook material.<sup>38</sup>
- ✓ Some studies only discuss statistical significance, but not economic significance of the econometric estimations.<sup>39</sup> This is also sometimes the case even if the statistical result is economically puzzling.<sup>40</sup>
- ✓ The policy conclusions are not always derived from the analysis.

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<sup>32</sup> For instance, one title reads “Evaluating government programmes for enhancing the welfare of the youth towards entrepreneurship” (working paper CBMS-2017-05).

<sup>33</sup> For instance there are puzzling statements such as “In Togo, the informal sector accounts for 84% of the workforce with an annual growth of 5%” (Esso Hanam Atake, Akoété Ega Agbodi, Malb Ama N’Danida Yagninin, Déde Kouvidjin, André Melachio Tameko, Luc Armand Totouom Fotuè, yevessé Dandonougbo, and Abdul Fahd Fofana (2017): “Togolese Informal Sector Workers’ Willingness to Pay for Access to Social Protection”, *DLSU Business & Economics Review*, Volume 27, pages 97-106). Or another example is that the estimation technique is “instrumental variable multinomial logistic regression”, which is a non-existent method (Christopher James R. Cabuay (2017): “The Impact of Remittances on the Youth’s Human Resource Development, Employment, and Entrepreneurship: Evidence from Philippine CBMS Data”, *DLSU Business & Economics Review*, Volume 27, January, pages 28-58).

<sup>34</sup> E.g. Sebastian Auguste, and Alejandro Bricker (2017): “Gender Gap in Entrepreneurship: Evidence from Argentina”, *DLSU Business & Economics Review*, Volume 27, pages 1-27

<sup>35</sup> One example where analytical substance in the research objectives is lacking: “to estimate the likelihood that an individual will be employed”, and “to estimate the likelihood that an individual will engage in entrepreneurship” (Brian Gosun and John Paolo Rivera (2017): “Role of Education in Encouraging Youth Employment and Entrepreneurship”, *DLSU Business & Economics Review*, Volume 27, January, pages 72-88).

<sup>36</sup> E.g. Peres *et al.* (2017) present a set of descriptive regressions without much analytical content.

<sup>37</sup> For instance, one (published) study uses a so-called estimation technique “instrumental variable multinomial logistic regression” which is questionable and no reference is given for this. The paper is aware of this: “The modelling strategy is a somewhat ad hoc estimation of Heckman’s model of sample selection” (Cabuay 2017, p.35). Or another example: the Gosun and Rivera (2017) paper states that it addresses endogeneity concerns by “providing structural equations (i.e., Equations 10 and 11)”, but we note that these do nothing to address endogeneity in the main equation (9).

<sup>38</sup> E.g. see the discussion of the multinomial logit model in Gosun and Rivera (2017). This point was also raised in the 2015 external evaluation (Hoffman and Borat (2015, p.42).).

<sup>39</sup> “Income positively affects WTP. However, there is a threshold above which, income adversely affects the WTP as indicated by the negative sign of the coefficient of the variable income<sup>29</sup>”, in Esso Hanam Atake *et al.* (2017).

<sup>40</sup> “Regression results show that having business capital is positively affected by ... the presence of a pregnant woman in the household” and having “a disabled individual in the household, his chances to source bank capital is better” (abstract, Junette A. Peres, Denmark C. Alarcon, and Mar Andriel S. Umali (2017): “Determining the Credit Risk Factors in Accessing Debt Financing for Entrepreneurial Activities”, *DLSU Business & Economics Review*, Volume 27, pages 89-96)

- ✓ The studies are not always sufficiently edited.<sup>41</sup>

These concerns are raised for the CBMS published studies. Similar issues can be found in the most recent working papers, but what is noticeable is that the working papers are often more like a report rather than a (rough) paper draft. Also, many of these working papers seem to lack basic editing, e.g. with missing page numbers, incomplete sentences, poorly written abstracts, tables broken across pages, typos, etc. The outputs need more attention before they can be published and PEP should make sure this also holds for the working paper series.

It was noted before that the CBMS Network Office has relatively weak academic links, while CBMS researchers will benefit from more exposure to academic rigour, including the use of external reviewers of working papers.

Recommendations:

- If CBMS desires to grow publications significantly, this would require a change in vision and culture in the CBMS Network Office
- The CBMS Network Office should take steps to be better embedded in the (international) academic community
- CBMS working papers need more attention before they can be published on the PEP website, including external editing and review.

### 2.2.5 Capacity Building

The CBMS programme provides researchers with thorough capacity building in CBMS techniques through training workshops, training materials, scientific mentoring, and meetings. The training programme is well-designed with different modules to teach different aspects of the CBMS approach.<sup>42</sup> High quality and intensive training is the hallmark of the PEP “grants plus” approach which PEP has built up over the years and which remains impressive also, compared to its direct competitors.

A unique feature of the CBMS programme is that it not only builds capacity among CBMS researchers, but also among local people connected to the CBMS study sites.<sup>43</sup> The enumerators, who could be from local government units, community, CSOs, schools, learn how to use the CBMS APP to collect information. The data that have been collected are

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<sup>41</sup> One of the studies evaluated has a typo in the title, for instance (Cabuyay 2017).

<sup>42</sup> (a) Design of CBMS methodology and data collection instruments; (b) Development of Indicator Systems for poverty monitoring; (c) Using CBMS for Gender Responsive Budgeting; (d) Generating multidimensional poverty index using CBMS data; (e) Implementing the CBMS Accelerated Poverty Profiling (APP) tools for tablet based data collection; (f) Processing of CBMS Indicators Using Stata; (g) Generating SDG indicators Using CBMS data; and (h) Poverty Mapping using CBMS-QGIS (see <https://www.pep-net.org/about-cbms>, <https://www.pep-net.org/training-materials>).

<sup>43</sup> Recent programs (Hewlett and round 3) include this also for other TRGs.

presented to the community and local leaders for validation and discussion. For instance, in the validation activity at a project site in Kenya in 2016, CBMS data showed that certain individuals who were ineligible for government assistance were also not able to access the programmes, and subsequently this exclusion problem was resolved at the local level. Local policy-makers connected with the CBMS sites are invited to the PEP meetings to share how they have used the data or findings from the project. We have not further explored whether this approach to local capacity building is effective as this would involve attending these local meetings and interviewing the local people that are involved.

In this section we have therefore focused on capacity building among CBMS researchers. At a focus group discussion, CBMS researchers noted that the strong PEP procedures during the proposal phase greatly improved their research. They also valued highly the collection of primary data, the comments at conferences and study visits, and the policy relevance of the research. We have identified five areas that warrant special attention, namely online courses, organisation of mentoring, data collection skills, study visits/international conferences, and team/peer-to-peer learning. And finally, we address the question whether CBMS researchers have benefitted from the PEP programme in terms of career advancement.

#### *Online courses*

One noticeable difference between the CBMS programme and other TRGs is with respect to the use of the online courses. In all other TRGs and in line with PEP's 2018-2020 strategy all members of research teams working on PEP grants have to take an online course. Only the members who pass the course are invited for meetings and study visits, and participants are observed to be motivated to pass. The pass rates for these courses were 86%, 92% and 73% for the PMMA, MPIA and PIERI researchers respectively.<sup>44</sup>

These online courses act as a two-edged sword – they provide formal training that builds capacity and they function as a screening mechanism to make sure that a required minimum level of capacity/effort is present in order to successfully produce the research grant deliverables.

In the CBMS programme researchers are 'encouraged' to participate and if so, the CBMS office facilitated the participation of one researcher from each research team. The researchers selected either the PMMA poverty or PIERI-PMMA policy impact analysis course, and were charged a \$100 processing fee, which was deducted from the research grant. Researchers in the other TRGs are not charged this fee as the course is mandatory, unless they take additional (i.e. non-mandatory) courses.

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<sup>44</sup> These figures are for Round 1 of the PAGE programme. In Round 3, the pass rate was 88% for the MPIA-PMMA researchers.

It would seem more appropriate for CBMS to follow the PEP procedure by having all researchers take an online course and making successful completion a prerequisite for participation in meetings. It would also be appropriate if there was an online course specifically developed for CBMS research. It is true that the design and implementation of CBMS projects is highly local context-specific, depending on local administrative structures of government, including stage of devolution, as well as development of household questionnaire, field work plan. Also, there is a division of labour in CBMS teams with different researchers being involved in different project tasks. Nevertheless, an online course teaching the principles of the design and implementation of a community based monitoring system, including case study materials showing CBMS principles could be applied in different contexts, will better prepare the researchers for future work in other contexts. For this reason, the course should also include the basics on survey sampling theory and analytics in line with an expanded CBMS Toolbox. Also, an online course allows more team members to benefit, as capacity-building activities are currently targeted at specific members only (see below).

Recommendations:

- All CBMS researchers should be required to take an online course, and only researchers who can pass should benefit from further meetings
- A new online course especially designed for CBMS-type of research is called for, but covering an 'expanded' CBMS Toolbox

#### *Organisation of mentoring*

One issue that was raised by CBMS researchers was the organisation of the mentoring process. They suggested the need to follow the mentoring approach used by the other TRGs, namely having one assigned mentor who is responsible from start to finish. Currently researchers submit their reports before a meeting, next evaluators are assigned, and comments are received during the meeting. As a result, fundamental issues sometimes come up too late in the project and having one dedicated mentor will mitigate against this risk. Of course, different resource persons have different types of expertise, and therefore it would be advisable to have consultations among resource persons about the different projects to pool this expertise before each mentor starts communicating with the individual teams.

Also, PEP has instituted an apprenticeship-like policy to having mentors as co-authors. Having different mentors for each project makes it harder to develop a high impact publication as it would require the intensive cooperation of all mentors.

Recommendation:

- CBMS mentoring can be more effective if mentoring services are embodied in one mentor throughout the course of the project

#### *Data collection skills*

CBMS researchers use software that has been specially designed for CBMS researchers to collect data using tablets. All programming is done in Manila and researchers do not know nor learn how to do this themselves. This creates a feeling of 'dependency', in the words of CBMS researchers, as well as problems during the fieldwork when programme adjustments need to be made. The ability to collect data is, however, a valuable skill for researchers in low-income countries where data remain scarce. Given that 70-90% of the CBMS project budgets is spent on data collection, it is recommended that researchers are also taught how to programme tablets for data collection as well (although this may have budgetary implications).

#### Recommendation:

- Researchers should be able to conduct CBMS analysis (including managing data collection software) independently after completion of the project

#### *Study visits and international conferences*

Unlike in the other TRGs, CBMS researchers do not have study visits or international conference grants, but an additional CBMS meeting in The Philippines instead. While an additional meeting in The Philippines is useful, the opportunity cost is also high. Non-CBMS researchers have indicated that study visits are highly valued as moments when they can work intensively with their mentor, often to sort out methodological issues, and making the contours of a publishable paper visible.<sup>45</sup> The international conference grant allows PEP researchers to expose their outputs to peers for external feedback and improvement. An internal meeting is unlikely to equally support CBMS researchers in publishing.

#### Recommendation:

- CBMS researchers need more exposure to the academic world and study visits/international conference grants should be seriously considered

#### *Team and peer-to-peer learning*

Because there is a clear division of labour in CBMS teams, capacity building activities are targeted at different members depending on their tasks/activities. For instance, at least one member, but not the whole team is trained in generating poverty maps. While it is recognised within CBMS that it would be ideal to train all team members, this is not possible, and an online course would support team-wide capacity building. CBMS tries to engage all members as much as possible, by asking the team leaders to designate a member as a focal person for major tasks and then communicate with this person together with the team leader.

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<sup>45</sup> The non-CBMS TRGs initially had an additional AGM presentation (interim report), but it was quickly determined that a 3-week study visit was much more useful to them than a 45-minute slot and short individual meeting at an AGM.

In terms of peer-to-peer learning, CBMS researchers suggested letting peers comment first on presentations ahead of the seniors in order to encourage more discussion among researchers during meetings.

#### *Career events of CBMS alumnae*

Capacity-building is about increasing the stock of human capital and therefore should have longer term effects beyond the successful completion of the CBMS project. If CBMS capacity building increases human capital, then one would expect returns later, especially in terms of career events. Do we see CBMS alumnae benefiting in this respect? Are they getting better jobs? Are they moving into research positions? If so, do they publish more in better journals? Do they receive competitive research grants?

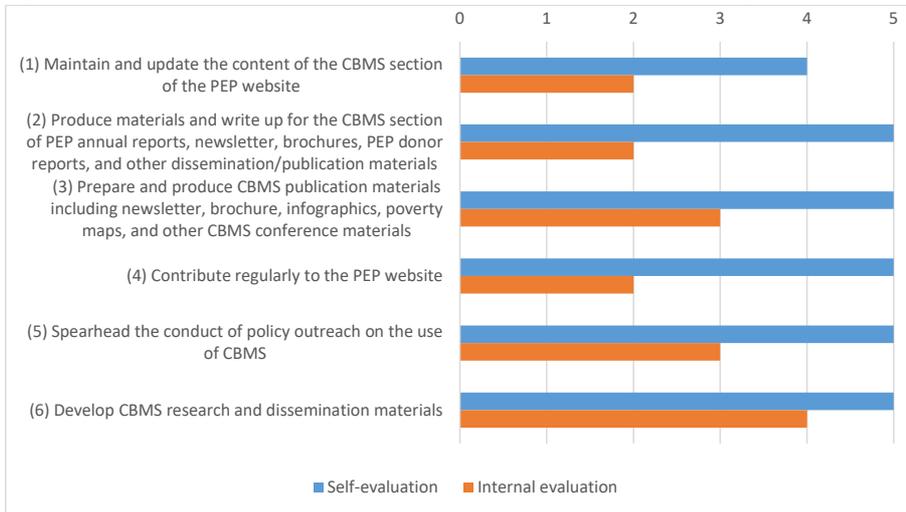
For this, it is important for PEP to continue tracking its alumnae. PEP took stock of its senior alumnae (senior researchers and policymakers) last year, and shared this information with DfID. Fifty-three senior alumnae in research and policy were listed, including information on current and past key positions. Also, project technical reports include information on career advancement during and immediately after PEP projects. However, while this information shows that many PEP alumnae have done well afterwards, there is no real basis to say whether this is somehow related to having benefitted from PEP, c.q. CBMS (e.g. no information is provided on the TRG of the alumnae). Of course, attribution is difficult given that the counterfactual is not observed, but a systematic (impact evaluation) study including the construction of a control group falls within the scope of the PEP Toolbox.

At the end of July 2019, a new survey was launched to track alumnae collecting information on (i) previous and current employment, (ii) views of PEP's support, including its contribution to their career progression, (iii) their affiliations, and (iv) their interest to be involved in PEP's activities, among others. The response rate has not been very high and therefore PEP is now contacting alumnae directly.

#### 2.2.6 Contributions to Communications, Research Dissemination and Uptake

In line with PEP's governance, management and operations regulations, each partner's contribution to communications, research dissemination and uptake is also subject to a three-year partnership review, including a Secretariat's internal and a partner's self-assessment. The next table shows the reported ratings for different items covered by these internal and self-assessments, where 1=Poor, 2=Fair, 3=Good, 4=Very good, 5=Excellent.

**Figure 2.2 Contribution to communications, research dissemination and uptake**



Source: Prepared from PEP Assessment Reports 2019

Figure 2.2 shows a clear discrepancy between the internal and self-assessments, where the secretariat generally takes a much less positive view of the contributions to communications, research dissemination and uptake by DLSU-AKI than the partner itself. The discrepancy is large for almost all items reported on, except for item (6) Develop CBMS research and dissemination materials. We therefore discuss only the other items next, where we combine items (2)-(4).

*(1) Maintain and update the content of the CBMS section of the PEP website*

The CBMS ‘homepage’ provides an overview of the CBMS programme, including its rationale, core activities, country projects, background papers, latest news (‘features’), and a video (<https://www.pep-net.org/about-cbms>). Some of the information provided is old and needs updating. Examples are a video from 2009, CBMS background papers/historical references which are each more than 20 years old, reference to past but not current funding (AUSAid during 2007-2012), and a section ‘Highlights of CBMS Work’ that does not highlight any recent activities (at least explicitly).

**Recommendation:**

- The CBMS homepage needs updating

- (2) Produce materials and write up for the CBMS section of PEP annual reports, newsletter, brochures, PEP donor reports, and other dissemination/publication materials*
- (3) Prepare and produce CBMS publication materials including newsletter, brochure, infographics, poverty maps, and other CBMS conference materials*
- (4) Contribute regularly to the PEP website*

The internal assessment notes that the PEP communication team receives very little input from CBMS for its newsfeed ('there are no contributions to PEP news') and email requests often go unanswered. The most recent PEP news bulletin available is from November 2018 and includes 3 news items on CBMS. However, PEP publishes all important news on a webpage, and there is little about CBMS found there.<sup>46</sup>

The CBMS Network Office has published its quarterly "CBMS Network Update", most recently in June 2019 and which is uploaded in the publication section (newsletters) of the PEP website.<sup>47</sup> The CBMS Network office also maintains an International Network Facebook Page with more than 6300 members.<sup>48</sup> Hence, the CBMS team has been active in terms of creating news items, but more outside than inside the PEP news channels. This is as expected as CBMS Network Office is involved in many non-PEP activities, but it does not justify why fewer news items are forthcoming than from other TRGs.

That leaves the question about unanswered emails. We asked the GS to provide three examples, although purportedly there were many more of such cases. Next, we verified with the CBMS Network Office how it followed up on these emails. These examples did corroborate that the communication with CBMS has not been smooth – emails were left unanswered and/or responses were sent too late. Also in some cases CBMS did take action in response to emails but this was not properly communicated back. These communication problems may be partly due to the structure of the CBMS Network Office, where everything still goes through the RD who faces increasing PEP and non-PEP responsibilities without junior staff members taking over additional responsibilities over time.

In any case, better communication between CBMS and the network is therefore called for. This will also help to clarify what is expected, targeted, and agreed on in terms of contributions to PEP newsfeeds, something which remained insufficiently clear to the CBMS Network Office.

Recommendation:

- CBMS needs to be more proactive in terms of contributing CBMS news items through the PEP channels

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<sup>46</sup> <https://www.pep-net.org/news>.

<sup>47</sup> <https://www.pep-net.org/newsletters>.

<sup>48</sup> <https://www.facebook.com/CBMSNetwork/>.

- Improved communication is needed between the GS and CBMS Network Office to manage expected deliverables and timelines.

#### (5) Spearhead the conduct of policy outreach on the use of CBMS

The internal assessment states that “most (5/8) teams had not undertaken any PO-related activities since February 2018”. However, during the assessment period the focus of the CBMS project teams was on local training, primary data collection, processing and data analysis. As of September 2019, most teams have developed PO-related activities since February 2018.

#### 2.2.7 Involvement in Activities to Grow PEP as an Institution

In this section, we look at the extent to which CBMS has taken the lead in growing PEP as an institution in terms of its scope and breadth, including themes, methodologies, and activities.<sup>49</sup> CBMS is a founding partner of PEP together with Laval University. Since its launch in 2002, CBMS has strongly contributed to PEP through the development of the CBMS methodology, research capacity-building efforts, and policy outreach. A laudable achievement in terms of policy outreach is the adoption of the *Community-based Monitoring Systems Act* by Philippine Parliament institutionalising CBMS in all cities and municipalities in The Philippines.<sup>50</sup> As a result, CBMS will be part of the official statistical system and an officially recognised tool for implementing poverty reduction and development programmes. Resource support from the national government will also be provided to local governments in their implementation of CBMS. This CBMS success is also partly PEP’s success.

But to what extent does CBMS continue to contribute in growing PEP as an institution as of today? In terms of research themes, the CBMS programme has been broad from the start, taking advantage of the collection of disaggregated data across a wide spectrum of indicators relating to income and livelihood, education, health and nutrition, housing, access to basic services and facilities, access to programmes, political/community participation, migration, climate change, among others. This broad coverage allows PEP to expand the scope and breath of its themes in almost any conceivable direction, including the monitoring of the SDGs.

In terms of methodology, the contribution of the CBMS approach to the overall PEP Toolbox is currently stagnant – it is not clear that any new methodologies are forthcoming that will be included in the CBMS (and hence, PEP) Toolbox.<sup>51</sup> An expansion of the PEP Toolbox, such as happened with the addition of the PIERI Network, would allow PEP to grow further.

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<sup>49</sup> In section 2.2.3 we already discussed CBMS’ contribution to fund-raising activities.

<sup>50</sup> [https://www.senate.gov.ph/press\\_release/2019/0204\\_prib4.asp](https://www.senate.gov.ph/press_release/2019/0204_prib4.asp)

<sup>51</sup> We made some suggestions for expansion of the CBMS Toolbox in section 2.2.4.

In terms of activities, CBMS has been lagging PEP's evolving agenda of increasing emphasis on research quality as evidenced by high impact journal publications. Recent CBMS country studies within the PAGE-II programme have publication potential but the CBMS programme remains relatively unfocused on producing high impact research outputs. According to the CBMS RD, this is partly a matter of resources as CBMS projects spend a high share on CBMS data collection and local capacity building efforts, but CBMS projects receive resources for these additional activities.<sup>52</sup> The CBMS RD also points to a difference in vision, where CBMS is 'action research' rather than academic research. However, given that CBMS research involves primary data collection, there should be ample opportunity for publishing, as long as rigorous academic standards are imposed.

#### 2.2.8 Relationship with the PEP Secretariat

Finally, we look at the relationship with the PEP Secretariat. The partnerships are a two-way street, and therefore it is important to discuss how the secretariat has managed/built /supported the partnerships and whether more can and should be done.

With the restructuring of PEP in 2017 the PEP Asia office was abolished and the organisation became more centralised; budgets were reallocated, and procedures were streamlined across PEP.<sup>53</sup> The CBMS Network Office, continuing its main function under the new governance structure as CBMS Resource Persons, has been supportive of PEP's new structure, but there have also been frictions.

The CBMS Network Office feels that the GS has insufficient understanding of the CBMS work and how that affects the implementation and achievement of expected outputs/outcomes. They note that recently the recognition has started to improve, but more needs to be done to change the situation and ensure "better appreciation and recognition of contributions of the CBMS partner". CBMS notes that it has adjusted its work programme for PEP-supported CBMS projects to focus more on publication in line with PEP's emphasis on publication, although it is too early to say whether this bears fruit.<sup>54</sup> At the same time other PEP programmes have started, under the PAGE programme, to put more emphasis on policy outreach.

CBMS explicitly mentioned to us that there are differences in priorities and strategies between PEP and CBMS, and this gap has not been bridged sufficiently since 2017.

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<sup>52</sup> PEP provides for data collection funds for CBMS. A regular grant has been USD 22K, but a CBMS grant is USD 50k.

<sup>53</sup> Also the GRADE and CRES offices were discontinued while Laval's structure was changed.

<sup>54</sup> It should be noted that CBMS has been part of the (Programme Committee) discussions to focus more on high-level publications in response to the DfID incentive grants. All TRGs shared concerns, for example, will there be a temptation to select projects from higher-capacity teams to get good publications at the expense of PEP's core capacity building mandate?

It is clear that such frictions are not sustainable if left unresolved. The CBMS office has informally notified the Global secretariat that it is planning on “taking a break” from the PEP network. The CBMS RD also told us that they do not see this necessarily as a permanent parting. It seems therefore imperative that discussions are started, at the highest levels, to see whether the parties concerned can return to the same page and, regardless of whether this is desirable or feasible, how to move forward in a mutually productive manner.

Recommendation:

- Discussion between CBMS RD and ED is called for to discuss the way forward

## **2.3 Partnership with Université Laval**

### **2.3.1 A Brief Description of the Organisation**

The PEP work at Université Laval is coordinated from the Economics Department. When PEP started the Department relied on its association with the Interuniversity Centre on Risk, Economic Policies, and Employment (CIRPÉE) and drew on the human resources of the Centre. The Centre is described on its website as “a group of researchers committed to pooling their wide-ranging expertise in the interest of promoting socially responsible research that informs public debate on issues of employment, education, health, and social cohesion”<sup>55</sup>. CIRPÉE is designed to work with researchers from several institutions and currently has 45 research fellows from HEC Montréal, ESG UQAM, Concordia University, and Université Laval. It also has 40 other researchers who are tied to it as associate members, working as visiting researchers or in some other professional capacity. CIRPÉE-Laval has 15 research fellows, 12 associate researchers, six research professionals, and 77 graduate research students from the Department of Economics (FSS) and the Department of Finance, Insurance, and Real Estate (FSA).

The centre attracts graduate students and postdoctoral fellows from many countries and undertakes its research programme in five areas, namely (1) social policies, market structures, and employment; (2) public economics and political economy; (3) global analysis of economic policies and employment; (4) human capital, growth, and international development; and (5) risk management and financial markets.

The Centre, through the Economics Department, provides scientific leadership and coordinates capacity building for the Thematic Research Group (TRG) for Poverty Monitoring, Measurement and Analysis (PMMA) for PEP. This TRG recognises the various developments that have taken place in the way governments respond to poverty and related socio-economic

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<sup>55</sup> <https://www.ulaval.ca>

challenges around the world. The TRG is interested in the effectiveness of the various policy interventions, generally reflected in social policy practice around the world. Its researchers work on “social protection schemes, labour market legislation, job training, education, migration, access to credit, agricultural development programmes”. There is strong interest in youth, gender, child labour, microfinance, land tenure, etc. by the PMMA researchers. Researchers working with the TRG tend to be interested in the effectiveness of policy or impact of particular interventions or treatments. Some of the approaches used include regression discontinuity design, propensity score matching, instrumental variables, difference-in-difference, endogenous switching regression, etc. Micro-simulation techniques for considering ex-ante outcomes of some interventions are a common feature in the work of the TRG. The general approach of PMMA is to use rigorous econometric techniques to draw out the expected outcomes of interventions. This is of course different from the experimental approaches used elsewhere, such as in PIERI.

The work of the TRG tends to rely on existing survey data, such as national household living standards surveys or firm-level survey data. PEP already has some of the large household data sets on its website<sup>56</sup>. There is extensive use of such data also for poverty and inequality measurements. The work of the TRG is expected to guide policy makers in the determination of national priorities. Questions of interest will include the allocation of public spending to various sectors. In many countries, the issue of spatial allocation of public spending is very important, and this is often done with mainly political considerations. The work of this TRG is expected to provide a more acceptable scientific basis for such allocations.

It is interesting that in our discussions with several stakeholders, most people saw Laval as the ‘star’ in the partnership arrangements. Largely because of its history and association with three of the TRGs from the beginning, it has built a solid reputation for scope of work, rigour in approach and a large number of publications, including some that have become standard text for researchers working with the team. Many people remember the number of well-known economists that have been associated with PMMA over the years, including Bernard Decaluwé and Jean-Yves Duclos. Work associated with PMMA has led to “two world-renowned software tools for distributive analysis” which are used globally. These are the Distributional Analysis (DAD) and the Distributional Analysis Stata Package (DASP) packages. Many students of Development Economics interested in microeconomic analysis have become familiar with these.

There is also the perception among several stakeholders that following the restructuring of PEP, which saw a fair amount of responsibility and resources move away from Laval to other

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<sup>56</sup> Some of the available institutional data sets include the (1) UNICEF Multiple Indicator Cluster Survey (MICS); (2) IFPRI data sets; (3) Socio-Economic Database for Latin America and the Caribbean (SEDLAC); (4) World Bank Development Data Platform; (5) International Household Survey Network; (6) All the Living Standards Measurement Surveys to date; and many others.

institutions, including the PEP Headquarters, the incentive for many potentially key players at Laval to work with PEP has diminished somewhat. It is argued that the number of persons at Laval engaged directly with PEP has gone down considerably and it is not clear what the university plans to do in the future. We spoke to both the PEP Partner Representative at Université Laval and the PMMA Director of Research. They are both very enthusiastic and positive about PEP. They have plans for future growth, even if it is unclear how these fit into larger university structures and plans.

Recommendation:

- It is essential that Université Laval and PEP discuss the medium-long term relationship that they want to have, and how involved the Department of Economics would be in the capacity-building effort<sup>57</sup>.

### 2.3.2 Project Coordination and Management

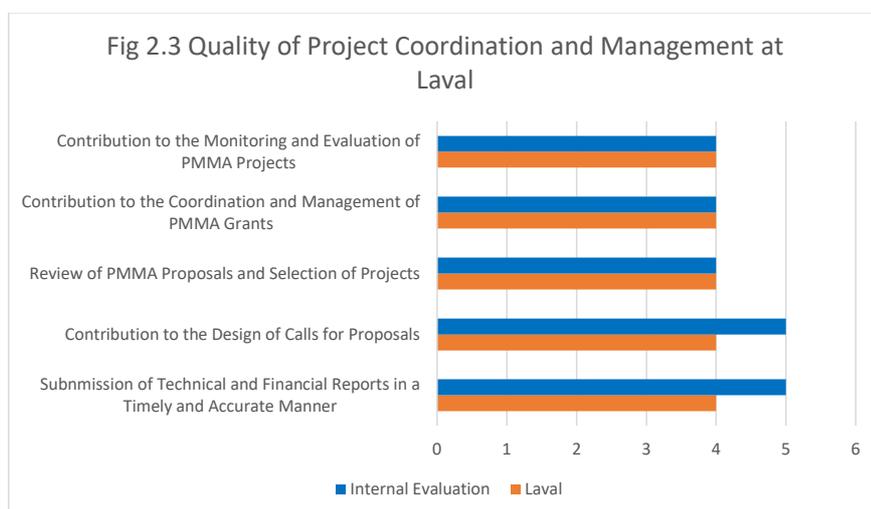
The coordination and management of the PMMA TRG activities is done by the PMMA Research Director, a key PMMA resource person and two other resource persons. PMMA has a Programme Committee which is broken into two sub-committees, namely a strategic sub-committee and a technical sub-committee. The strategic sub-committee has five members from different institutions with the Research Director as an ex-officio member. The technical sub-committee is responsible for the implementation of the capacity building plans, such as providing mentorship and the development of training materials. They are responsible for running specific agreed activities related to PMMA projects and providing mentorship for up to 50% of those projects. Other resource persons are located elsewhere. Two persons on the staff of Laval are paid by PEP, namely Luca Tiberti, who is the Research Director, and Abdelkrim Araar, a PMMA mentor/resource person. Laval provides the infrastructure required for their functioning and receives reimbursement for this from PEP. We note that the Research Director based at Laval is the Chair of the Programme Scientific Committee (PSC) of PEP and coordinates the activities of the PSC.

We also noted in the course of our study that Laval is generally satisfied with the way the management and coordination of projects is carried out. The managers suggested that PEP's rules and regulations for managing projects were fairly stringent and provided adequate guidance to Laval staff on what was expected. In managing the Call for Proposals for PMMA projects, they reported no issues that could hinder the process. We wanted to know whether there were also any issues with how proposals were reviewed and they reported none. They do not have to monitor how grants are utilised by researchers as the administration of grants was done from Nairobi. So far, they have been able to submit technical and financial reports on these projects on time.

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<sup>57</sup> The ED indicated to us that "these are often defined in the MOU. We will be amending the current MoU to cover IDRC PAGE II extension grant, but this is as far as it can go as it is project based".

It is informative that in the self-assessment exercise on how Laval manages and coordinates research projects, Laval scored itself as 'very good' for all the measures of performance. More interestingly, the Global Secretariat scored Laval even higher on some of those performance measures. (See Fig. 2.3 below: 1=Poor; 2=Fair; 3=Good; 4=Very Good; 5=Excellent). The Global Secretariat is generally satisfied with Laval project coordination and management, and describes the TRG as the "most active". It is noted by the PEP Secretariat that no complaints have been received about the TRG. We note that for the submission of technical and financial reports, the PEP Secretariat scored Laval as "excellent", higher than Laval had scored itself. This would appear to be a situation where the partners are relatively satisfied with each other<sup>58</sup>.



Source: Data from PEP Assessment Reports, 2019

Simply for the fact that there are hardly any disagreements between the two parties on the various elements of coordination, we do not dwell much on this. The fact that the Global Secretariat is happy with the quality of Laval's project coordination and management contrasts sharply with the position on CBMS<sup>59</sup>. We note that PEP relies quite extensively on Laval for contributions to the design of calls for proposals and the support from Laval has been readily made available.

<sup>58</sup> In explaining the position of the Global Secretariat, the ED indicated to us that "We never have to remind Laval to submit reports and if there are any foreseen delays (rare) they warn us in advance- hence the reason for excellent ranking".

<sup>59</sup> The ED observed "that the process we use is the same as for CBMS, yet CBMS have their own reasons for delays".

Recommendation:

- Université Laval may aspire to attain an excellent score on the remaining elements of project coordination and management, with a view to raising the bar even further for future partners to aspire.

### 2.3.3 Resource Mobilisation

The involvement of Laval partners in the mobilisation of resources is currently limited to participation in the preparation of grant applications alongside other collaborators. Clearly, Laval's role has changed significantly from the early days of PEP when it handled grant applications to the rather narrow set of donors. We tried to explore the willingness of Laval to get involved in the mobilisation of resources more directly and in a significant way. It is clear that, while the Department of Economics does not see itself as being required to mobilise resources for PEP activities, the individual members of the Department that were directly involved with PEP were ready to devote some time and attention to resource mobilisation<sup>60</sup>. The Partner Representative informed us about currently working on a proposal that had been submitted to the Graduate Studies Committee of the Faculty, which, if successful, would lead to new resources that could support enhanced capacity-building activities at Laval for PEP researchers. The Partner Representative was willing to engage in a discussion of the proposal with other PEP stakeholders once he received initial support from the Faculty at Laval. The PMMA Research Director also heads the committee that is developing various concept notes including one on the climate crisis to form the basis of PEP's future work in the area.

In the self-assessment exercise conducted by Laval, they rated themselves as 'Good' on the contribution to resource mobilisation and fundraising. This score is corroborated by the PEP Secretariat in its evaluation of Laval. It is not clear if the Global Secretariat believes that Laval should do more than it is currently doing on the resource mobilisation front.

Indeed, one of the areas that will require greater reflection by PEP as it considers its future structure and strategy will be the fund-raising roles that partners are expected to play. Even though it currently expects partners to contribute to fund-raising, there is little definition of how that role should be played and no agreement on the rules related to such an engagement. This will have to be part of a discussion on restructuring partnerships and developing incentives for all partners.

Recommendation:

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<sup>60</sup> We learned from Management that resource mobilisation "was not specified in the MoU as Laval did not commit (to do so), but has been quite active".

- PEP and the partners need to have a proper understanding of how fund-raising is to be organised. There must be an incentive for the partner institution to be actively committed to this. It goes beyond individuals assisting in writing grant applications for projects<sup>61</sup>.

#### 2.3.4 Research Quality

The quality of research done through the PMMA TRG is generally regarded as of a high standard. The PMMA stakeholders themselves regard the standard to be “very good”. In the self-assessment exercise, the ‘design, implementation and coordination of scientific support for all PMMA projects’ was scored as “very good”. The internal review from the global secretariat scored the scientific support from PMMA also as “very good”. It is certainly a positive thing for the TRG that its own assessment of performance is very much in sync with what the Global Secretariat thinks.

There is no doubt that PMMA has been the flagship partner for PEP for a long time. In the most recent evaluation of the quality of PEP research work by Hoffman and Borat (2015) they do not provide a detailed breakdown of the performance analysis by the partner TRGs, even though they suggest that the analysis was driven mainly by the work of PMMA and MPIA as the other two were at early stages at the time of the evaluation. In the evaluation, they look at the process for selecting potentially good projects out of the many proposals and consider the approaches used to ensure that the quality of the research is enhanced. They highlight the ten different steps that each proposal must go through, starting from when the long list is created to when the final round of revisions is made and a research report gets accepted as a PEP Working Paper. It is noted that each step is designed to ensure further improvement in the quality of the paper. They think the quality management process is to be lauded and discuss the incentive arrangement in place to support such quality enhancements. These are not specifically associated with PMMA, but we found from various PMMA researchers during the Focus Group Discussion that they did not have any difficulty with the process.

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<sup>61</sup> John Cockburn takes the position that this is not feasible. “In my experience, this is very hard. Partners seek funds for their own activities before fundraising for PEP. The only way it can work is where partners can only hope to obtain certain types of funding (e.g. global initiatives) through an association with PEP, but they are rarely aware of such opportunities or proactively seeking them out. I can think of almost no cases in PEP’s history where a partner has sought funding for PEP except Laval”.

But the Executive Director has a different view. “Indeed, the MOU for Laval does not include fundraising. Meaning that though PEP over the years has raised millions of dollars for Laval, Laval was not ready to reciprocate the same for PEP and opted just to commit to delivery of programmes, etc at PEP’s cost. This is what raises a huge question on the desirability of institutional partnerships”.

Our view is that the two positions can lead to negotiations that result in mutually beneficial outcomes.

We found 48 journal articles from PMMA researchers on the PEP website, including 2 from 2019 and 11 from 2018. The journals are largely decent international journals.<sup>62</sup> There were also over 100 working papers<sup>63</sup> from the completed works of PMMA researchers. In our conversation with the PMMA leadership we learned that they were expecting some more publications that have been submitted to various journals to come out before the end of the year. The issue of journal articles was discussed quite extensively in the Hoffman and Borat (2015) evaluation. They focused on the difficulty in transforming working papers into journal articles and suggested the need to build publication of journal articles into the incentive structure for all projects. We observe that this has been done, as reflected in the strategy document of December 2017. It is generally expected that the same would be done for all TRGs. The fact that PEP mentors are able to publish with their mentees is expected to help boost the publications stream. PMMA has a stronger publishing record among the partners.

Recommendation:

- Even though the rate of conversion from working paper to journal article is fairly high and improving, it would be helpful for PEP visibility if some of the best working papers targeted top-tier journals also.

### 2.3.5 Capacity Building

The capacity building focus of PEP was examined extensively in the evaluation by Hoffman and Borat (2015). They examined PEP's approach to technical capacity building, looking at the design and delivery of content, including concepts, methodologies, tools, software, etc. They also looked at the non-technical capacity-building approaches where researchers were prepared for policy engagement. In sum, they found the PEP comprehensive approach to capacity-building very effective. The main capacity-building approaches employed by PEP come in the form of mentorship programmes and the online courses.

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<sup>62</sup> The latest journal article on the website is by Senakpon F.A. Dedehouanou (March 2019) in the *Journal of Development Studies*. It focuses on the diversification of household income sources in rural Nigeria and is a fairly decent piece. It is published with John Peak as a co-author. Since 2017, the journals that have been used by PMMA researchers have been *the European Review of Agricultural Economics*; *World Development*; *Economics of Transition*; *Environment and Development Economics*; *Development in Practice*; *ISA Journal of Development and Migration*; *Food Security*; *African Development Review*; *Journal of African Development*; *Review of Economic Analysis*; *Asian and Pacific Migration Journal*; *Agricultural Economics*; and *Journal of Economic Behavior and Organisation*

<sup>63</sup> The latest PMMA working paper (2019-14) is by Niken Kusumawardhani, Daniel Suryadarma, Luca Tiberti and Veto Tyas and it has the title "What Skills Lead to Entrepreneurial Success? Evidence from Non-Farm Household Enterprises in Indonesia". In the paper, they "investigate the returns of cognitive skills of Indonesian non-farm household enterprise operators to their business performance". They identify fluid and crystallised intelligence and compare how they separately contribute to business performance and income. They use longitudinal data from 2007 and 2014 to measure different cognitive skill achievements and business performance. The researchers found robust results for fluid intelligence "even when time-invariant unobserved heterogeneity was taken into account". The use of quantile regressions made it easier to determine the heterogeneous effects of fluid intelligence. The work is neatly set out and the paper is very interesting and fairly easy to read.

A key feature of the mentorship process is the study visit to Laval by PMMA researchers. Everyone interviewed suggested that this was a very vital part of the 10 steps in building research capacity. In the review by Hoffman and Borat (2015) they suggested that this part of the process could possibly come a little earlier to ensure that methodological problems in the project were caught sooner rather than later. This was the opinion that many of the interviewed researchers shared. Clearly, there are both *pros* and *cons* in doing the study visit earlier. On the *pro* side, it allows the sharpening of the research and methodological skills of the researchers to be used throughout the research. On the *cons* side, they may undertake the study visit without adequate preparation and therefore not be able to take full advantage of the visit to improve on the final product. Indeed, they may not get the opportunity of testing their research skills and outputs in a more demanding environment. Clearly, there are many issues to consider here.

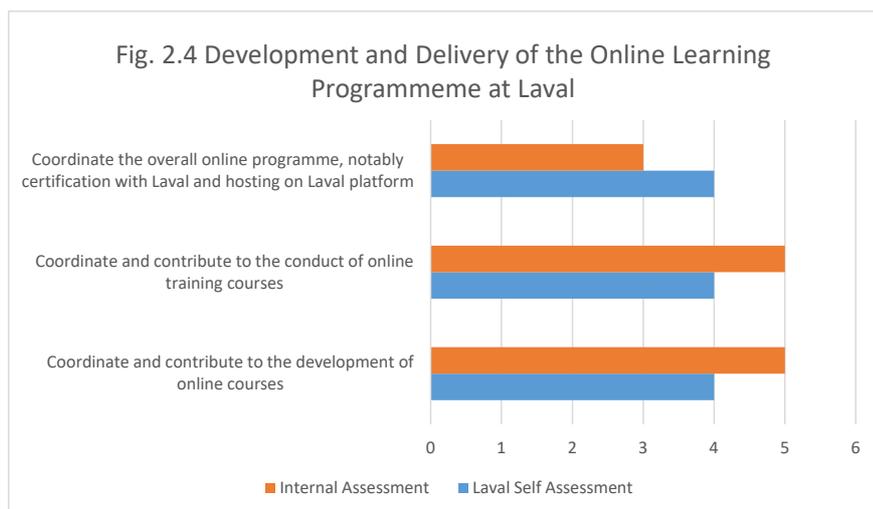
In the PMMA self-assessment exercise, they indicated that the PMMA team works with the PEP Scientific Adviser to run the supported projects “at the highest possible level”. They also indicated their strong interest in being innovative “in order to reach better scientific and capacity building results”.

The innovativeness of PMMA mentors over the years has led to the development of methodological tools and approaches that are used worldwide. We referred earlier to the Distributional Analysis Software (DAD) and the Distributional Analysis Stata Package (DASP). DASP is a comprehensive package of Stata modules intended to help researchers tackle questions related to distribution in living standards measurements. The PMMA researchers who worked on it, Araar Abdelkrim and Jean-Yves Duclos, made it for free distribution and this is available on the PEP website. Many of the PMMA researchers that we met spoke highly of this support that they received and how it helped to launch their research careers.

The PMMA stakeholders believe that the online courses that they introduce to researchers are very useful to the process of building capacity for good research. They suggested that annual surveys of students confirm that they are appropriate. Laval currently runs three online courses for PEP. These are (1) Policy Impact Analysis, (2) Computable General Equilibrium Modelling, and (3) Measuring and Alleviating Poverty and Inequality. The combination of online courses, study visits and regular contact between mentors and researchers, is certainly a solid arrangement for ensuring good quality research.

For the development and delivery of online courses, PMMA was expected to (1) coordinate and contribute to the development of online courses, (2) coordinate and contribute to the conduct of online training courses, and (3) coordinate the overall online programme, notably certification with Laval and hosting on Laval platform. PMMA scored itself ‘very good’ on each of the three. For the first two, the internal assessment scored them as ‘excellent’ and for the

last as ‘good’. While PEP appears to be satisfied with the development and content of the online courses, it has issues with the English platform for the courses and thinks Laval “still needs to do more”.



Source: Data from PEP Assessment Reports 2019

When we engaged with PMMA researchers in a Focus Group Discussion we found them to be generally positive about their experiences, but they had some suggestions about what improvements could be introduced to make it even better. They suggested that the online training programme could be made to differentiate among the researchers, depending on their background and experience. Some more experienced researchers found the training offered an unnecessary demand on their time as they know the material (impact evaluation) already, but it is not possible to obtain exemption from it<sup>64</sup>. It is not clear, however, whether more differentiation is feasible or even desirable, given that PEP has a strong methodological focus, which is clearly its strength. In terms of the point that some researchers find the course unnecessary, PEP should not select these ‘too’ senior researchers for their capacity-building<sup>65</sup>.

For the researchers, another essential part of the capacity-building exercise is their participation in the Annual General Meeting (AGM). They found the material shared very valuable and suggested that conference materials should not be sent to only the researcher selected to attend the conference, but to all team members. They indicated that they learn

<sup>64</sup> We learned from John Cockburn that exemptions were accorded on occasion, but this must be very strongly justified. They were considering making the possibility of an exemption more explicit, but feared an onslaught of hard-to-evaluate requests.

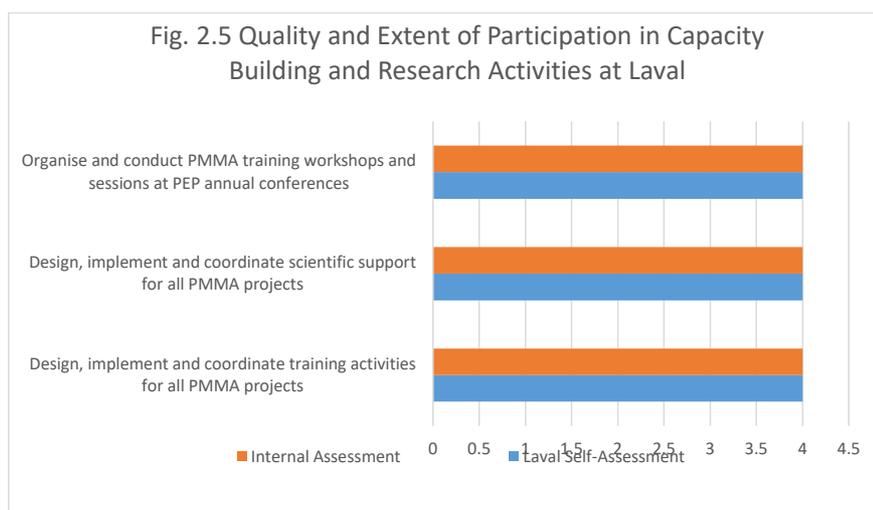
<sup>65</sup> The Management of PEP is of the view that the ‘senior researchers’ should also be part of the group in order mentor the junior ones.

from the questions from researchers from other regions and suggested that cross-border studies could increase this synergy. The researchers are generally unaware of what other projects have been selected until they get to the AGM. They therefore suggested that the titles of all selected projects should be displayed on the PEP website.

At the AGM, the researchers generally found the role of discussants to be valuable. They valued highly the contributions of discussants to their work, but suggested that in the allocation of papers, it would be useful if the papers were allocated on the basis of the expertise/preference of the discussant.

One aspect of the capacity-building programme that researchers like the most is the study visit to Laval and other study sites. They spoke highly of the mentorship that comes with the study visits. At Laval, not only do they work with the assigned mentor, they also get access to other faculty members who may not necessarily be part of the PEP arrangements. The researchers indicated they would like the period of the study visit extended to accommodate more interaction with resource persons and other faculty and facilities<sup>66</sup>.

Fig. 2.5 Quality and Extent of Participation in Capacity Building and Research Activities at Laval



Source: Data from PEP Assessment Reports, 2019

The researchers also spoke about policy dissemination workshops, which they found useful and thought that they should be offered regularly. They thought, however, that the

<sup>66</sup> The Management of PEP reported that some researchers not respect the 3-week requirements. It may also be difficult to extend the period as some researchers have difficulty getting leave from work, while others may have family issues that may make it difficult to stay away longer. Thus, apart from budgetary constraints, it may not necessarily be feasible. They also make the point that study visits were complemented with distant mentorship and prior online courses.

programme could be made more concentrated (possibly as a short course). On the training video, the PMMA researchers suggested that they be provided with subtitles. They believed this would be useful. We understand from PMMA that it would be possible to have them on YouTube.

Figure 2.5 shows the alignment of perspectives on how PMMA delivers on the agreed deliverables with the Global Secretariat. They score themselves as 'very good' on all three performance measures and the Global Secretariat agrees with the scores.

Some of the researchers suggested that the average grant size of about \$22,000 was not adequate for the work that they were required to do. This was an interesting point since the grant size was larger than the \$12,500 average grant size at AERC. But the PEP grant covers many more items to be accounted for ('grant-plus')<sup>67</sup>.

In general, the PMMA researchers were very happy with the support they received from their mentors and from the network.

Recommendation:

- Even though the PMMA conduct of capacity building is very highly rated by all stakeholders, the structure of the study visits may need to be reconsidered, especially the timing of it and its duration.

### 2.3.6 Communications, Research Dissemination and Uptake

It needs to be noted that until the reorganisation of PEP, the communications role was undertaken at Laval, and a full-time person played the role there. This changed with the reorganisation and the full-time person began to report to the Global Secretariat. Since the beginning of PAGE II, with consolidation of the Global Secretariat, the Communication team is still based in Canada, but not at Laval. They have their own sourced working spaces.

PMMA is expected to do two things towards Communications, Research Dissemination and Uptake. The first is to maintain and update PMMA training material and recommended readings on the PEP website. The second is to contribute to the PMMA section of PEP annual reports, newsletters, brochures, donor reports and other dissemination/publication material. PMMA stakeholders have reported that their resource persons led the process of preparing the PAGE I and II list of recommended material across all the 4 TRGs.

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<sup>67</sup> The Management indicated that the total cost of a regular project is about USD 110k. Unlike AERC, researchers have the online courses, distance mentorship, study visits, face to face training during the AGM. Researchers are also, more or less, guaranteed participation in national and international conferences (depending on quality of final report) and the publication incentive.

In the self-assessment that Laval did, they scored themselves as ‘good’ for the first task of maintaining and updating PMMA training material and recommended readings. They went on to indicate that even though PMMA RPs led the preparation of PAGE I and II list of recommended material, a more regular update of training material and readings was needed. It is likely that the slack in the frequency of updates might be due to the absence of a person dedicated to the task on a permanent basis following the reorganisation. Interestingly the Global Secretariat also scored Laval as ‘good’ on this role. The recommendation here was also for a more regular update of material.

For the second task of contributing to PEP reports, Laval again scored themselves as ‘good’ while the Global Secretariat scored them as ‘very good’. The secretariat thought that PMMA had been responsive as evidenced by the trail of email exchanges on contributions. Laval has not explained why they scored themselves lower. In the interview with Laval, they explained that they no longer had any role to play in the area of dissemination and uptake as these were currently centralised.

Recommendation:

- It is important to update the PMMA training material more regularly, as indeed for all other TRGs, considering how quickly new material is developed in this area from all the different corners of the globe.

### 2.3.7 Involvement in PEP Activities

Laval has been a major PEP partner since inception, alongside CBMS. It has been involved in a very direct way with the growth of PEP as an institution. It is certainly not too far-fetched to say that the current structure and engagements of PEP have been shaped to a very large extent by Laval academics. The discussions in the earlier sections all show a strong involvement of Laval academics in the capacity building activities of PEP. They deliver what is required of them under the Memorandum of Understanding and take the lead on a number of activities involving all four TRGs. An example is the development of the PAGE II proposal which saw PMMA play a very significant role. The more important question therefore is about the future of the relationship.

One of the questions a number of people raised with us consistently was about the long-term commitment of Université Laval to PEP. While the PEP stakeholders we spoke to have suggested that their institution remains committed to PEP, there is no clear indication that this remains the case. There are questions about what incentive Laval has to remain strongly attached to PEP. While the financial incentive has been significantly reduced following the reorganisation, there are no other obvious incentives for the university<sup>68</sup>.

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<sup>68</sup> The issue of incentives for parties to act one way or the other needs to be taken seriously by all parties. Even though there can be a debate about “what’s in it?” for the partners, there is always the danger of the debate

The main driving force behind PEP engagements with Laval is Luca Tiberti who, as Research Director, is responsible for the day-to-day management of PEP at Laval. There is no assurance that Luca's role at Laval will be maintained by a similar hire in the event that Luca should leave Laval. Neither is it clear what Laval would do when the MoU expires on 31<sup>st</sup> July 2020.

The Partner Representative at Laval briefed us about a proposal to develop "a 30-credit micro-programme in Development Economics to which PEP's capacity-building activities can be affiliated". In the discussion, we learned that the main obstacle to the development of this programme is to assure the university that it will generate adequate return to the Canadian taxpayer. To do that would require developing a programme that would be accessible to regular Canadian students as well as international students. It is not yet clear whether this programme will take off or not. It all depends on whether Université Laval sees a significant value-for-money proposition in it, and this may not necessarily be in PEP's interests.

Taken together with the current PEP strategy of keeping an open door for partners, the issue is what will keep Laval inside the network in the medium to long term? Will that decision rest solely on the individuals at Laval making time for PEP in a new MoU? Or it will see a larger interest that is driven entirely by several other institutional considerations, including value-for-money.

Recommendation:

- PEP should begin an internal discussion of what it wants to do after the MoU with Laval expires. Even though the recent extension of the PAGE II project to July 2021 effectively extends the relationship, the full scope of the partnership needs to be considered. Following this it should engage Laval on what it wants to achieve with the relationship and craft a partnership that draws out the Department of Economics more broadly into the arrangement and the development of capacity building initiatives.

### 2.3.8 Relationship with the PEP Secretariat

All the interviewed stakeholders familiar with the relationship between Laval and PEP indicated to us that there has been a smooth relationship between the two since the beginning of PEP. From the onset, it was assumed that PEP would one day leave its place at Laval and relocate to a southern country. The funders insisted on that from the third phase of what was then a project and not an institution.

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becoming simply academic. It is easier to find a practical win-win solution if the partners recognise that they need each other.

One of the obvious things about the relationship is the fact that the Laval academics who played key roles in fostering PEP have moved on to other things or retired. Interestingly, even in retirement or while engaged elsewhere, they continue to support PEP as resource persons or play other mentorship roles. This is what some have described as the “PEP family”. There is indeed a familial relationship between the PEP institution/researchers and Laval. The individuals at Laval who promoted PEP remain associated with the family.

When we asked PMMA stakeholders about the relationship they all responded positively. We were not surprised to learn, however, that the university authorities were not enthused about the significant loss of revenue, following the relocation of many PEP activities from Laval to Nairobi. Even though PEP has become less important to Université Laval, the individuals involved in PEP activities remain strongly attached to the network. This leads naturally to the question of whether PEP should be focusing on relationships with individuals or with institutions.

Clearly there is a need to maintain strong institutional relationships in order to ensure that the capacity building effort receives appropriate institutional backing for effectiveness. For example, it would be difficult to develop expanded study visits in future if there is no institutional support. Visiting researchers require strong support to derive significant benefit from their environment. This could be in the area of visas, housing, etc.<sup>69</sup>

Recommendation:

- PEP needs to decide early what it would do as individuals from the Laval side change with time. It is important to get the institution to make a longer-term commitment, relying less on the decisions of individuals.

## 2.4 Partnership with CEDLAS

### 2.4.1 The Centre of Distributive, Labour and Social Studies (CEDLAS)

CEDLAS is a research centre that specialises in the empirical study of distributive, labour and social issues in Latin America. Created in 2002, CEDLAS is based at *Facultad de Ciencias Económicas – Universidad Nacional de La Plata*. The main areas of study at CEDLAS are: poverty, inequality, evaluation of public policies, labour market and employment, education

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<sup>69</sup> We have taken note of the strong reservations held by John Cockburn about the role that institutions can play in this regard. It is entirely up to the PEP Board to determine how far it wants to work through institutions or through individuals. Whichever choice is made must be driven by a cost-benefit analysis. For any institution to partner with PEP in a mutually beneficial way, the incentive for such a partnership must be obvious.

and health, and macro, finance and poverty. It is ranked among the top three think-tanks in Latin America.

CEDLAS currently organises MSc-level courses, develops research projects in collaboration with various international organisations, national governments, and academic institutions, constructs poverty, distributive and labour statistics for Latin America and several of the Caribbean countries (funded by the World Bank), and issues a Working Paper Series. The institute is led by a director and two deputy directors, and has currently 17 researchers, 3 associates, and 14 junior researchers.<sup>70</sup> All CEDLAS affiliates are employed as university staff. The institute is funded by the university and projects (which are also contracted through the university).

CEDLAS signed a Memorandum of Understanding with PEP in September 2017 for the implementation of the PAGE-II Project. According to PEP Management, CEDLAS is a “collaborating institution” (like University of Pretoria), as the arrangement is organised around a project, and not yet graduated to the level of “partner”, unlike Laval and AKI.

CEDLAS is in charge of the PIERI programme of PEP, and houses its RD. Research supported under the PEP-PIERI programme uses experimental approaches to conduct rigorous impact evaluations of social policies/programmes on targeted populations in developing countries. Two types of methods are used, namely randomised control trials (RCTs) and field experiments (FEs).

#### 2.4.2 Project Coordination and Management

The PIERI Network Team Leader has been providing scientific leadership and coordinates capacity-building activities of the network, assisted by a full-time assistant since 2018. Given that the RD and RPs are paid directly by PEP, no financial reporting is required.

Even though there have been some minor issues of communication between PIERI and the GS, these are reducing over time. Also with the arrival of a full-time assistant at CEDLAS, knowledge and implementation of PEP procedures has improved. CEDLAS appears to be currently well organised to deliver the necessary outputs on time.

We learned that PEP procedures were generally adapted to PIERI specific activities, such as the timing of study visits. The RD emphasizes that this flexibility is highly valued and should be maintained at all cost, of course keeping in mind limits set by strict donor timelines.

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<sup>70</sup> <http://www.cedlas.econo.unlp.edu.ar/wp/en/institucional/equipo/>

There are a few challenges. One issue is that language editing of project outputs can take up to a month (the current maximum allowed), which creates a high opportunity cost for PIERI projects. The projects are already under a severe and binding time constraint because of the time needed for data collection.

Recommendation:

- PEP should continue to be flexible in the application of PEP-wide procedures and quick turnaround times of tasks executed elsewhere in the network remain critical.

#### 2.4.3 Resource Mobilisation

CEDLAS has been actively involved in fundraising activities, for instance in the development of grant proposals for the Hewlett Foundation and Gates Foundation. Often the process is started by PEP scouting for donors, then inviting the TRG Director to take the lead. But, there have also been instances where CEDLAS has actively searched for opportunities.

There is no formal obligation for CEDLAS to do fundraising, but the stakeholders here feel a personal responsibility for PEP's future. While this may work for some time and is probably key and desirable as long as PEP remains a small organisation, further professionalisation of fundraising activities will make PEP less dependent on personal goodwill (see section 3 for more discussion as well as recommendations on this).

#### 2.4.4 Research Quality

The PIERI research programme has so far led to three external publications in journals with an Article Influence Score.<sup>71</sup> There is also a large pipeline, currently with 6 papers under review and another 4 papers expected to be submitted early in 2020.

In order to evaluate the research quality of the PIERI research beyond what has been published so far, we have looked at the most recent working papers (from 2017).<sup>72</sup> The overall impression is very good – all of them are well-grounded in the literature, use cutting-edge methods, are generally well-edited, and have clear potential to be turned into publishable papers. One minor observation is that some of the formulas seem to be garbled (e.g. in 2019-15 and 2017-15), and this is probably a result of converting the original documents into pdf. Additional care is called for in order to avoid this problem.

There are three issues we would like to raise with respect to capacity building, survey challenges and policy relevance. First, authors have been ranked both alphabetically and non-

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<sup>71</sup> <https://www.pep-net.org/pieri-external-publications> and <http://www.eigenfactor.org/projects/journalRank/journalsearch.php>

<sup>72</sup> Papers 2019-15/11, 2017-21/20/15/12/09, <https://www.pep-net.org/working-papers>.

alphabetically for different working papers. It suggests that there is no PEP policy for this. As a result, PIERI mentors are sometimes listed as authors before PIERI researchers. Ideally, PEP's capacity building efforts, including mentoring towards co-publication, should lead to papers with PIERI researchers as first authors while PIERI mentors are listed at the end. It is important to have some PEP policy on this, as PIERI researchers may not feel empowered enough to claim first authorship even when they deserve it.

Second, we observe in two of the papers that the planned data collection could not be executed as planned. In the case of a Nigeria study, "several baseline modules and follow-ups could not be administered because of budgetary constraints" (WP 2019-15), and for the Mongolia study "because of budgetary revisions, the planned number of beneficiaries was slashed by the Mongolian government" (WP 2019-11). Although it is well-known that there are challenges to implementing surveys in developing countries, it is not clear whether these risks are sufficiently considered in the selection and design of the PIERI proposals. Researchers (and mentors) may be willing to take on more risks than is optimal from the point of view of PEP, although it is not clear whether this has indeed been the case in these instances.

Finally, some of the experimental studies are not well rooted in the study context. Working papers 2019-15 and 2019-11 indicate that they look at well-known interventions, but in new and untested environments, e.g. Central Asia or Nigeria. They also note why this is useful as "contextual reality matters". However, no insights are provided in terms of how such differences in environment actually matter, and especially how the policy environment in the study areas (e.g. existing labour market institutions) is most likely to affect the outcomes of the intervention, thus limiting the policy content of the study. A lack of policy context is especially seen for a lab-in-the-field study in Uganda, where the abstract and introduction do only mention Uganda as the location of the lab-in-the-field experiment, and Uganda is no longer mentioned in the conclusion (WP 2017-21). The recent introduction of the Policy Outreach Committee should help to bring more (policy) context to the studies.

#### Recommendations:

- PEP should develop guidelines on co-authorship listings, to signal that capacity building of junior researchers towards publication is central.
- PEP should guard against excessive risk-taking by RCT researchers at the project design phase
- While RCT studies are an enrichment of the PEP Toolbox, attention to (policy) context should remain paramount.

#### 2.4.5 Capacity Building

The PIERI programme provides researchers with thorough capacity building based on the PEP “grants plus” approach, including an online course, mentoring, and study visits. The team of resource persons consists of respected and experienced academics with also the necessary extensive hands-on field experience. In our focus group discussions, we learnt that PIERI researchers are very positive about their involvement in the PEP programme. They indicate that working together is a huge opportunity for them in terms of learning, networking and publishing. They also report significant career progression. One Gambian PIERI researcher found a fellowship at EIB and consultancy with the World Bank, and a Ugandan/Liberian researcher got promoted at BRAC Liberia. One Beninois and one Malawian researcher saw major improvements in teaching and building capacity of younger people.

Here, we focus on two areas that warrant special attention, namely online courses, and team learning.

##### *Online courses*

All PIERI researchers take the online course ‘Policy Impact Analysis’. This course provides a good introduction to experimental and quasi-experimental impact evaluation methods and is appreciated by the researchers.<sup>73</sup> Only researchers who pass the course are allowed to participate in meetings and study visits, and the pass rate was 73%.

While the course is valuable in terms of capacity building, not all of its material is relevant for the PIERI programme which is focusing on experimental methods. A course focusing solely on experimental methods would be most effective for PIERI researchers.

PIERI researchers suggest that the online courses need to differentiate better among the researchers<sup>74</sup>. The courses are now targeted at middle level researchers. This means that for a number of researchers the courses are too difficult to pass, while others found the training unnecessary, as they already knew the material. Exceptions are hard to get and it is not clear if more differentiation is feasible or even desirable, given that PEP has a strong methodological focus, which is clearly its strength. In terms of the point that some researchers find the course unnecessary, PEP should not select the very senior or experienced researchers, unless they are going to be excellent and dedicated mentors of the junior ones.

For some of the researchers the timing of the courses was a problem and they asked for more flexibility.

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<sup>73</sup> [https://www.pep-net.org/sites/pep-net.org/files/typo3doc/pdf/PEP\\_SCHOOL/Online\\_Course\\_UL/Syllabus-evaluation.pdf](https://www.pep-net.org/sites/pep-net.org/files/typo3doc/pdf/PEP_SCHOOL/Online_Course_UL/Syllabus-evaluation.pdf)

<sup>74</sup> The same issue was raised by researchers at PMMA

### *Team learning*

One important issue is whether the *whole* team benefits from the capacity-building efforts. This is an issue that was raised by the PIERI RD, but is not specific to any of the TRGs. PEP has introduced several policies to guard against this: i) online courses for all team members to ensure they are all able to contribute; ii) rotation of participation in major events (AGMs and study visits) among team members; iii) tracking of individual contributions in project technical reports; iv) guidance notes to team leaders and mentors on the importance of involving all team members. Nevertheless, it was observed that even if the whole group was being addressed, typically one or two key team members were communicating more. This could be a potential source of concern, as the effective outreach to female and fragile state researchers may be less than team membership numbers suggest.

#### Recommendations:

- PEP could consider developing a more specialised online course focusing on experimental methods only;
- PEP should only select ‘senior’ researchers when they are clearly excellent and dedicated mentors.

### 2.4.6 Communications, Research Dissemination and Uptake

There are no important issues to raise with respect to CEDLAS’ activities in communications, research dissemination and uptake. At some point, there had been a misunderstanding about procedures for handling external reviews of working papers, but these were quickly sorted out.

### 2.4.7 Involvement in Activities to Grow PEP as an Institution

The so-called ‘credibility revolution’ in economics has found its roots in development economics making it the key area in the economics discipline for experimental research. Therefore, the inclusion of CEDLAS spearheading the experimental TRG has helped PEP to grow as an institution by expanding its methodologies (the ‘PEP Toolbox’) and by supporting PEP’s increased emphasis on research quality, reflected by high impact journal publications. Also, the direct engagement with governments and implementing organizations, and the field aspect of PIERI projects, has been a positive contribution to PEP as a whole.

### 2.4.8 Relationship with the PEP Secretariat

CEDLAS has a good working relationship with the GS and appreciates how the GS is managing to keep the whole network together.

## 2.5 Partnership with University of Pretoria

PEP signed a Memorandum of Understanding with University of Pretoria in July 2018 in order to collaborate in a number of areas towards the development of the PEP programme. According to the PEP Management, the MoU helped to classify University of Pretoria as a “collaborating institution”, which is quite different from a “partner”. In the usual scheme of things, while Laval and AKI are partners to PEP, Pretoria and CEDLAS are collaborating institutions. This means the arrangement is of a looser nature and is defined by the projects that they pursue together.

The MoU between Pretoria and PEP essentially provides for them to agree to work in the area of (1) training, (2) research, and (3) administrative and technical management. In each of these areas, there are brief general presentations of the scope of collaboration. The two parties agreed that, for any specific activity collaboration they would develop an addendum to the MoU, which will guide that specific collaboration. In view of that understanding, there appears to be no clear obligations on either party.

The Modelling and Policy Impact Analysis (MPIA) programme was initially coordinated by a Resource Person located at Université du Havre for a 5-year period as earlier explained. In settling it at University of Pretoria, the only explanation we have found is the presence of a very capable individual, who had been a very effective Resource Person on the programme. We found no clear institutional justification for the choice made, especially since Pretoria had no previous institutional association with PEP. The choice of Pretoria leads to the obvious question of what is driving partner selection; is it institutional strength and interest or the presence of willing and committed individuals? Whatever the rationale, it is always essential to reflect on effectiveness and sustainability of the approach<sup>75</sup>.

### 2.5.1 A Brief Description of the Institutional Arrangements at Pretoria

As a result of the nature of the relationship established between PEP and University of Pretoria, there is not much of an institution to speak of. PEP runs the MPIA TRG from the office of the Research Director. She is the Director and Head of the School of Public Management and Administration at University of Pretoria. The Memorandum of Understanding does not require the University or the School to provide any specific assistance for the MPIA programme.

The MPIA programme is about “building and using economy-wide models as ‘laboratories’ to simulate macro policies or shocks and their impacts on welfare at the household level”.

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<sup>75</sup> We note the deep reservations from John Cockburn on the matter of individuals versus institutions as partners. It is our view that, even if PEP chose to rely on individuals, it will still need institutional support for these individuals to be effective in capacity-building.

Essentially, this programme complements what PMMA does in a very significant way. It is directly drawn from what the old IDRC MIMAP project used to do. The main methodological tool for this TRG is CGE modelling and household microsimulation. Through the many projects undertaken by researchers from many different countries, the MPIA work is expected to answer questions about how various public interventions affect welfare in different types of households. The modus operandi of the TRG is generally in six steps:

1. Start with the construction of a macro model, probably CGE;
2. Simulate a business-as-usual scenario with the model;
3. Introduce a shock to the model and simulate its effect;
4. Compare outcomes from both scenarios;
5. Build a micro-model with household survey data and link it with the simulated macro effects;
6. Look at the micro impacts of the policy interventions through the various scenarios.

This approach has been tested several times for different countries and different interventions, especially considering social policy developments in those countries. It is therefore not unusual to find MPIA researchers looking at the distributional outcomes of national growth strategies. An area of interest is often how public spending impacts the welfare dynamics in poor households.

Under the Research Director, this TRG has a Programme Committee with 4 highly accomplished members. The website also shows 11 resource persons who assist with the capacity building responsibilities of the TRG. The list is certainly an impressive collection of persons with decent track records as researchers from both northern and southern countries.

Under the current PEP strategic plan, there is no indication of how the budget is allocated across the different TRGs<sup>76</sup>. That makes it difficult to gauge how resource availability to MPIA compares with that for other TRGs. Indeed, there is no budgetary allocation to the 'institution'.

## 2.5.2 Project Coordination and Management

In the interview with the Research Director for MPIA, we learned that it was her responsibility to sort out research proposals that were received after PEP has issued a call<sup>77</sup>. She then invites

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<sup>76</sup> We learned that "this is decided by the PC based on the number of grants run by each TRG, itself based on a rough estimation of the relative demand (number of proposals submitted) for each TRGs in previous calls" (John Cockburn).

<sup>77</sup> Initial scanning to see if all requirements are met i.e. complete submission and assignment of project codes is done by the secretariat. This is the same for PMMA, PIERI and MPIA.

resource persons to evaluate them and bring selected proposals to a research workshop. There may be about 10 proposals for a workshop, but only six or so may be funded.

In view of the peculiar nature of the institutional arrangements, the Research Director reports directly to the PEP Executive Director, and is also paid directly by PEP for her services, just as in the case of CEDLAS. Since the management of grants made out to MPIA researchers is centrally done and monitored, the management of MPIA is reduced to managing the capacity building initiatives and the technical aspects of research projects. The University of Pretoria plays no role, directly or indirectly, in the management of the research projects and in capacity building. The Research Director works with an assistant who is paid by PEP.

We enquired about how PEP rules and regulations were applied in the management of MPIA projects. The rules and regulations were noted to be clear and provided helpful guidance in managing the projects. MPIA had not experienced any issues in the management of its projects. No issues had indeed come up in the review of proposals, in the monitoring of MPIA grants and in the maintenance of the PEP research database.

### 2.5.3 Resource Mobilisation

We asked the Research Director whether MPIA and University of Pretoria were involved in fund-raising activities for PEP. For obvious reasons, University of Pretoria is not involved in raising funds for PEP and its activities at MPIA. The Research Director has been involved in the preparation of PEP grant applications, working with colleagues on the Programme Committee.

As noted earlier, there is the issue of whether TRGs should try to raise funds for the expansion or improvement of their portfolio of projects. While some stakeholders thought, it was a reasonable thing to do, others were not sure of how such resources should be managed. Under current rules, such resources will be managed from the centre in Nairobi. This is perfectly understandable, especially where the persons applying for the grants are individuals who are responsible to PEP. It is not clear what would happen if the institutions that the individuals were associated with had a strong interest in the research projects that PEP managed. This point would be worth considering in future fund-raising initiatives.

### 2.5.4 Research Quality

Our assessment of research quality will focus on the quantity and quality of publications from MPIA. We found altogether a total of 115 working papers to date on the PEP website. Of these, as many as 9 were published in 2019, with none published in 2018. We also found 27 journal articles published to date, including 5 in a special edition of the "International Journal

of Microsimulation” in 2016. The journals used by the researchers varied considerably, but they were all generally respectable international journals.

The latest of the working papers was published in September 2019, under the title “The Economic and Environmental Impact of Foreign Direct Investment on the Mongolian Coal-Export Sector”. It is a nicely done paper that follows the standard MPIA approach of using CGE modelling and micro-simulations to tell what a \$200 million investment in the coal-export sector would do to different sectors of the economy. All the 9 working papers for 2019 were quite similar in terms of approach and findings.

There is no doubt about the researchers in this group knowing their way around CGE modelling. There is certainly a growing number of researchers with CGE background building up in the region as a result of the capacity building taking place here. There is, however, always the danger of researchers specialising in a method of analysis beginning to approach it in a mechanistic way. Reading through a sample of working papers from the group, it becomes obvious that they have all been set up or structured to reflect the six steps that MPIA has adopted for its approach to research. While the approach is right, it is important that researchers develop the flexibility to explore new things with the expertise that they have gained<sup>78</sup>.

When we asked researchers at a Focus Group Discussion to comment on how the group was administered, they generally expressed satisfaction with the leadership of the group. They indicated that too few projects were funded from their group, suggesting that the group had fewer projects than other groups<sup>79</sup>. They also suggested that financial support to teams should not be limited to only one project cycle<sup>80</sup>.

Recommendation:

- It is important that MPIA researchers do not approach CGE modelling in a mechanistic way.

### 2.5.5 Capacity Building

As is the norm for all PEP activities, capacity building is done through a series of interactions between researchers and resource persons/mentors over a project cycle and sometimes beyond. PEP expects TRGs to participate in capacity building and research activities by

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<sup>78</sup> One stakeholder expressed the concern that MPIA does not innovate much anymore.

<sup>79</sup> We learned that “these are decisions made jointly by the PC, including RDs from all TRGs. MPIA generally has a bit fewer projects than PMMA, but more than PIERI and CBMS. This reflects the fact that PMMA proposals far outnumber MPIA proposals in open calls”.

<sup>80</sup> Management informed us “It is never the case unless it is a non-performing team. At least 2 per team leader”.

designing, implementing and coordinating training activities for all projects associated with the TRG. The TRG is also expected to design, implement and coordinate scientific support for their researchers. Finally, they are expected to organise and conduct training workshops at PEP annual conferences. Because self-assessments need to be done only every three years in PEP and the TRG only joined PEP in 2018, no self-assessment has been done for MPIA in this regard. When we spoke to the Research Director, she was quite satisfied with the way training by MPIA has been conducted. She suggested that, CGE modelling was not taught at many universities, and so it was necessary for PEP to invest more in it. She thought that instead of one study visit per project, two would be required to build capacity more thoroughly. We note that there has been no study visit to Pretoria yet. She was satisfied with the work done by resource persons and believed that the researchers received the best possible assistance through mentorship. She was also satisfied with the level of the online courses that the researchers had to take for the programme, even though some of the researchers had mentioned to us that they thought the online courses should be structured for different levels of capacity.

One of the most significant contributions that MPIA resource persons have made towards the building of capacity has been the development of a new series of PEP standard CGE models. These are reference CGE models developed because the lead researchers or resource persons found a “need for reference CGE models that were more elaborate and closer to real-life conditions than the ones that had been used so far by the scientific community”.

A look at the MPIA working papers suggests that these are being applied by the researchers in a very significant way. It was good to observe that in a number of the reports, the researchers sought to modify the models for their own use. For example, in working paper 2019-21 by Ragchaazuren Galindev and others (September 2019), they note that they modified the recursive dynamic PEP-1-t model by Decaluwé et al.

In our interaction with the MPIA researchers, they indicated that they were generally satisfied with the MPIA capacity building programme. It afforded them the opportunity to improve on their technical skills. They mentioned the need for more regular updates to the structure of the online training programme.

Recommendation:

- It is important that more MPIA researchers understand the models that they are introduced to as research aids that could be modified to make them more effective under different circumstances.

#### 2.5.6 Communications, Research Dissemination and Uptake

The TRGs are expected to generate material that will be fed into PEP annual reports, newsletter, brochures, PEP donor reports, and other dissemination/publication materials. The material from MPIA appears to be submitted regularly as the Research Director indicated that they had no issues with the development and submission of material.

They were not directly involved in the actual dissemination of such material. The Global Secretariat takes responsibility for dissemination and questions associated with research uptake.

#### 2.5.7 Involvement in PEP Activities

During the interaction with the Research Director she explained extensively the scope of her engagement in PEP activities. She had been the main person in organising the PEP AGM in Cape Town in May 2019. The Research Director also appears to be regarded as a direct employee of PEP and is quite actively engaged with the Global Secretariat on a fairly regular basis<sup>81</sup>.

#### 2.5.8 Relationship with the PEP Secretariat

There is a very strong and positive relationship between MPIA and the Global Secretariat. We asked the Research Director for her assessment of the relationship and she indicated that there were no issues of concern. The Executive Director of PEP also gave a similar response to the same question.

It is important to underscore the fact that there are no functional institutional relationships beyond a signed MoU.

#### Recommendation:

- PEP needs to consider what institutional arrangement best meets the sustainability and growth requirements of MPIA.

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<sup>81</sup> Management explained that it has the same expectations as with other RDs, but may be was even more actively engaged with PIERI and PMMA RDs than with MPIA.

## 2.6 Conclusions and Recommendations on Partnerships

There is no doubt that individuals within the partner institutions that PEP has worked with have played very significant roles in the research capacity-building mission of the organisation. Through the resource persons associated with the TRGs, PEP has a sizeable and growing number of African researchers who have developed the talent for measuring and understanding poverty and inequality using different approaches. There is a good number of people who can assist with careful analysis of how various policy interventions impact different types of people. Our conclusions from the review of the partnerships in place can be summarised as below. We also summarise our recommendations in the chart after that.

- It was a good idea to formalise the structure of PEP by creating a central coordinating unit in Nairobi. The process led to the development of clear rules of engagement among all the key stakeholders.
- While there is clarity about the roles that each stakeholder plays in the new arrangement, the new network is presented as an “open” one in which there is expected to be new institutional entrants from time to time, as well as departures. There are clear rules about how new potential entrants will be assessed, but there is less clarity about what PEP is looking for in those new partners.
- Will the development of new TRGs be determined by the availability of credible partner institutions or a consequence of what funders are willing to support? These are questions that need to be answered in the near future.
- A general point about networks is that when institutions want to join them, they will typically undertake their own cost-benefit analysis and will join if they see positive net return, depending on what incentives they are offered. PEP needs to think through the incentive in a more structured way.
- There is no doubt that the changes in the responsibility levels of the original partners has affected the enthusiasm of the institutions behind the partners, thus leaving the roles of individuals within those institutions as more important. This is very evident at Laval<sup>82</sup>.
- It is likely to raise challenges for sustainability if partnerships were driven only by individuals with no strong institutional backing, as is clearly the case with Pretoria and also CEDLAS.
- The quality of the researchers associated with the partners is generally of a high standard, even if it varies from place to place.
- The relationship between the Global Secretariat and the partners is generally positive as the Secretariat tries to support the work of the partners. That relationship works better with some than with others. Again, that is exemplified by the observed relationship with AKI in contrast with the other partners or collaborating institutions.

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<sup>82</sup> This view is contested by John Cockburn, even though a good number of people mentioned it to us.

**Recommendations from Partnership Review**

Management and operations	Core activities		Role of secretariat
<i>Quality of project coordination and management</i>	<i>Research quality</i>	<i>Capacity building</i>	
<ul style="list-style-type: none"> <li>➤ CBMS should make sure that technical and financial reports are submitted on time.</li> <li>➤ CBMS needs to get up to speed in terms of providing inputs for the PEP database.</li> <li>➤ PEP should continue to be flexible in the application of PEP-wide procedures and quick turnaround times of tasks executed elsewhere in the network remain critical.</li> <li>➤ Université Laval and PEP should discuss the medium-long term relationship that they want to have, and how involved the Department of Economics would be in the capacity-building effort.</li> <li>➤ PMMA may aspire to attain an excellent score on the remaining elements of project coordination and management, with a view to raising the bar even further for future partners to aspire to.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The CBMS Toolbox needs to be enlarged to allow for more powerful analytical approaches, to enrich the analysis and to increase generalisability of the small study sites results.</li> <li>➤ If CBMS is serious about publishing, this will require a change in vision and culture in the CBMS Network Office.</li> <li>➤ The CBMS Network Office should take steps to be better embedded in the (international) academic community</li> </ul> <p><b><i>Communications, research dissemination and uptake</i></b></p> <ul style="list-style-type: none"> <li>➤ The CBMS homepage needs updating</li> <li>➤ CBMS needs to be more proactive in terms of contributing CBMS news items through the PEP channels</li> <li>➤ Improved communication is needed between the GS and CBMS Network</li> </ul>	<ul style="list-style-type: none"> <li>➤ The CBMS Toolbox need to be expanded in terms of data collection methodologies to include capacity-building in various sampling approaches and methods addressing non-random survey non-response.</li> <li>➤ All CBMS researchers should be required to take an online course, and only researchers who can pass can benefit from further meetings.</li> <li>➤ A new online course especially designed for CBMS-type of research is therefore called for, but covering an ‘expanded’ CBMS Toolbox</li> <li>➤ CBMS mentoring can be more effective if mentoring services are embodied in one mentor throughout the course of the project</li> <li>➤ Researchers should be able to conduct CBMS analysis (including managing data collection software) independently after completion of the project</li> </ul>	<ul style="list-style-type: none"> <li>➤ Discussions between ED and CBMS is called for to determine the way forward</li> <li>➤ PEP should develop guidelines on co-authorship listings, to signal that capacity building of junior researchers towards publication is central.</li> <li>➤ PEP should guard against excessive risk-taking by RCT researchers at the project design phase</li> <li>➤ While RCT studies are an enrichment of the PEP Toolbox, attention to (policy) context should remain paramount</li> <li>➤ PEP should only select ‘very senior’ researchers only if are clearly excellent and dedicated mentors.</li> <li>➤ PEP needs to decide what it will do as individuals from Laval side change with time. It is important to get the institution to make a longer-term</li> </ul>
<p><b><i>Resource Mobilisation</i></b></p>			

<p>➤ PEP and its partners need to have a proper understanding of how fund-raising is to be organised. There must be an incentive for the partner institution to be actively committed to this. It goes beyond individuals assisting in writing grant applications for projects.</p>	<p>Office to manage expected deliverables and timelines.</p> <p>➤ Update the PMMA training material more regularly considering how quickly new material is developed in this area from all the different corners of the globe. This will apply to other TRGs also.</p>	<p>➤ CBMS researchers need more exposure to the academic world and study visits/international conference grants should be seriously considered</p> <p>➤ PIERI researchers will benefit from a more specialised online course focusing on experimental methods only</p> <p>➤ Even though the PMMA conduct of capacity building is very highly rated by all stakeholders, it may need to reconsider researcher concerns on timing</p>	<p>commitment, relying less on the decisions of individuals only.</p> <p>➤ PEP should begin an internal discussion of what it wants to do after the current MoU with Laval expires. Following this it should engage Laval on what it wants to achieve with the relationship and craft a relationship that draws out the Department of Economics more into the arrangement and the development of capacity building initiatives.</p>
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### **3 REVIEW OF PEP AS AN INSTITUTION**

#### **3.1 Rationale behind PEP Institutional Development**

Why was it necessary to create PEP as a 501(c)(3) entity? What were the expectations and how were they determined? The transition that PEP went through, culminating in the adoption of a formalised institutional structure in 2013 was the result of several factors. The first was the fact that formalisation would make it a lot easier to engage with many more donors for a diversified portfolio of funding sources. Another was the fact that it would lead to a more effective and efficient application of resources and lead to improved accountability. Yet another reason was the fact that a more professionally run entity had a higher likelihood of attracting good researchers and institutions to collaborate with it. For these and other reasons, PEP moved from being a loose arrangement of independent institutions to a formal organisation with headquarters in Nairobi, having agreed on a structure that would allow it to achieve its objectives. The structure is intended to help the organisation to adapt to changes in the profession, allowing it to embrace new partners over time and allowing others to leave when necessary.

#### **3.2 PEP Governance Arrangements**

Following the restructuring, PEP initially developed a governance structure that had 7 entities or governance levels, namely

1. The Board
2. The Management Committee
3. The Partners/Regions
4. The Donor Consulting Group
5. The Policy Advisory Group
6. Programme Scientific Coordinators
7. The Executive Director/Secretariat

(See Figure 3.1 below)

This section of the review looks at how the new structure is generally seen to have functioned and why.

Figure 1: PEP Governance Structure

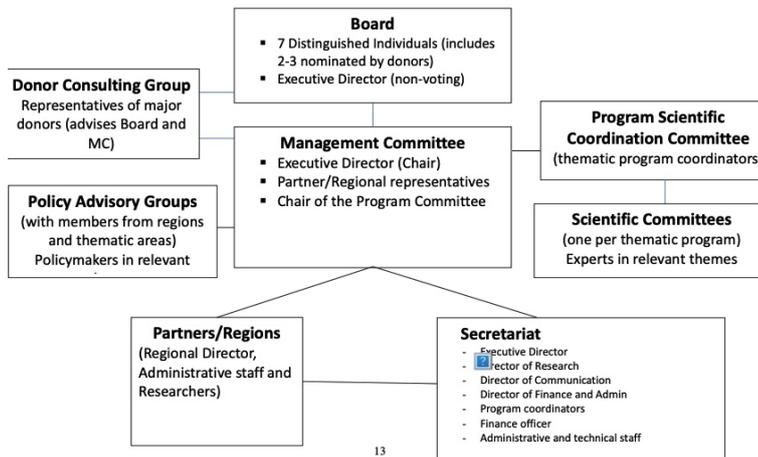


Figure 3.1

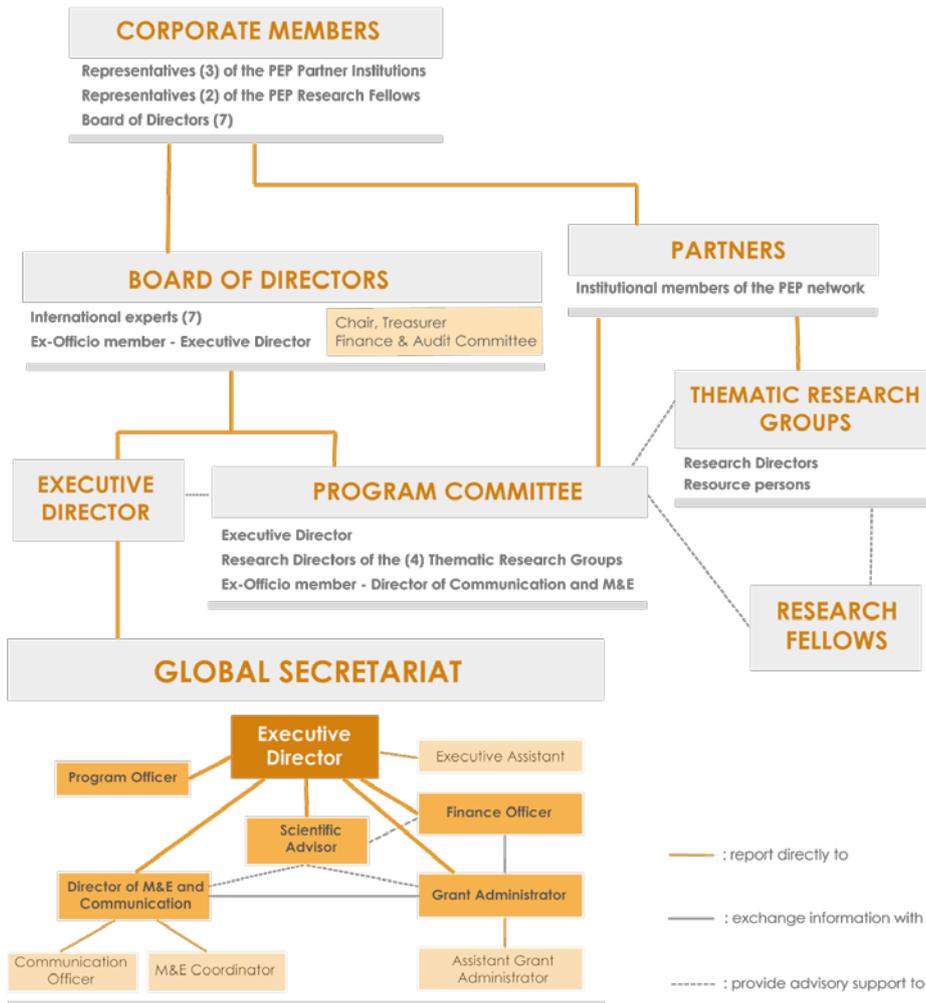
Source: PEP Governance Structure and Basic Statutory Regulations, 2013

In 2017, the above structure was altered to include the following:

1. The Corporate Members
2. The Board
3. The Programme Committee
4. The Thematic Research Groups (TRGs)
5. The Executive Director/Secretariat

Figure 3.2 below shows that considerable thought went into a more streamlined governance arrangement in which the roles were more distinct and not superfluous.

## PEP GOVERNANCE STRUCTURE



**Figure 3.2**

### 3.2.1 The Role, Structure and Functioning of the Board

The Board of Directors is currently made up of seven voting members, all of whom we spoke to in this evaluation. They come mainly from academic institutions or have had extensive engagement with research institutions.

The Board has been assigned the following roles under the new Governance Operations Manual of 2017:

- a) Determine broad strategic directions for PEP and define its lines of action
- b) Monitor the overall performance of PEP and provide oversight of PEP's management.
- c) Approve the annual report and the annual programme of activities and budget, submitted by the ED to the Board.
- d) Approve the PEP Annual financial statements, duly certified, after discussing the report of the Finance and Audit Committee. The Board approves the selection of the external auditors. External auditors shall be selected preferably for 3 years and in all cases for no more than five consecutive years.
- e) Establish the specific responsibilities of the ED.
- f) Establish the process by which a new ED is recruited, the incumbent ED is considered for reappointment, or the mandate of the ED is terminated.
- g) Appoint, reappoint or dismiss the ED at the conclusion of this process.
- h) Set the remuneration of the ED.
- i) Evaluate the performance of the ED on an annual basis.
- j) Approve institutional policies and procedures
- k) Approve new research themes and TRGs
- l) For each Partner, every three years assess the partnership.
- m) Support and advise on possible funding and networking opportunities
- n) Designate an External Advisory Group if deemed necessary and useful for the effectiveness of PEP.

PEP is currently working with a 26-page document that sets out its strategic directions for the period 2018-2020. This document was approved by the Board in October 2017 after careful consideration. Clearly, the Board has fulfilled its role in this regard. The document itself sets out in clear language the vision and mission of the organisation as well as a strategy for the next phase, represented by the 4 'D's. There is emphasis on the *delivery* of research capacity building, *deepening* of impact through policy outreach, as well as *diversification* through new partners and researchers, and new sources of funding. The document also mentions the fact that PEP must *develop* its institutional structure.

This review exercise is currently not evaluating the extent of achievement within the strategic directions, but is happy to report that the Board believes that the chosen strategic direction is the right one. This came out in our conversations with Board members. The view that the strategic directions are appropriate is shared by all the stakeholders that we engaged with, including those from the donor community.

The annual reports of PEP and minutes of Board meetings suggest that the Board takes its responsibility of monitoring performance very seriously. There is every indication that the Board of PEP generally does what is expected of it.

In our discussions with Board members, we enquired about their assessment of partners. While the Board was generally satisfied with the progress made by PEP in capacity building, we also learned from some of them that they were concerned about the pace of diversification in three areas: namely, themes, partners and funding. This was attributed to the dearth of willing and capable partners. Some Board members believe that the current partners were not necessarily losing interest in PEP, but may not have the capacity to take on new responsibilities.

The Board also believes that the restructuring of PEP has been effective. It is its expectation that the current review exercise would lead to partners becoming more accountable to the organisation. This was based on a discussion of the Board's perceptions about the performance of the different partners or TRGs.

### 3.2.2 The Effectiveness of the Board

Has the Board been effective in the discharge of its mandate? We put this question to all stakeholders. There is the general perception that the Board is very effective in guiding the network on the intellectual front. It provides very capable research leadership. It has highly accomplished individuals who can drive and stimulate discussion of the intellectual growth of the network. The Board knows what current trends in socio-economic research are, and is very much in tune with methodological developments in the area<sup>83</sup>.

Some of the stakeholders pointed to the participation of the Board members at the Annual General Meetings as ample testimony to the fact that the Board serves as an intellectual sounding board, guiding and influencing the work done by the TRGs. One stakeholder suggested that if the Board had not been perceived to be strong this would have affected the work of the TRGs negatively.

One area in which stakeholders repeatedly questioned the Board's effectiveness was with fund-raising. Many of the stakeholders indicated to us that even though "everyone expected the partners to be raising funds for PEP, the main responsibility lies with the Board". At the same time a couple of Board members we spoke to did not share the view that it was the Board's responsibility to be doing fund-raising. They said it was unlikely that the Board members would be able to find the time to do that. We recognise the fact one of the main prescribed functions of the Board is "to provide leads on possible funding", but also understand that this can be interpreted in several different ways. Beyond making suggestions to the ED at meetings of the Board, are the members expected to contact potential funders on behalf of the organisation? This is a question that has agitated the minds of many NGO Boards all around the world, with no clear answers. For many, it all depends on how the Board

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<sup>83</sup> Some stakeholders believe that the Board should be asked to reflect on directions for PEP's next flagship project (along with the PC) as opposed to reacting to whatever the PC proposes.

is structured and composed. In essence, if a Board is expected to lead in the fund-raising drive, its structure must reflect that; and the people selected to sit on it must be adequately equipped to play that role effectively<sup>84</sup>.

### 3.2.3 Corporate Membership and its Effectiveness

The idea of corporate membership is a relatively new one within the PEP governance arrangements. It was introduced in 2016 and looks like an extension of the Board<sup>85</sup>. It is essentially the Board plus five other persons. A maximum of three of the five can represent the partner institutions and two represent PEP Research Fellows elected by them.

The Corporate members are responsible for electing members to the Board of Directors. They are also responsible for approving changes to the by-laws of PEP, as well as for admitting and terminating partners.

Even though it is well described on the PEP website, very few stakeholders are aware of its role. In practice, it looks like the Board with additional co-opted members to represent the different stakeholders. It is obvious that this entity has roles that are typically reserved for the Board. It does indeed appear that this is what happens in practice, as the role is played by the Board. It is difficult to establish the effectiveness of the corporate membership arrangements.

### 3.2.4 The Role of Partners in Governance

The partners get involved in PEP governance at two different levels. As just seen, the partners may have representation as corporate members. There is space for a maximum of three partner representatives as corporate members. At a second level, they may appoint a Research Director for a TRG who then gets to sit on the Programme Committee. The Research Director on the Programme Committee cannot be the same person to serve as a corporate member.

The functions of the Programme Committee are as follows:

- a) Review the annual programme of activities and budget before they are submitted jointly with the ED to the Board for approval;

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<sup>84</sup> A key stakeholder suggested that the Board should be proactively and informally promoting PEP in their interactions with potential donors. This could be done by simply mentioning the work PEP is doing and providing the contact to PEP's ED. Secondly, when PEP approaches a donor, it would be good for the Board members to simply send a personal note to contacts they may have to ask who the ED should talk to.

<sup>85</sup> Note that in the old structure, there was a general assembly which was essentially the idea behind the Corporate Membership. It was probably introduced to be consistent with American Law due to PEP's Incorporation in the U.S.

- b) Review all programme-related policy and strategy documents to be submitted by the ED to the Board;
- c) Review the scientific strategies and initiatives submitted by the TRGs;
- d) Advise the Board on new scientific developments, opportunities for programme development and jointly recommend with the Executive Director the establishment of new TRGs.
- e) Review applications to become a Research Fellow and recommend them jointly with the Executive Director to the Board for approval.
- f) Recommend to the Executive Director for approval project proposals up to \$100,000
- g) Assess projects over \$100,000 that are proposed by the Executive Director, a TRG or a Partner, and recommend them jointly with the Executive Director to the Board for ultimate submission to donors.
- h) Such other responsibilities as assigned by the Board.

In addition to the TRG Research Directors, the Executive Director is a member of the Programme Committee, and so also is the Director of Communications. The members of the Programme Committee select the Chair of the Committee.

With the PC as the centre of activity at PEP outside of the Board, and dominated by the Research Directors who are associated by the partners, there is a nominal route to decision-making for the partners.

In seeking opinions about the effectiveness of the PC, we learned of the fact that it was effectively the main decision maker of the network before the restructuring took place in 2013. It was a very powerful governance arrangement made up of equals. The restructuring saw the Board placed above it and assuming new roles associated with strategic guidance. This change is suspected to have initially affected the effectiveness of the PC as it saw itself in competition with the Board. Some stakeholders suggest, however, that the initial reservations among members of the PC about the Board have now been put behind them. This has led to an improved relationship between the PC and the Board. With the functions and structure of the Programme Committee as they are, the involvement of partners in governance is assured.

One issue that came up in our discussions was whether the Scientific Advisor (SA) should be part of the PC as well, given that the SA is perceived to be a powerful player in the network. Giving the SA a formal vote in the PC will make the current arrangement more transparent and enhance accountability.

### 3.2.5 The Effectiveness of the Programme Committee

We had the opportunity to sit in a meeting of the PC at the June 2019 meeting in Cape Town. The main items on the agenda included the receipt of updates from the four TRGs. Each Director had 15 minutes to present and receive questions/comments relating to their reports. Beyond the TRG reports, the meeting also discussed updates from the Committee for Climate Change and the PEP forum platform as well as CGE WhatsApp group. They also received updates on gender experts in TRG committees. What the meeting portrayed was the great commitment of the TRGs to carry the work of PEP as far as possible. It was obvious that some TRGs had a lot more to report than others. The reports covered study visits, online courses, participation in the conference, publications, etc. The meeting afforded each member the opportunity to know what was happening in the various TRGs. The Director of Communications also gets the chance to present updates from her Directorate and to remind the PC of important issues requiring further action. It was furthermore an opportunity for the Executive Director to contribute to the work of the TRGs by interjecting with how PEP policy affected one thing or another.

When we asked various stakeholders outside of the PC, especially Board members, to comment on the work of the committee, many people expressed the view that most of PEP's technical and scientific work revolved around the PC. Their work was viewed as a time-consuming one that demanded total commitment and attention from the members. Members of the Committee had made significant contributions in the development of the PAGE II proposal, as indeed they have on the Climate Change proposal.

## 3.3 Financial Sustainability

### 3.3.1 An Overview of the Funding Situation

Since 2002, PEP has received support from the governments of Australia (AusAID), Canada (CIDA, IDRC), the Netherlands (NWO) and the UK (UK Aid/DfID), as well as a number of regional and international organisations and development partners (Hewlett Foundation, IADB, IFPRI, ILO, UNDP, UNICEF, UN Women and the World Bank Group). Several PEP initiatives have also been commissioned directly by developing country governments, especially in Africa.<sup>86</sup>

However, most of its funding since 2002 has come from a succession of single, large projects funded by IDRC, IDRC-CIDA and/or DfID. While this has the important advantage of greatly simplifying the management and implementation of activities, it makes PEP very vulnerable.

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<sup>86</sup> Partnership for Economic Policy Strategic Directions 2018-2020. Volume 2: Diversifying Research Themes, Funding and Partners, December 2017, p.3.

In 2018, another major donor came on-board, when the William and Flora Hewlett Foundation awarded PEP funding of US\$2.09m over three years, to strengthen impact evaluation capacities in East and West Africa.

Table 3.1 below presents the latest projected incomes from existing projects/donors up to 2020. This table is an update of the same table presented in PEP's December 2017 strategy 2018-2020 document.<sup>87</sup>

**Table 3.1. Projected Annualised Income (US\$) (Existing funding only)**

Projected Income	2016	2017	2018	2019	2020	Total
<b>Sources:</b>						
Carryover from previous year	1,548,796	-	-	-	-	<b>1,548,796</b>
<b>Expected funding in the year</b>						
PAGE I- DFID	1,447,960					<b>1,447,960</b>
NWO-WOTRO (PRESM Project)	2,758	283,288	-			<b>286,046</b>
IDRC (STAARS Project)	88,601	-	-			<b>88,601</b>
PAGE II	1,374,684	2,114,676	2,189,772	4,475,892	1,205,091	<b>11,360,115</b>
Hewlett Impact Evaluation in East and West Africa	-	-	430,000	990,000	670,000	<b>2,090,000</b>
DFID Incentive		194,154	323,590	270,000	270,000	<b>1,057,744</b>
Global Affairs Canada – Climate Change in Africa					165,000	<b>165,000</b>
Hewlett Foundation – Organizational Effectiveness					100,000	<b>100,000</b>
Other Incomes			105,000	130,800	100,000	<b>336,300</b>
<b>Totals</b>	<b>4,462,799</b>	<b>2,592,118</b>	<b>3,048,862</b>	<b>5,866,692</b>	<b>2,510,091</b>	<b>18,480,562</b>

A total of US\$5.46m extra funding has been acquired since July 2017, from the following sources:

**Table 3.2. Acquisition since July 2017**

Source	Amount (US\$)
Hewlett Foundation- Impact Evaluation	2.09m
IDRC Extension Grant	1.65m
DfID Incentive Grant	765k
OPM-UNICEF LTA	47k
IDRC - Grant to develop internal capacity to manage/publish research data	7.7k
<b>UNICEF Sudan</b>	<b>70k</b>

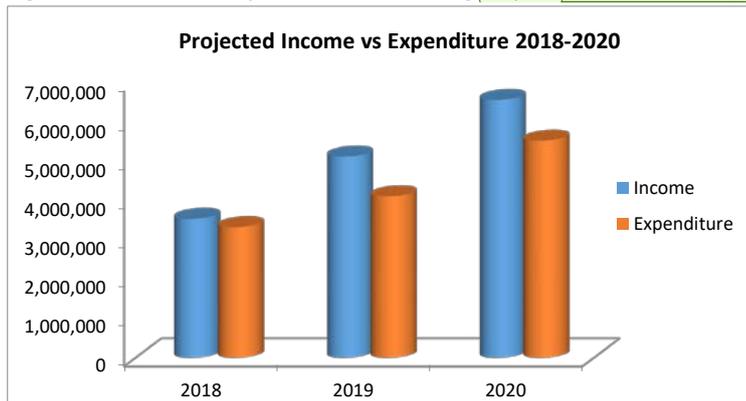
<sup>87</sup> Partnership for Economic Policy Strategic Directions 2018-2020. Volume 1: Implementing Existing Programmes, December 2017, Table 1-2.

World Bank	49k
Global Affairs Canada – Climate Change in Africa	600k
Hewlett Foundation – Organizational Effectiveness	100k
OPM-UNICEF MENA Office (COVID-19 response)	77k
<b>Total</b>	<b>5.46m</b>

The DfID grants include an Incentive Grant of £0.6million for research and scientific excellence based on completed deliverables.

Figure 3.1 shows the targeted incomes for 2018-2020 in the 2018-2020 resource mobilisation strategy. Comparing the targeted incomes in Figure 3.1 with the currently realised incomes in Table 3.1, shows that incomes for 2018 and 2019 are, more or less, on target. For 2020, however, the funding gap is roughly US\$4.0m.

**Figure 3.1 Income vs. Expenditures for Existing Projects**



Source: Resource Mobilisation Strategy and Implementation Plan 2018-2020, March 2018

**Commented [K1]:** To update as necessary from above

A number of grant proposals are currently under review by donors (see Table 3.3). These proposals are for multi-year activities, extending beyond 2020 if successful. PEP is currently also preparing a number of grant proposals, one under development for MasterCard Foundation, two for Global Affairs Canada (on Climate Change and Women’s Economic Empowerment, CAD\$ 0.8m and another for US\$ 0.6m), and scouting for other donors with a new Climate Change Concept Note.

**Commented [K2]:** Update as necessary

**Table 3.3. Grant proposals currently under review with donors**

Source	Amount (US\$)	Duration (years)

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IDRC – COVID-19 Response	935k	3
DFID – Post-PAGE (concept note)	3.6m	3
<b>Total</b>	<b>4.53m</b>	

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Given the long lead times in acquiring funding, the targeted increase in income for 2020 is unlikely to be achieved.

### 3.3.2 An Assessment of the Cost Effectiveness of the Current Structure of PEP

At the establishment of the central PEP office in Nairobi in 2014, staff was scattered around five locations.<sup>88</sup> The fragmentation of the secretariat constrained the ability of PEP to function – it was rather difficult to coordinate and supervise staff based in the partner institutions. Many of this staff felt accountability and allegiance to their directors and not to the ED based in Nairobi. As a consequence, the global secretariat was restructured with the core secretariat functions coordinated from Nairobi. The CBMS Network Office still keeps an exceptional position in the network with all its staff being employed through DLSU-AKI, working only part-time on PEP.

With the restructuring, human resource hours were expanded. The PAGE coordinator position of 0.25 FTE was replaced by a Scientific Advisor position of 0.5 FTE. The M&E coordinator and communication officer became fulltime, up from 15 hours a week.

The total overall cost of the secretariat for 2017 was estimated at US\$913,914.<sup>89</sup> If we assume the same annual cost for 2018-2019, a total of 25% of total budget will be spent on the secretariat.<sup>90</sup> However, some of this secretariat cost, specifically Communication, M&E Directorate, and ED, includes components that are programme-based. When considering expenses by function an estimated cost share of 22% for supporting expenses (i.e. administrative and fundraising expenses as opposed to programmatic expenses) may be more appropriate.<sup>91</sup> For 2020, the share of the total budget going to the secretariat will remain roughly the same, but only if the 2020 budget is increased by roughly US\$2m, c.q. double its current projected value of US\$2m (Table 3.1).

Is the calculated share of 22% a high or low figure? We can compare the cost of the PEP secretariat with that of AERC, a direct competitor<sup>92</sup>. In order to calculate a figure that is comparable, we consider AERC's statement of functional expenditures.<sup>93</sup> If we calculate the share in total expenditures of the total cost of AERC general administration, we find a figure of only 8.6%.<sup>94</sup> This is a significant gap but it is difficult to judge to which extent it reflects real

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<sup>88</sup> A Note on PEP Global Secretariat, December 19 2016, Table 1.

<sup>89</sup> Using figures for 2018/19 will not make a lot of difference.

<sup>90</sup> This is an underestimate, given that a Resource Mobilisation Officer was added to the secretariat starting January 2019. Overall, however, the fiscal year 2017 reflects PEP's new business model and it is viewed as generally representative of the organization's near-term cost structure (True Cost Project 2018, p.6).

<sup>91</sup> See True Cost Project report (2018). The estimated percentage allocated to supporting services for administration is 17%, and 5% for fund-raising (p.4). The report notes that PEP's dispersed geography and complex organizational structure complicate the calculation of shared costs.

<sup>92</sup> AERC may not be a perfect comparator as it has a much wider portfolio of activities and has been in operation for over 30 years.

<sup>93</sup> AERC Annual Report 2017-2018, Statement of Functional Expenditure, p.93.

<sup>94</sup>  $1,111,021/12,864,920=0.086$ .

differences or differences in accounting practices, especially with respect to allocating expenses by function.

Nevertheless, the cost share of the PEP secretariat is significant. One reason could be that PEP also includes the cost of the Scientific Advisor, which could be allocated to research activities. On the other hand, we have understated the cost of the recently hired Resource Mobilisation Officer in our calculations as well. This suggests that this reason cannot explain why PEP has a significant cost share.

Scale is clearly a reason here. If the budget could increase by 100%, the secretariat cost will be 12.5% and close to that of AERC (which actually has a budget more than triple that of PEP). Therefore, PEP should aim at scaling up to become more sustainable, bringing down the secretariat cost within industry levels for advanced research organizations.

But, does scale fully explain the level of overhead costs? According to the Executive Director, the administrative staff of PEP is rather small for the scale of PEP activities, and as a consequence the “staff is overworked”. As a result, the Executive Director and Scientific Advisor are ending performing doing “mundane tasks”. This means that although economies of scale will help, increases in PEP’s portfolio will also require an increase in support staff.

This suggests that PEP uses a relatively resource-intensive administrative technology. An important reason for this is that PEP’s capacity building model is much more intensive than AERC’s, reflecting its “grants-plus” approach. PEP has set up a full suite of capacity building activities in support of its researchers, which is second to none in the industry but also more costly, of course.

We have no reason to believe that PEP’s relatively resource-intensive administrative technology is inefficient. On the contrary, PEP has constantly been striving to perfect its model, not only in terms of capacity building, but also institution building. It is notable that the GS services receive almost universal plaudits throughout the network. Also, PEP is maintaining excellent relationships with its donors, e.g. by keeping them up-to-date of the network’s activities and initiatives. Donors are indicating that PEP is a good institution to work with, being an honest, self-reflective and learning institution.

Is it possible to make PEP’s administrative technology less resource-intensive, given the opportunity costs of these resources? Of course, standards can be lowered, but PEP has set a bare minimum of administrative indirect cost to run a credible institution with a sound internal control framework. Therefore, PEP should keep and hopefully be able to convince donors that core funding is critical in support of an honest, self-reflective and learning institution that is serious about high quality capacity building for high impact research. PEP

has received core funding in the form of inbuilt staffing cost from DfID, IDRC and Hewlett and this has been important in enabling it to maintain the minimum staff to run the programme over the period.

We would like to note that the resource intensity of PEP's administrative technology also probably reflects PEP's complex partnership structure, creating the need for administrative coordination and monitoring across geographically dispersed programme activities and staff. However, the quality and dedication of this global staff is high, and coordination is reported to work smoothly in spite of time differences, and therefore there is no need to centralize the staff further.<sup>95</sup>

### 3.3.3 An Assessment of the Current Strategy and Structure of Fund-raising

The donor landscape has changed dramatically over the years with increasing emphasis on results, partnerships, and transformational change together with an increasing role of non-traditional donors (non-DAC country aid, private sector aid from philanthropies and foundations).

This creates pressure on organisations like PEP who have to adapt to stay relevant. In March 2018, PEP launched its *Resource Mobilisation Strategy and Implementation Plan 2018-2020* with its new fundraising strategy for 2018-2020. The strategic goal is to strengthen efforts to attract adequate resources from a wider range of donors. The rationale of this goal is that the historical dependence on one to three large donors at any point in time makes the organisation vulnerable and limits its ability to grow. Therefore, the strategy includes an objective to diversify funding through new donors, new research themes, new modalities and new partners.

It is clear that this strategy document is well-designed, including a SWOT analysis and concrete ideas for implementation. Table 3.4 below provides an overview of fundraising activities listed in the strategy and their current status. Overall, it is clear that PEP is implementing the 2018-2020 resource mobilisation strategy. New projects are being developed; new themes launched; new donors sought out; new partners are being engaged; and new modalities of research and engagement are being developed.

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<sup>95</sup> In case of staff turnover, can new staff also be based in geographically dispersed locations or should they be based in Nairobi? We think that if equally qualified and committed staff would be available in Nairobi, then adding staff to the Nairobi office would seem most efficient.

**Table 3.4 Overview of fundraising activities listed in the strategy and their current status**

Strategic fundraising activities	Current status
<i>New projects</i>	
Launch one large project in 2020 (USD 2.5-3M/year, 3-4 years)	No large project has been developed/submitted yet
Launch one medium project in 2019 (USD 0.5-2M/year, 2-3 years)	Two medium projects currently under review w/ donor
Launch one medium project in 2020 (USD 0.5-2M/year, 2-3 years)	Two medium projects currently under review w/ donor
Launch up to two small projects in 2019 (each USD 100-500K/year, 1-2 years)	One project under review w/ donor, other projects under development
<i>New themes</i>	
One new theme launched in 2018, funding secured by 2019	Climate Change theme launched, donor funding from GAC likely, scouting for other donors ongoing
One new theme launched in 2019	Planned for 2020
<i>New donors</i>	
Serious engagement with new donors	New agreement w/ Hewlett and serious discussions with new donors, GAC, SIDA, Gates, UNICEF, and others.
<i>New partners</i>	
Serious engagement with new partners	<ul style="list-style-type: none"> <li>-Engagement w/ CEDLAS has deepened.</li> <li>-University of Pretoria has become collaborator.</li> <li>-PEP was also successful in partnering with new collaborators to develop joint proposals for SIDA (UNICEF and University of Cape Town), UNICEF (Alliance for Human Development) and Gates (Collaborative Centre for Gender and Development (CCGD), the State Department for Gender Affairs (SDG) and the Kenya National Bureau of Statistics (KNBS))</li> <li>-Increased involvement of PEP Research Fellows</li> <li>-New Resource Persons were added</li> </ul>
<i>New modalities for research and engagement</i>	
Commissioned research	<ul style="list-style-type: none"> <li>-PEP has collaborated with Oxford Policy Management on two studies commissioned by UNICEF.</li> <li>-The UNICEF proposal is a commissioned research initiative.</li> <li>-PEP research fellows were encouraged to submit proposals to recent calls from the PEDL initiative and made some progress in this regard, but as time was short and timing difficult, this did not go through.</li> </ul>
Direct engagement with policymakers	<ul style="list-style-type: none"> <li>-Included in Hewlett project, IDRC extension and GAC project.</li> <li>-It is also one of the key focus areas of the BMGF proposal</li> </ul>

It is also clear that more time and continued effort is needed to bring the new strategy to fruition, but more is needed. At this stage, there does not appear to be a need to drastically change course, but a number of issues should be addressed to maximise the chances of success in the coming years:

*Take time to let the new strategy bear fruit*

The fundraising activities take a lot of the time of the GS, including overtime, especially with multiple calls often outstanding at the same time. Officially, the ED and SA are expected to spend 25% of their time fundraising, but in practice, this is more (considering overtime). The addition of a RM Officer (RMO) since January 2019 has therefore been a welcome additional hand for the GS, helping to coordinate RM activities, exploring funding opportunities and developing proposals.

Still, it has been noted that other institutions are able to write more proposals and more quickly than PEP. PEP, however, has only started to professionalise its fundraising activities recently, and with time the organisation will become more expedient in doing this. An example is the role of the Research Fellows here. They have made major contributions in the development of two recent proposals (for UNICEF and SIDA) showing the longer-term payoff of investing in the capacity of young researchers for PEP.

*Strengthen the core fundraising team*

Apart from the process of learning-by-doing, another reason why the grant proposal writing process remains suboptimal is that there remains scope for further upgrading of PEP's grant development technology. While the ED has a primary responsibility for fundraising, it is clear that this can only be successfully done as a team effort.<sup>96</sup> Currently, the core fundraising team includes the ED, SA, and RMO, which relies for additional inputs on other PEP members, such as the RDs, Director of Communication, Finance Officer, and Research Fellows. There are therefore two ways to upgrade PEP's grant development technology, either by strengthening the core team or by increasing the inputs from the PEP network to the core team.

In terms of strengthening of the team, PEP would greatly benefit from having a fulltime senior Resource Mobilisation Officer who can independently and quickly write good draft proposals and needing only the scientific inputs from the RDs and SA. Other organisations have such human resources allowing them to write grant proposals quickly. An alternative could also be the recruitment of another member to the communication team, as they are already systematically involved in proposal development, providing inputs in the areas of M&E, policy engagement and communications, and also proofreading (usually resulting in extensive editing) and sometimes even taking over the development of (nearly) full proposals (e.g. 3rd PAGE-II funding round for IDRC, proposal for GAC). However, the Director of Communication

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<sup>96</sup> Governance, Management and Operations, p.16.

has noted that her small team (1.25 person) cannot be so involved in all proposals developed. Therefore, increasing the availability of skills related to effective writing and proposal development (such as a theory of change) will strengthen PEP's fundraising technology.

It has been suggested by the SA that as an alternative, PEP could provide funds to contract RFs, RPs, RDs and external individuals for specific calls. Currently, individuals within the PEP network are approached by the core fundraising team when an interesting call is identified to see whether they would like to get involved. Proposal writing involves an opportunity cost of time and is inherently risky, and therefore some financial compensation may increase interest and effort. At the same time, financial incentives can crowd out intrinsic motivations, which would favour the choice for a professional senior RM Officer instead.

#### *Create more PEP-wide support for the core fundraising team*

In terms of improving the flow of inputs to the core fundraising team, the partnership arrangement needs to be incentivised in a way that partners increase their inputs for PEP's core fundraising team. Currently, the partnership "can include" fundraising in collaboration with the PEP secretariat, for joint programmes, and with other partners.<sup>97</sup> The MOU with DLSU-AKI does include an agreement to "assist in fundraising activities for PEP, particularly from donors active in Asia". The MOUs with CEDLAS and Pretoria, however, do not mention fundraising. Unlike in the past when a separate budget line supported AKI with "networking" or participation in non-PEP organized meetings, its budget for fundraising assistance is now part of the allocated personnel resources. As a result, AKI feels that its fundraising activities are now less supported and it has scaled down its efforts to ADB HQ and UN country offices that are already present in Manila and by taking advantage of possible donor interactions at international conferences where the RD happens to get invited.<sup>98</sup>

However, it can be noted that the PEP leadership has tried very hard to engage with several partners in the past (AKI, GRADE, CRES) beyond their roles in executing PEP-wide programmes (PAGE and its antecedents). However, they note that the partners' incentive structure seems to be seeking funding for their own activities and not see any particular advantage in developing new activities with PEP. I.e. it seems to go only in one direction: PEP finds funding and gives them some to execute activities.

The story seems different for Laval and CEDLAS who have been much more active in fundraising for PEP. However, it is important to understand that these partners do not have a formal obligation to do fundraising. They seem to be primarily motivated by a common, if not personal, responsibility for PEP's future (the "PEP family" effect). While this loyalty may

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<sup>97</sup> Governance, Management and Operations, p.5.

<sup>98</sup> Other TRGs, however, do allocate part of their budgets to travel, specifically networking meetings, upon approval of the ED (AKI manages their own funds and therefore makes its own allocation decisions). Also, there is a modest travel/visibility budget within PEP to which CBMS can apply.

work well for some time, and is probably even necessary and desirable as long as PEP remains a small organisation, clear institutional incentives (with corresponding deliverables) for fundraising activities will be necessary to institutionalise these loyalties to keep the partnership model sustainable.

A question is whether the Research Fellows can be (even) more involved in fundraising activities. Currently, Research Fellows “may” initiate, develop and carry out new research projects with the support of PEP when such projects fit within the strategic priorities of PEP.<sup>99</sup> Involvement of individuals beyond the PEP partners is important as the latter may not have all of the required expertise to successfully apply to calls of proposals. The involvement of individuals with the requisite expertise, including a number of Research Fellows, has been instrumental in several recent proposals for SIDA, UNICEF, MasterCard and GAC. At the same time, it should also be noted that PEP Research Fellows were encouraged to submit proposals to recent calls from the PEDL initiative and made some progress in this regard, but as time was short and timing difficult, this did not go through. Fundamentally, it would take a major push (and significant staff time) to develop a commissioned research facility within PEP, but this would add new and potentially large sources of funding as the success of CGD, J-PAL, OPM, IPA, etc. attest. Therefore, PEP cannot afford not to invest in its Research Fellows if it wants to successfully diversify its funding sources, invest in long-term capacity building, and build a strong global network of alumnae. This suggests that it is important for PEP to support collaborative research among the Research Fellows and to use this support to build up capacity for attracting commissioned research in the near future.

Finally, in terms of increasing PEP-wide support for the core fundraising team, the Board could be more active. Currently, the functions of the board include “support and advise on possible funding and networking opportunities”, “opening doors with potential project funders”.<sup>100,101</sup> In practice, the Board has been little involved in fundraising activities. A more pro-active Board, promoting PEP through their own activities/networks, keeping an eye out for opportunities and establishing connections between PEP management and key individuals they know in donor agencies is a valuable input for PEP’s fundraising core team. This role should not be time demanding; it will, however, take commitment. It is therefore recommended that the Board plays a more active role in support of PEP’s core fundraising team. However, if for some Board Members, PEP’s fundraising efforts compete with their own home institution fundraising efforts, an internal Board discussion can clarify possible conflicts of interest and develop a policy on how to handle these.

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<sup>99</sup> Governance, Management and Operations, p.7.

<sup>100</sup> Governance, Management and Operations, p.11.

<sup>101</sup> Partnership for Economic Policy Strategic Directions 2018-2020. Volume 2: Diversifying Research Themes, Funding and Partners, December 2017, p.9.

#### *Provide more evidence on longer-term impact*

PEP's funders are supportive of PEP, but are also asking hard questions about impact. There is a general perception among stakeholders that PEP's model of capacity building is "the best in the industry", combining a grant-plus approach with a strong methodological PEP-Toolbox. It is also relatively expensive, which is not an issue for donors if the returns are high also. However, how high are the returns? PEP's excellent M&E mechanism gathers already extensive information on impacts, as evidenced for example by their impact stories. These stories are clearly impressive and a testament to PEP's impact in terms of capacity building and policy outreach and impact, and suggesting high and immediate returns. Even though PEP has been active since 2002, evidence on the long-term career paths of PEP alumnae has not been systematically collected. Where did all PEP alumnae end up? Did they move into research positions or not? Are they publishing? Are they involved in policy-making? Providing systematic evidence on these questions will be key to helping PEP continue to sell its high quality products in the future. Although attribution is difficult, given that the counterfactual is not observed, an impact evaluation study including the construction of a control group to gauge longer-term impacts on alumnae would set PEP apart in terms of providing credible evidence on its programme impact compared to its competitors.

It is already clear that the current quality incentives provided by IDRC and DfID have an impact. PEP has clearly redirected and further tweaked its already impressive grants-plus model to improve research quality. The returns from quality incentives are ploughed back as direct incentives to publish for researchers, and also provide some financial breathing space to develop new themes, fund research, or even build up strategic reserves.

### **3.4 Conclusions and Recommendations on PEP as an Institution**

We set out to determine in this section whether PEP has been effective in delivering on its mandate as an institution, and whether it was doing this cost-effectively. In doing this, we have reviewed the different governance arrangements and their performance, including the Board, the Programme Committee and the Corporate Members. We have also reviewed the financial situation of the organisation, with a focus on current sources and amounts, and how these have been utilised. These reviews allow us to conclude as follows:

- After reorganisation in 2013, PEP began with a structure that probably had too many governance levels, representing different stakeholder interests. Beyond being required to meet, it was not clear how they fed into each other or worked together. Not surprisingly, some of the levels became redundant and have been restructured as per the 2017 Governance manual and organogram.
- The Corporate Member category plays roles that are typically reserved for Boards. For example, the function of nominating new Board members is typically a function of a

Board Nominations Committee. The role of the corporate members is being questioned by various stakeholders.

- The Board's role as an intellectual sounding board is being played very effectively.
- The Board's role as a fund-raiser is being questioned, however. The Board is certainly not structured and composed to be a Board that can raise funds in a significant way; but it could facilitate fund-raising.
- PEP identified a need to diversify its funding sources in the 2017 strategy document, and considerable effort went into doing that. There has been limited success from this as PEP today has more funders than it did five years ago with the addition of Hewlett Foundation, but recognises the need to expand this to fix the significant gap in funding for 2020 and beyond.
- PEP's administrative costs appear relatively high compared to its peers, and this is because the programme managed by the administration is smaller and global. As the programmes grow or are scaled up, using the same infrastructure will bring the costs down significantly.
- PEP's fund-raising strategy is clearly well-written and structured. It will take time and a lot of strategising in implementation to get it delivering the desired results.

#### Recommendations:

- Scrap the Corporate Member arrangement in the organogram.<sup>102</sup> The Board can be expanded to nine (9) voting members to include two (2) representatives of the partners and the research fellows appropriately elected<sup>103</sup>.
- The Board needs to consider whether it wants to do more in the area of fund-raising. If it does, it will have to restructure and bring in a couple of people who can be very effective in opening doors to funders for the Management.
- PEP has been able to achieve relatively high administrative standards, which are an asset in its relationships with donors and its drive to be a world-class capacity-building and research organisation. It will be important to keep convincing donors that core funding has high returns in this respect.
- PEP needs to scale up its activities to increase its administrative returns to scale.
- Fundraising efforts have become more structured in PEP, but more time is needed to let this bear fruit.
- Further steps can be taken to enhance PEP's grant development technology, such as:
  - Hiring a Senior Resource Mobilisation Officer or provide funds to contract RFs, RPs, RDs and external individuals for specific calls.
  - Partnerships should be properly incentivised to support PEP-wide fundraising efforts.

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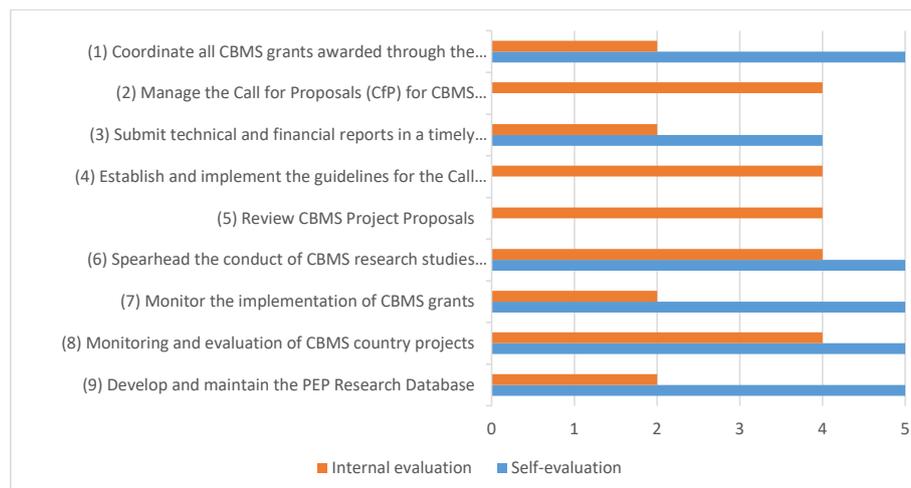
<sup>102</sup> It was suggested to us that this might be a requirement of the US laws governing the entity. It would be worth exploring legally the feasibility of doing this.

<sup>103</sup> There is nothing wrong with grant recipients sitting on the Board. The principle allows bank customers to sit on a bank Board.

- Research Fellows should become even more involved in fundraising activities, but this requires support to build this capacity further.
- The Board should play a more pro-active role in fundraising, but this also requires an internal discussion to clarify possible conflicts of interest and to develop a policy on how to handle this.
- PEP's model of capacity-building is generally perceived to be state-of-the-art by its stakeholders, but additional systematic evidence on the longer-term impact on alumnae should be developed to support its drive to diversify its donors.

**Appendix**

**Figure A.1. Quality of project coordination and management, internal and self-evaluation - CBMS**



Source: Data from PEP Assessment Reports 2019