



Republik Indonesia

**PNPM SUPPORT FACILITY PORTFOLIO
PROJECT DIGEST CONCEPT NOTES**

MAY 28, 2008



PSF Joint Management Committee

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PROJECT DIGEST

1. Project Title : **PNPM Communication Strategy**
2. Executing Agency : PNPM Oversight Committee, Coordinating Ministry for Social Welfare
3. Implementing Agency : Department of Communication and Information
4. Duration : 1 (one) year
5. Location : All provinces in Indonesia
6. Objective : To develop the communication strategy of PNPM so that the communities will actively participate and getting involved in the programs of PNPM.
7. Scope of Project :
 - Formulations of communication materials
 - Development of communication strategy.
 - Implementation of Communication strategy: direct and through mass media; nationally and locally (in the region).
8. Activities :
 - Coordination Meeting in National, Regional and Local level to formulate communication strategy through meeting and key expert discussion.
 - Formulations of Communication material through: Personal and/or group communication through community discussion, focus group discussion and visiting the community leader.
 - Developing formulations of guidance book, leaflet and booklet of communication strategy
 - To conduct socialization of PNPM using both printed (posters, etc) and electronic media such as newspaper, magazine, radio station and television, including community radio station and traditional-art show such as Wayang and other local traditions.
 - Media visits.
9. Estimated Budget:

| No | Items | USD |
|----|---------------------------------------|------------------|
| 1 | Formulation of Socialisation Material | 95,200 |
| 2 | Socialization through mass media | 1,311,820 |
| 3 | Direct Socialization | 579,500 |
| 4 | Monitoring and Evaluation | 13,500 |
| | Total | 2,000,000 |

Note : 1 USD = IDR 9,300.00

Concept Note : PNPM - Communication Strategy

Introduction

The PNPM Mandiri or “the National Program for Community Empowerment” is a national program for community empowerment aiming at accelerating poverty reduction. The goal of this program is to create sustainable jobs, improve performance of the MDGs, and empower Indonesia’s diverse rural and urban communities to be active players in development.

Before PNPM was established, there have been several poverty reduction programs conducted by government through different government agencies. Each program ran their own activities with little coordination among each other. Consequently, in disseminating their program to the communities, each program had its own strategies. These less coordinated strategies could cause disadvantage to the government images such as the minor impressions emerged in the society that the government carried out overlapped programs. With the establishment of PNPM as the umbrella of all poverty reduction programs in Indonesia, this condition can be improved through more coordinated programs.

In terms of communication strategy, there are some problems faced by PNPM Mandiri i.e.:

- As mentioned before, the absent of one single communication strategy among poverty reduction programs has caused each poverty reduction program has its own socialization and communication strategy. This could produce the overlapped and ineffective programs.
- The socialization of each poverty reduction program has not been systematically conducted
- The socialization conducted so far has not yet motivated the society to keep the program sustainable

In order to overcome these problems, the PNPM’s implementer should come up with comprehensive and effective communication strategy that will reach all the beneficiaries of PNPM.

Objective

The objective of this activity are:

1. To develop a communication strategy of PNPM to ensure that the communities or beneficiaries well-informed all about PNPM
2. To conduct campaign using effective media to promote understanding and commitment of all stake-holders for supporting the implementation of PNPM
3. To create a communication strategy that will motivate the beneficiaries as well as the implementer to keep the PNPM program sustainable

Executing/Implementing Agency

The project will be executed by PNPM Oversight Committee and the Coordinating Ministry for Social Welfare, while implementing agency will be Department of Communication and Information

Duration

The project will be undertaken in year 2008.

Location

The project will be taken location in all provinces in Indonesia

Scope of Project

This project will be divided to 4 components, i.e.:

- To define the basic principles and focus strategy of the socialization and communication of PNPM
- To define the scope of communication strategy, including the characteristics of target groups, approach strategy, message strategy, channeling strategy and communicator strategy.
- To develop the communication strategy of PNPM
- To put the strategy into action

Details of Activity

To implement this project, there will be several steps undertaken, those are:

- Coordination Meeting in National, Regional and Local level.
- To formulate communication strategy through meeting and key expert discussion
- Personal and/or group communication through community discussion, focus group discussion and visiting the community leader
- To develop guidance book, leaflet and booklet of communication strategy
- To conduct socialization of PNPM using both printed and electronic media such as newspaper, magazine, radio station and television, including community radio station
- To use off-air media such as banner, poster and so on
- To use the traditional-art show such as Wayang and others
- Media visit

PROJECT DIGEST

1. Project Title : **PNPM Management Information System**
2. Executing Agency : PNPM Oversight Committee, Coordinating Ministry for Social Welfare
3. Implementing Agency : Data and Information Center, Bappenas
4. Duration : 1 (one) year, 2008
5. Location : Jakarta
6. Objective : To develop and implement a Management Information System (MIS) of PNPM Mandiri which will be a comprehensive system contained of all poverty reduction programs in Indonesia
7. Scope of Activities :
 - Development of MIS systems
 - Development of MIS content
 - Data consolidations into a comprehensive integrated Management Information System of PNPM Mandiri as the development of the existing poverty reduction program databases
8. Activities :
 - Coordination among parties involved in the previous and will be carried out poverty reduction programs
 - To develop the structure of database as agreed by all parties
 - Data collecting from previous poverty reduction programs
 - To consolidate collected data in the agreed structure
 - To identify the requirements of the integration step
 - To develop the MIS of PNPM Mandiri
 - To entry collected data into the new PNPM Mandiri Management Information System
 - Regular Data updating.
9. Estimated Budget:

| No | Items | USD |
|-----------|--|------------------|
| 1 | Experts & Supporting Staffs | 420,000 |
| 2 | Non Personal Direct Cost | 450,000 |
| 3 | Data-Information Development and Maintenance | 130,000 |
| | Total | 1,000,000 |

Note : 1 USD = IDR 9,300.00

Concept Note : PNPM - Management Information System

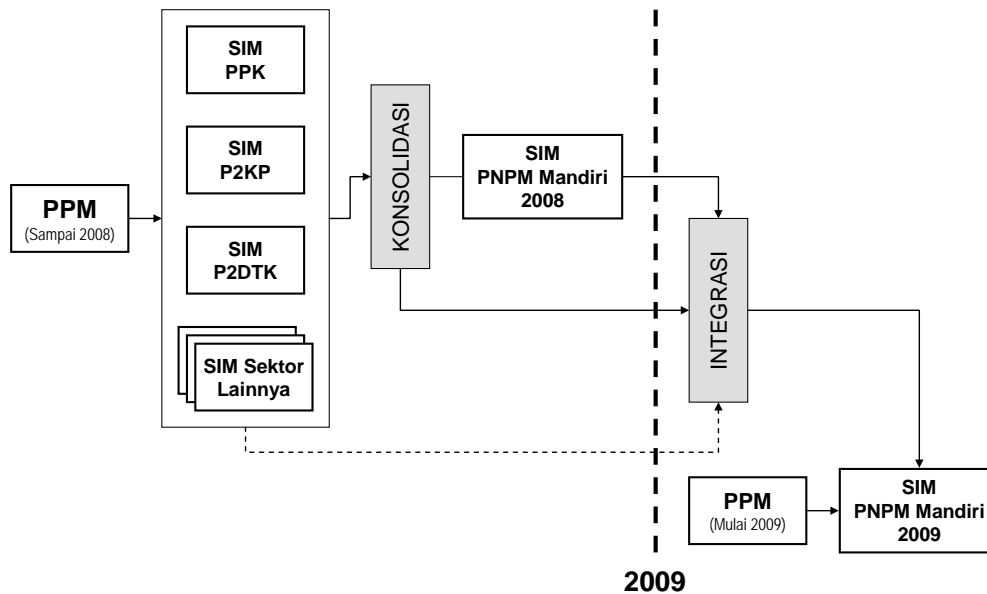
Introduction and Development Context

The PNPM Mandiri or “the National Program for Community Empowerment” is a national program for community empowerment aiming at accelerating poverty reduction. The goal of this program is to create sustainable jobs, improve performance of the MDGs, and empower Indonesia’s diverse rural and urban communities to be active players in development.

PNPM Mandiri will be carried out with harmonization in system development, mechanism and procedure of previous program i.e. Kecamatan Development Program and Urban Poverty Project. Management Information System (MIS) for evaluating the progress achieved by each sector will be unseparated part of higher level monitoring and evaluation of PNPM. The MIS of PNPM will have role as catalisator in integrating whole data processing and informations among sectors.

The development of MIS of PNPM Mandiri consist of two steps, i.e. consolidation and integration. The consolidation step will be carried out in 2008. It will consolidate all sector programs management information system. There will be no changes in operational mechanism in sector program level. Data management will only be data collecting in an agreed structure to support the monitoring and evaluation of PNPM Mandiri. In the beginning of year 2009, this step should be completed and all at once will come up with the requirements identification for the next step i.e. integration.

This consolidation program will be carried out centrally, by optimizing the existing data and information to support the monitoring and evaluation activity from the low level until the national level, based on indicators which will be determined later. The second step of the MIS of PNPM is the integration of all sector programs in a single standar under the MIS of PNPM Mandiri. Herewith the flowchart of the workflow of the program:



Objective

The objective of this project is to develop and implement a Management Information System (MIS) of PNPM Mandiri which will be a comprehensive system contained of all poverty reduction programs in Indonesia.

Executing Agency

PNPM Oversight Committee, Coordinating Ministry for Social Welfare and National Development Planning Agency

Duration

The program will be conducted from 2008 – 2009 (two years) in Jakarta

Scope of the Project

In general, the project is divided to 2 components as follows:

- To consolidate database of all on-going poverty programs in Indonesia in a same structure as agreed later
- To develop a comprehensive integrated Management Information System of PNPM Mandiri as the development of the existing poverty reduction program databases

Activities

These are the steps will be taken to comprehend this project:

- Coordination among parties involved in the previous and will be carried out poverty reduction programs
- To develop the structure of database as agreed by all parties
- Data collecting from previous poverty reduction programs
- To consolidate collected data in the agreed structure
- To identify the requirements of the integration step
- To develop the MIS of PNPM Mandiri
- To entry collected data into the new PNPM Mandiri Management Information System
- To update the data regularly

PROJECT DIGEST

1. Project Title : **PNPM Community Facilitator Development System**
2. Executing Agency : PNPM Oversight Committee, Coordinating Ministry for Social Welfare
3. Implementing Agency : MOHA, MOPW and State Ministry for Less Developed Region
4. Duration : 8 Months
5. Location : 10 Cities in Indonesia i.e. Jakarta, Salatiga, Medan, Pekanbaru, Palembang, Makassar, Mataram, Manado, Sorong, Balikpapan
6. Objective : To improve and prepare the community-based facilitators to be ready to drive empowerment program in community level.
7. Scope of Project :
 - Provision of experts
 - Training: preparation and training implementation.
 - Network and system information.
8. Activities :
 - Coordination Meeting in National, Regional and Local level.
 - Formulation of training materials and manuals through meeting and key expert discussion
 - Establishment of community-based facilitators database
 - Training: Management Training and Training of Trainers
 - Evaluation and Reporting
9. Estimated Budget:

| No | Items | USD |
|-----------|-------------------------------------|------------------|
| 1 | Expert & Support Staff Fee | 320,000 |
| 2 | Non Personal Direct Cost (training) | 1,500,000 |
| 3 | Operational Cost | 180,000 |
| | Total | 2,000,000 |

Note : 1 USD = IDR 9,300.00

Concept Note: PNPM - Community Facilitator Development System

Introduction & Development Context

Indonesia has long experience in community empowerment implemented not only through donor programs and INGO/NGOs, but also as large investments of the central government and some local governments in alleviating poverty and increasing the capacity of communities to participate actively in development processes. Through these programs, Indonesia has developed a broad base of expertise and capacity throughout Indonesia. One of the critical roles within community development work is that of facilitators, who bridge communication and knowledge needs between communities with relevant stakeholders external to the community.

During 2007, DSF supported the development of facilitators through the Community Facilitators Development Program (CFDP), managed by the British Council. Through this program, there already exists a network of 200 organizations, trainers, material, standards, systems and networks. This project will therefore utilize the networks, material and systems developed through CFDP combined with other existing networks and capacity in partner agencies to increase the coverage national wide.

The implementation of PNPM will rely heavily on the role of such community facilitators (CF). This program is to enhance previous work already conducted for CFs to consolidate and develop a common platform in which CFs are recognized for their role and profession due to a combination of skills, knowledge and values that are a minimum standard for CFs to effectively support local community development processes. Recognizing that the expanded coverage of PNPM will require hundreds of new CFs, this project has been developed not only to train new facilitators, but also to standardize minimum competencies and provide recognition to current facilitators who do not have the relevant certification which recognizes their competencies.

Through this project, a number of sites will build from CFDP and developed as hubs for CFs which can be interlinked to ensure that more community facilitators can be prepared to meet PNPM's needs not only for those who meet minimum requirements, but also for those seeking to increase their competencies in specific areas relevant to the communities they serve.

Objective

The objective of this project is to improve and prepare the community facilitators to be ready to drive empowerment program in community level.

Executing/Implementing Agencies

The project will be jointly executed by the PNPM Oversight Committee and the Coordinating Ministry for Social Welfare, while implementing agencies will include MOHA, MOPW and State Ministry for Less Developed Regions.

Duration

The duration of the activity is proposed for 8 Months focussing to meet the need of qualified CFs for PNPM.

Location

Training will be implemented in 10 Cities in Indonesia i.e. Jakarta, Salatiga, Medan, Pekanbaru, Palembang, Makassar, Mataram, Manado, Sorong, Balikpapan

Scope of the Project

The project is divided into 3 components, and will combine with past resources, networks and materials developed through CFDP in order to 1) Mobilize experts, 2) Prepare and implement training, and 3) expand and strengthen networks and system information.

Activities

To implement this project, a number of phases will need to be implemented, including:

- Coordination Meetings at National, Regional and Local levels;
- Reviews and strengthening of training materials and manuals through meetings and key expert discussions;
- Establishment of official community-based facilitators database and data inputting
- Training Management and Training of Trainers
- Evaluation and Reporting

PROJECT DIGEST

1. Project Title : **PNPM Evaluation and Special Studies**
2. Executing Agency : Bappenas, The World Bank, Research Organizations, Survey Firms
3. Implementing Agency : Same
4. Duration : 2008 - 2009
5. Location : National
6. Objective :
 - (i) to provide PNPM stakeholders with empirical data regarding the results and impact of PNPM;
 - (ii) to research in greater depth special topics of concern to PNPM;
 - (iii) to build the capacity of Indonesian social science research organizations for M&E and special studies.
7. Scope of Project :
 - Program evaluations: PNPM impact evaluation, 100 sentinel study, employment generation and poverty impact studies.
 - Special thematic studies: studies on: vulnerability and marginalized groups; gender; conflict resolution; facilitation; governance; government program evaluations; information effectiveness.
 - Building M&E capacity for Indonesian social science research organizations, training
8. Activities :
 - Provision of M&E experts, consultants
 - Training on M&E
 - Writing TORs
 - Contracting out to consultants, research organizations and survey firms to conduct evaluations and studies
 - Presentation of findings to Tim Pengendali and development community
 - Final papers
 - Recommendations for improvement of the PNPM
9. Estimated Budget :

| No | Items | USD |
|----|---|------------------|
| 1 | Specialized Technical Assistance | 900,000 |
| 2 | Surveys and studies conducted through NGOs, research organizations and survey firms | 4,100,000 |
| | Total | 5,000,000 |

Note : 1 USD = IDR 9,300.00

Concept Note : PNPM Evaluations and Special Studies May 2008

I. Introduction

- 1.1 PNPM-Mandiri's evaluation system focuses upon providing the empirical basis for seven main hypotheses:
- PNPM will **improve household welfare**, especially for the poorer segments of the population.
 - PNPM will have a positive impact on **local economic growth**, through high rates of return and short and long-term employment benefits.
 - PNPM **improves access to key services**, e.g., markets, town centers, education and health facilities.
 - PNPM **provides high quality, cost-effective small-scale infrastructure**. PNPM has **low levels of corruption and leakage**.
 - PNPM operations for infrastructure and economic activities are **sustainable**.
 - PNPM **builds the capacity of local communities and local governments** to manage poverty reduction programs.
 - PNPM **improves governance** through community participation, satisfaction with results, and accountability. It also promotes conflict resolution and increases social capital
- 1.2. This Concept Note describes some of the evaluations and special studies to be funded out of the PNPM Support Facility. For several of the studies, co-financing from the main program (government and loan funds) or from World Bank sources will be provided as well.

II. Evaluations and Studies Planned for PNPM-Mandiri in 2008-2009

- 2.1 The following evaluations and studies are illustrative for 2008 and 2009. Where appropriate and feasible, the studies employ quantitative and qualitative techniques.

(i) PNPM-Mandiri Impact Evaluation

- 2.2 Two evaluation surveys are designed to evaluate the core priorities of the Government of Indonesia for PNPM-Mandiri: poverty reduction; access to services; employment generation; and social capital/good governance. The first survey, the PNPM-KDP Impact Evaluation 2007 Survey was fielded in 2007, with results due out by mid-2008. It will serve both as a baseline for PNPM and a post-completion survey for KDP2. A second survey, the follow up for PNPM, is likely to be conducted in 2009, and will include both rural and urban areas. Both surveys will use a sample of identified households selected from the 2002 SUSENAS national household survey with the goal of creating a household panel by surveying the same households again in 2007 and 2009. The SUSENAS core will be the primary instrument. In addition, the survey will employ a short module focusing on social capital and governance. Each survey round will cover 456 kecamatans and approximately 10,000

households in 17 provinces across Indonesia. A qualitative component accompanies each survey round and will be used to probe deeper into issues of community perception, local governance, and social capital.

(ii) Economic Analyses Studies

2.3 From 2005 to 2007, KDP and UPP carried out several studies to calculate:

- Economic internal rates of returns
- Cost effectiveness as compared to other similar programs
- Economic multiplier effects
- Employment and poverty impact

2.4 These studies for economic impact and employment will be repeated in 2009. Funding for these studies will be through the regular program as well as the PNPM Support Facility.

(iii) Infrastructure Evaluations

2.5. In the past, KDP has supported four separate studies evaluating the quality of rural infrastructure and also reviewing the supervision and documentation related to infrastructure works. These studies focused upon: the technical quality of KDP; maintenance plans; usage of facilities; employment generation; community perceptions of, and satisfaction with infrastructure; cost efficiency; proper documentation of designs; unit costs; safeguards; and inspections.

2.6. For PNPM-Mandiri, the program plans to conduct another village infrastructure review similar to the studies from 2005. The review will look specifically at issues raised in earlier reviews, especially technical supervision and inspection, technical documentation, and operations and maintenance arrangements. Funding for these studies will be through the regular program as well as the PNPM Support Facility.

(iv) Facilitation Study

2.7. Traditionally, KDP has spent approximately 15 to 20 percent of its budget for external consultants, both social and technical. This arrangement developed with the understanding that Government should outsource such services and that the quality of technical input would be higher. However, dissenting opinions believe that Government officials should be performing these services and that TA costs are too high and are not value for the money.

2.8. This Facilitation Study scheduled for 2008 and 2009 will look at examples of government programs, including KDP, where funds have been utilized without technical consultants present. Occasionally this has occurred due to difficulties filling positions or breaks in contract. There are also several government infrastructure programs where there are no technical consultants. This Study will compare situations where facilitators have been present vs. those where no facilitator is recruited and/or local government officials themselves serve as the project social and technical advisors.

(v) Village Financing Study

- 2.9. This Village Financing Study aims to understand the ability and willingness of villagers in poor villages to provide the resources to maintain the infrastructure in their villages. To do so, the study will obtain a profile of total net incomes of a set of poor villages throughout one year and perform an infrastructure-maintenance cost-modeling exercise. In particular, this Study seeks answers to the following research questions:
- Do villagers in poor villages have the resources to maintain their priority infrastructure on their own;
 - If they do, to what extent are villagers willing to use their resources for infrastructure maintenance;
 - How do seasonal conditions and villagers' (as well as villages') characteristics affect resource availability and their willingness to pay for infrastructure?
- 2.10. There are two types of respondents: households and village officials. For the household survey, the total sample size is 3,840 households (this represents an average of 120 households in each of 32 selected villages). For the village officials' survey, an estimated of three to five village officials are interviewed in each village. The Study also includes a technical inventory of major infrastructure works in the village, including roads, bridges, irrigation and water sources. Thirty-two villages have been selected from a list of 98 villages that represent 40 percent of the poorest villages in five island groups (Sumatra, Java, Kalimantan, Sulawesi and Other Islands).
- 2.11. This Study was funded primarily out of the DSF Window 3 and is currently ongoing.

(vi) PNPM Governance Study

- 2.12. The launching of PNPM-Mandiri in 2007 opens up the opportunity to document carefully how this flagship program develops and what impacts it has. This study will document the life history of PNPM by interviewing various leaders and elites at the national and local levels. The study will explore key stakeholders' perspectives regarding the program, what they hope will be achieved, and their aspirations. It will also examine governance changes and challenges occurring because of PNPM, and the engagement of subnational and local governments in PNPM. This includes interviews with Coordination Team members at the national level, Governors, District Governors and legislatures, Kecamatan Heads, Village Heads and Village Councils, kecamatan financial management units, village implementation teams, community group leaders, and project facilitators and consultants.
- 2.13. A second component of the governance study will examine capacity building efforts to strengthen the performance of local governments for pro-poor planning and support for PNPM. This includes an analysis of how local government funds are used for pro-poor programs and their involvement with PNPM-Mandiri. This study will be conducted in 2008 and repeated in 2010.

(vii) PNPM-Generasi, Conditional Cash Transfer Evaluations

- 2.14. The pilot CCT component under KDP began its pilot phase in 2007. Three rounds of surveys are planned to evaluate rigorously the impact on health and education indicators, consumption and targeting of the two CCT approaches, household and community. The evaluation uses a randomized approach. The baseline survey was fielded in June 2007 and results have already been disseminated. Future rounds of surveys are planned for 2008 and 2009.
- 2.15. Qualitative studies in 24 villages accompany the quantitative field work. The studies will examine changes in education and health outcomes as a result of the CCT interventions.
- 2.16. The CCT evaluations are described in more detail in a separate concept note for Community CCT. They will be funded from the PNPM Support Facility through the CCT budget line.

(viii) Vulnerability and Marginalized Groups Study

- 2.17. This study, planned for 2008, will use ethnographic qualitative research methods to examine who participates and who doesn't in PNPM-Mandiri. Who benefits from the project activities, who makes the decisions, and who is not touched by the process? One of the aims of PNPM-Mandiri is to ensure that marginalized and the poorest groups do participate in the program's benefits. Is that happening and what factors contribute to failures or successes? Project locations will be chosen across geographically diverse areas, selecting sites from Sumatra, Java, and eastern Indonesia (currently being proposed is Kalimantan and Papuas). Papua's Respek program will be included in this study as well through separate modules. In these places, the study will examine how ethnic minority groups are involved in PNPM and development planning.

(ix) Gender Study

- 2.18. While gender will be covered to some extent through the aforementioned Vulnerability and Marginalized Groups study, PNPM will also be carrying out several analyses relating to gender. As part of a World Bank regional study on gender in CDD programs, there will be an Indonesian component to identify the longer term impacts of CDD projects on women's access labor, financial, and production markets through improved access to infrastructure and increased voice, both within the project and beyond, and draw on experience to improve the impacts across the region.
- 2.19. The study will consist of three segments: data and MIS reviews and analysis; additional fieldwork and case studies; and information dissemination and workshops. Some supplemental funds from the PNPM Support Facility will be provided to support these analyses. The bulk of funding will come from a World Bank regional fund for Gender.

(x) 100 Sentinel Kecamatan Study

- 2.20 In order to track progress over time, PNPM-Mandiri will launch a 100 Sentinel Kecamatan Study in 2008 to be repeated every two years. PNPM-Mandiri will select kecamatan stratified by poverty ranking, geographical location, and years in KDP. The study will allow the program to track changes at the kecamatan level in terms of household poverty levels, governance, and social capital changes. It will also track service delivery in these areas as well as changes in public expenditure allocations. Several of the thematic studies mentioned above, will be focused geographically on this subset of kecamatan.

(xi) Conflict Studies

- 2.21. These Conflict Studies will be a longitudinal analysis of the conflict research conducted in 2005 across 40 villages in Flores and East Java. A preliminary look at these 40 villages reveals that there is wide variation of KDP treatment across these areas; some villages have experienced KDP for less than one year, others for eight years. This proposed study will focus upon the differential impacts (direct and indirect) on conflict and local conflict management capacity across time. The Study will examine the sustainability of any KDP/PNPM-Mandiri impacts, the extent to which they accumulate over time, and explore more deeply how these effects spill over into other domains of social and political life in villages. It will involve follow-up ethnographic and case study work and a second round household survey.
- 2.22. A second component of the study will undertake a comparative analysis of conflicts over development funds flowing from KDP as compared to those from other development projects in the area. This comparative aspect was explored in the first round and will be expanded in 2008.

(xii) Evaluation of Government National Poverty Programs

- 2.23. Over the course of the next few years, the Government will enhance its evaluation capabilities and carry out evaluations of community poverty projects to assess the effectiveness of these programs and whether or not they should be included under the PNPM umbrella. The Government is particularly interested in whether or not the projects reached their stated objectives, how projects were executed, are communities benefiting from the projects in a sustainable manner, and community empowerment dimensions. The Government, through Bappenas, began these assessments in 2007 with 15 projects in micro-credit, village infrastructure, water and sanitation, and rice subsidy. Lessons from these projects, for example the micro-credit evaluations, are being incorporated into future PNPM-KDP design. The Government plans to expand the evaluation of these programs in 2008 and beyond.

(xiii) Building Evaluation and Social Science Research Capacity in Indonesia

- 2.24 Indonesia has a limited number of quality, independent research organizations. Yet these organizations are critical for democratization in the country and to build independent voice to inform Indonesian policy-making for poverty reduction. These organizations can provide independent analysis

and policy advice regarding lessons learned from poverty programs including PNPM-Mandiri and what works and what doesn't in programs. As part of this PNPM Support Facility component, the evaluation and social science research capacity of Indonesian organizations will be developed. Training and workshops will be conducted to build the capacity of key Indonesian research organizations in topics such as: designing monitoring and evaluation frameworks; formulating research hypotheses; data collection techniques and analysis; survey techniques; qualitative methodologies; evaluation and survey management; and report writing.

III. Conclusion

- 3.1 A total of USD5 million is budgeted over two years from the PNPM Support Facility to support the aforementioned evaluations and studies. These activities will allow PNPM to develop a robust, empirical basis to measure results and impacts from the program, learn vital lessons from program implementation, and build Indonesian independent research capacity.

Estimated Budget for 2008-2009

| No | Items | USD |
|----|---|------------------|
| 1 | Specialized Technical Assistance | 900,000 |
| 2 | Surveys and studies conducted through NGOs, research organizations and survey firms | 4,100,000 |
| | Total | 5,000,000 |

Note : 1 USD = IDR 9,300.00

PROJECT DIGEST

1. Project Title : **Green KDP**
2. Executing Agency : Ministry of Home Affairs
3. Implementing Agency : Department of Community Development (PMD)
4. Duration : 4 years
5. Location : Northern Sumatra
6. Objective : To provide incentives for improved natural resource management in poor communities living in fragile hillside areas.

7. Scope of Project
 - a. Block grants, technical assistance, environmental awareness campaigns (PMD)
 - b. Specialized technical assistance, M&E (WB)

8. Donor Information:

DANIDA has contributed full funding for this proposal, with prior agreement to concentrate on 4 provinces of Northern Sumatra. AusAid is proposing to add AUS\$2 million for the same program in South Sulawesi. The Netherlands is also requesting a non-binding review of a proposed \$15 million addition to extend the renewable energy program to Central Java, DIY, Aceh, and Papua. All donors would use the same manual, procedures, and technical specifications developed through the PNPM technical working group on energy and executed through PMD.

9. Activities :
 - Block grants for improve natural resource management
 - Block grants for renewable energy development
 - Capacity development for local government
 - Technical assistance
 - Randomized evaluations

10. Estimated Budget :

| No | Items | USD | Execution |
|----|--|--------------------|-----------|
| 1 | Block grants for natural resource management | 7,000,000 | PMD |
| 2 | Rural electrification through renewable energy | 7,200,000 | PMD |
| 3 | Improved catchments area management | 800,000 | PMD |
| 4 | Improved Local Government Capacity for NRM | 1,000,000 | PMD |
| | GOI subtotal | 16,000,000 | |
| 4 | Int'l T.A. in renewable energy | 600,000 | WB |
| 5 | M&E | 1,650,000 | WB |
| 6. | WB Total | 2,250,000 | |
| | Unallocated | 750,000 | |
| | Total | 19,000,000* | |

*An additional \$17.0 million is being proposed for consideration

**** Updated Concept Note for Green KDP forthcoming**

PROJECT DIGEST

1. Project Title : **PNPM Operations Support**
2. Executing Agency : World Bank
3. Implementing Agency : Social Development
4. Duration : 3 years
5. Location : Jakarta
6. Objective : To provide administrative services supporting the PNPM SF
7. Scope of Project:
 - Office rental, maintenance and equipment
 - Staff and consultant fees for administrative services
 - Staff and consultant fees for procurement services
 - On-demand response to specialized requests from Tim Pengendali
 - Publications, seminars and other knowledge activities
8. Activities :
 - Developing and managing a Multi-donor/GOI management center for PNPM
 - Providing fiduciary oversight and reporting for all PNPM SF programs
 - Supporting the PNPM Technical Secretariat
 - Procuring consultancies
 - Organizing learning events
9. Estimated Budget:

| No | Items | USD | Execution |
|----|---|------------------|-----------|
| 1 | Office rental for 3 years | 350,000 | WB |
| 2 | Operating Costs including publications, seminars and other knowledge activities | 900,000 | WB |
| 3 | Maintenance, Equipment and IT Networks | 500,000 | WB |
| 4 | Admin staff and consultant services including training and travel | 2,250,000 | WB |
| | Total | 4,000,000 | |

PROJECT DIGEST

1. Project Title : **PNPM Supervision and Monitoring**
2. Executing Agency : World Bank
3. Implementing Agency : Social Development
4. Duration : 3 years
5. Location : Jakarta
6. Objective : To ensure full supervisory coverage of all core PNPM-Mandiri programs
7. Scope of Project : To provide additional supervision and reporting for all Core PNPM programs: PNPM-Urban, PNPM-Rural, Respek, IFAD and local government matching funds.
8. Activities
 - Contracting approximately 15 dedicated staff and consultants
 - Training in financial management and procurement for government agencies
 - Technical assistance for PNPM Papua and KTI
 - Production of PNPM training materials
 - Production and technical assistance of PNPM socialization materials related to various pilots
 - Multidonor review missions and operational seminars
 - Production of donor reports.
9. Estimated Budget:

| No | Items | USD | Execution |
|-----------|-----------------------|------------------|------------------|
| 1 | Staff and consultants | 2,100,000 | WB |
| 2 | Travel | 1,200,000 | WB |
| 3 | Training events | 300,000 | WB |
| 4 | Reports and printing | 400,000 | WB |
| | Total | 4,000,000 | |

Concept Note : PNPM – Supervision and Monitoring

I. Introduction

1. The PNPM Mandiri or “The National Program for Community Empowerment” is a national program for community empowerment aimed at accelerating poverty reduction. The goal of this program is to create sustainable jobs, improve performance of the MDGs, and empower Indonesia’s diverse rural and urban communities to be active players in development.
2. The PNPM Mandiri is a large program encompassing every village, kecamatan, district and province of Indonesia. It also contains many diverse programs and pilots: PNPM-Rural, PNPM-Urban, Respek, PNPM-Generasi (CCT), Green KDP, and local government matching funds. Other community poverty programs are expected to be woven into the program in the future.
3. To maintain a high quality of program implementation and ensure that the program is meeting its objectives and targets, regular supervision and monitoring are critical. In a relatively high risk environment such as Indonesia, it is important that such a large program is monitored periodically and that its fund usage is supervised carefully. Core support exists within the government and loan program funds for rudimentary monitoring and supervision, but complementary additional support and technical assistance are needed in order to cover this expansive program and ensure field problems are resolved before they escalate. In addition, much more can be done by way of augmenting the supervisory and oversight functions of key government counterpart and consultant staff in charge of monitoring the program and sharing lessons learned across the archipelago. Over the years, there has been limited cross-learning and capacity building because of scarcity of government funds, thus PSF funds would prove useful in improving communications and reporting of lessons learned, and ensuring cross-fertilization across key stakeholders of the program.

II. Objective

4. The objective of this activity is to ensure full supervisory coverage of all core PNPM-Mandiri programs. This activity will also support monitoring, multi-stakeholder review missions, reporting, and cross-learning of experiences amongst PNPM-Mandiri stakeholders.

III. Duration

5. Funds for the supervision and monitoring are needed for the next three years, 2008 – 2010.

IV. Executing Agency

6. This activity will be executed through the World Bank. This arrangement will facilitate the funding of many, small activities as well as recruitment and mobilization of consultants on a more expeditious, demand-driven basis.

These activities would be difficult to undertake under the normal government recruitment, logistical, and administrative systems.

Location

7. Monitoring and supervision activities will occur throughout the country.

V. Scope of Project Activities

8. This project will contain the following activities:
 - a) **Contracting approximately 15 dedicated staff and technical consultants** – These staff and consultants will be specialists in the following areas: gender; communications; procurement; financial management; community development; training facilitation; engineering; local capacity building; complaints resolution; communications, and environmental and social safeguards.
 - b) **Training in financial management and procurement for government agencies** – Difficulties with financial management and procurement have created enormous, costly delays and disruptions in field implementation. Government counterparts require training in basic financial management skills and reporting as well as preparing procurement packages and following procurement guidelines. The PSF funds will support capacity building in these areas.
 - c) **Technical assistance for PNPM Papua/Respek and KTI** – PNPM Papua/Respek require specific logistical and technical support beyond the normal PNPM-Mandiri operations. Because of the geographical difficulties and low capacity, operations require much more specialized and tailor-made assistance, especially in the areas of training, engineering, and financial management.
 - d) **Production of PNPM training materials** – Due to delays in DIPA releases and budget cutbacks, adequate training and socialization materials are often the first items to be cut from PNPM budgets. Inadequate training materials translate directly into poor facilitation and faulty execution in the field. Funds from PSF would help augment select critical training materials for local government officials, field consultants, and village actors.
 - e) **Production and technical assistance of PNPM socialization materials related to various pilots.** – As with training materials, socialization activities and materials are often scaled back in government programs due to lack of funds or late releases of the DIPA. Limited socialization materials over the last several years have impacted negatively upon the transparency and accountability of the program. For PNPM, much more can be done in the socialization arena to communicate more effectively to local actors the purpose of PNPM and its activities.
 - f) **Multidonor review missions and operational seminars** – This component will sponsor multidonor review missions to the field as well as operational seminars to share mission findings and evaluation/study results to a wider audience, not only in Jakarta but in regional centers as well.

- g) Production and dissemination of program reports** – This activity will allow the PSF to produce various progress reports for donors and other development actors over and above the standard PNPM government reporting.

PROJECT DIGEST

1. Project Title : **TA for PNPM Generasi CCT Pilot Program**
2. Executing Agency : Ministry of Home Affairs
3. Implementing Agency : Research Organizations, Communications Firm, TA
4. Duration : 2008 - 2009
5. Location : 5 provinces: West Java, East Java, North Sulawesi, Gorontalo, NTT
6. Objective : To support this pilot program through technical assistance, operational research, and communications outreach.
7. Scope of Project : PNPM Generasi is an innovative pilot program launched by the Government of Indonesia in July 2007, designed to accelerate achievement of three Millennium Development Goals: universal basic education; reduction in child mortality; and improvement in maternal health. Villages participating in PNPM Generasi commit to improving 12 basic health and education indicators related to antenatal and maternal care, immunizations, nutrition, and primary and junior secondary enrolment and attendance.
8. Activities :
- International and national TA support
 - Communication/socialization work
 - Operational research to inform program operations and impacts
 - Impact evaluations and survey for 2008 (planned 2009 round survey is not yet included here)
 - Presentation of findings to Tim Pengendali and development community
9. Estimated Budget :

| No | Items | USD |
|----|---|------------------|
| 1 | Specialized Technical Assistance, CCT expertise | 400,000 |
| 2 | Communications and socialization work | 600,000 |
| 3 | 2008 Impact Survey | 1,000,000 |
| | Total | 2,000,000 |

Note : 1 USD = IDR 9,300.00

The following note provides background to the Community CCT program.

**Concept Note : PNPB Generasi CCT Pilot Program
May 2008**

1. INTRODUCTION

The Government of Indonesia is committed to achieving the Millennium Development Goals (MDGs) and strengthening its national poverty reduction programs. However, despite steady progress in reducing poverty over the last several decades, there has been more recently an unforeseen upturn in the poverty rate caused by sharp increases in rice prices. The national poverty rate remains at approximately 16.7% with almost half the population or 49.0% under the US\$2- a – day poverty line.

Over the past decades, Indonesia has made remarkable strides in key human development indicators. Primary school enrolment is close to universal for both boys and girls, and owing to improved standards of living and access to basic health services, the child mortality rate has declined rapidly. Nevertheless, infant mortality, child malnutrition, maternal mortality and junior secondary school enrollment have all remained problematic in Indonesia compared to other countries in the region. Furthermore, achievements in these indicators reveal large geographical disparities, with poorer outcomes in rural and remote provinces and districts. These indicators are strongly associated with levels of poverty, suggesting that a program providing the poor with the means to access basic health and education services could be a key component of a poverty strategy for Indonesia.

In 2007, the Government of Indonesia launched a large pilot of the Conditional Cash Transfer program applying two different approaches: conditional cash transfers to households and conditional cash transfers to communities. These two pilot projects are being implemented in six provinces, and are designed to achieve the same objectives and goals, in line with the Indonesian Government's priorities and the Millennium Development Goals:

- To reduce poverty
- To reduce maternal mortality
- To reduce child mortality, and
- To ensure universal coverage of basic education.

The **Household CCT** version, *Keluarga Harapan Project (PKH)* applies the traditional CCT design with quarterly cash transfers to poor individual households identified through statistical means. CCT recipient households receive regular cash transfers through the post office as long as they meet the requirements of using specified health and education services.

The **Community CCT**, *PNPM Generasi Sehat dan Cerdas* (PNPM Healthy and Smart Generation) differs from the Household CCT in that block grants will be allocated to communities, rather than to individual targeted households. Applying the principles of community-driven development, communities will decide how best to use the block grants to reach several education and health targets.

The Community CCT approach builds extensively upon the work of the Kecamatan Development Project (KDP), the Government of Indonesia's rural poverty alleviation program aimed at raising rural incomes; strengthening local government and community institutions; and promoting good governance.

The Community CCT is being implemented as part of the Government's new flagship poverty program, the National Community Empowerment Program or *Program Nasional Pemberdayaan Masyarakat* (PNPM- Mandiri). While PNPM-Mandiri already allows for education and health activities, the Community CCT pilot places a stronger emphasis on such activities, emphasizing investments in certain lagging health and education outcomes. Examples of possible community investments include but are not limited to: paying transportation costs for midwives and nurses to provide outreach services, improving *posyandu*¹ organization and management to ensure that immunization, vitamin A and weighing services are efficiently carried out; contracting private providers or NGOs to provide services in villages; and assisting with transportation costs and education materials for primary and junior secondary schooling. Drawing on a unique set of advantages, Indonesia will be the first country in the world to test a Community CCT approach.

The two approaches of the Conditional Cash Transfers are expected to help Indonesia make substantial progress towards achieving the MDGs, as well as offering insights to the strengths and weaknesses of different approaches to poverty reduction in the context of Indonesia.

2. CURRENT MDG ACHIEVEMENTS IN INDONESIA

Despite increasing public expenditures on education and health, the levels are still low by international standards for both sectors. Due to heavier spending in primary education, public expenditures for education have been pro-poor. However, public health expenditures have been benefited more by the richer quintile of the population than the poor through regressive subsidies for secondary care and funds being channeled to richer districts (World Bank, 2006).

In spite of the progress made in expanding the schooling and public healthcare systems, quality of services remains a serious concern. Access to junior secondary schools and quality of both primary and secondary education remain poor. In the public health sector, both access and quality of services are problematic, with more and more people including the poor relying on the

¹ Translated as Village Integrated Health Post is a monthly activity of weighing, immunization and health education. *Posyandu* are usually managed by midwives supported by volunteer cadres.

private sector healthcare provision (World Bank, 2006). As a result, Indonesia lags behind in several critical MDG-related indicators:

Maternal health is much worse than comparable countries in the region.

- In Indonesia 72% of births are **attended by skilled attendants**, while 86% of births are attended in the region (UNICEF 2006).
- Indonesia's **maternal mortality rate** (307 deaths in 100,000 births) is three times that of Vietnam and six times that of China and Malaysia (World Bank, 2006).

Service coverage and **child health outcome indicators** are lower than countries in the region.

Infant mortality rate in Indonesia (30 per 1,000 live births) is almost double that of Vietnam and three times that of Malaysia (World Bank, 2006).

Malnutrition rates are high and have risen in recent years: a quarter of children below the age of five are malnourished in Indonesia, with malnutrition rates stagnating in recent years despite reductions in poverty. The prevalence of underweight children under five in Indonesia between 1996 and 2004 is estimated to be 28%, compared to the regional rate of 15% during the same period (UNICEF, 2006).

Immunization coverage is considerably lower than the regional average for 2004: in Indonesia 82% of one-year old children were immunized against BCG, 70% against polio, and 70% against measles, while in the region 92%, 87% and 83% were, respectively (UNICEF, 2006).

Education outcomes are weak. While there has been much progress on the primary school enrollment level currently at 94%, transition rates from primary to secondary school are low, with net junior secondary school enrollment of 65%. On average, Indonesia has the capacity to provide junior secondary education to only 84% of the potential students in the 13 to 15 age group (World Bank, 2006).

CCT will contribute to improving all of the above indicators through the health and education conditions required for beneficiary households and communities.

3. HISTORICAL BACKGROUND TO CONDITIONAL CASH TRANSFER PROGRAMS

International Experience. Conditional Cash Transfer Programs have become a dominant social protection strategy in Latin American and the Caribbean (LAC) over the past decade. The rapid replication of CCT programs owes largely to the successes of the two largest CCT programs in the late 1990s: the *Bolsa Familia* Program in Brazil and the *Progressa* Program in Mexico² with annual budgets of \$2.1 billion and \$2.5 billion respectively (Handa and Davis, 2006).

The traditional model of CCT provides cash to households with the dual objectives of short-term poverty alleviation and investments in long-term human capital. CCT generally have two components: an education component and a health and nutrition component. The education component offers cash

² In March 2002, *Progressa* changed name to *Oportunidades*.

grants to households with primary and junior secondary school-aged children, on condition that the child enrolls and attends the school regularly. The health and nutrition component of household CCT programs targets households with pregnant or lactating women, and children up to two or three years of age. The conditions for the health and nutrition component are regular visits to health centers and participation in health education sessions, and are aimed at increasing use of preventative care and food consumption. Though these cash transfers are not panacea, they provide short-term income gains and dramatic improvements in health and education indicators under two conditions: CCT requires adequate provision of services and considerable administrative capacity.

The impact of CCT programs on health and education indicators is dramatic and well documented. Typically, CCT programs are accompanied by rigorous impact evaluation designs, which indicate that within two years CCT programs effectively improve immunization coverage, child nutrition, participation in growth monitoring, and school enrollment and attendance. Because Indonesia has already performed well relative to the baseline figures in LAC in a few of these core indicators, improvements in these areas may be less dramatic in Indonesia than has been shown in other studies (Flores, 2006)³.

In terms of poverty reduction, while linking CCT to short-term welfare improvement is relatively easy, linking CCT to long-term poverty reduction is difficult since so many other factors such as overall economic growth have an enormous impact on poverty reduction (Handa and Davis, 2006).

Despite successful implementation of CCT in many LAC countries, **CCT is not appropriate for all developing countries.** A small number of poor African countries including Mozambique, Zambia, Malawi, and Ethiopia have begun implementing social cash transfer schemes. Although some agencies including the World Bank have encouraged them to establish CCT, these African social cash transfer schemes have remained unconditional. Schubert and Slater highlight four main issues regarding the appropriateness of CCT in low-income country settings: supply-side constraints, implementation-capacity constraints, cost-benefit considerations, and differences in socio-cultural and political considerations (Schubert and Slater, 2006). Although Indonesia has considerable economic advantages compared to these African countries, due to wide geographical disparities in Indonesia, poorer provinces and districts have serious service provision and capacity constraints similar to these in many African countries.

CCT cannot operate in areas with supply-side constraints. In areas where distances to schools and health facilities are immense, transportation infrastructure is deficient, and quality of services are poor, CCT cannot effectively address the bottlenecks to improve service usage. This is because

³ Measles immunization coverage in Honduras at baseline was 79.3%, with 4.3% increase due to CCT. Complete childhood immunization rate at baseline in Nicaragua was 36.4% with 6.1% improvement due to CCT. The baseline coverage of measles and complete childhood immunization in poor districts in Indonesia are 76.2% and 20.0% respectively. In terms of primary school enrolment, in Nicaragua at baseline 68.3% were enrolled improving by 17.7%. In Indonesia primary school gross enrollment is already high at 93.9%. The baseline antenatal care coverage in Honduras was 37.9% improving by 18.7% due to CCT, while in Indonesia 57.3% of pregnant mothers living in poor districts already receive antenatal care.

in such areas, it is not the lack of willingness on the part of the users but the supply-side deficits that limit poor households and communities to use basic health and education services. Provision of health and education services in such remote areas relies largely on the public sector, and supply is much less likely to respond to the increased demand by CCT.

CCT is operationally a complex program, requiring considerable institutional capacities. Effective targeting, cash transfer, and compliance verification to conditions all require highly developed, efficient systems. Although the degree of decentralization in administering and managing CCT varies from program to program, the effectiveness of a program ultimately depends on the implementation capacities. It has taken the Mexican Government a few years to refine the implementation mechanism of *Progressa*. After two years of implementing *Progressa*, 27% of the eligible population in the evaluation sample had not yet received any benefits from the program due to delays in developing the Management Information Systems (MIS) (Rawlings and Rubio).

Another feature key to the effectiveness of CCT is targeting. Most CCT use a combined method of geographical targeting and household level targeting, applying proxy-means tests to estimate the poverty levels of households. The level of success in such targeting varies from program to program, mostly determined by the implementation capacity of the program (Handa and Davis).

The Indonesian Experience. Up until 2005, Indonesia's largest cash transfer program was in the form of fuel subsidies that largely benefited the better off. With the increase in world fuel prices in 2005, the level of fuel subsidies rose to 75% of total subsidies and transfers, 24.8 % of total government expenditures and 5.1% of GDP. In the same year, the Government took a bold step to reduce the regressive fuel subsidies. The Government raised fuel prices in March 2005 by a weighted average of 29%, followed by a more dramatic increase in October 2005, when prices rose by an additional 114% (World Bank, 2007).

Before undertaking the major fuel price increase, in **August 2005 the Government decided to implement the Unconditional Cash Transfer (UCT) program**. Some 19.2 million statistically identified beneficiary households⁴ received approximately US\$120 in four installments over the course of one year, ending in September 2006. The total annual budget for the program is estimated to be close to US\$2.4 billion.

The UCT was evaluated using rapid qualitative assessments and an inclusion of a special module in the panel Susenas survey, a nationally representative household survey covering 10,000 households. Both qualitative and quantitative assessments indicate that the UCT performed rather well in terms of transferring money to beneficiaries. Some 27% of the households in the Susenas survey reported to have received the UCT, among them 94% receiving the full amount. Among the most common reasons for not receiving the full amount were to cover for transportation costs and to informally share among households.

⁴ This is about 31% of the population, in excess of the poverty rate of 16 percent.

The targeting of the UCT program, however, was suboptimal with considerable scope for improvement. Mistargeting occurred both in the regional allocation of cards to regions, and the identification of individual beneficiaries. Based on the Susenas panel data, about 45% of those who received the UCT program were non-poor, their income levels spreading across all quintiles. Poor targeting and poor distribution of information were the two major complaints consistently expressed in the household survey as well as the qualitative assessments.

Although the Government considers UCT to be effective in providing social protection for the poor, the idea for pilot testing alternatives to UCT grew out of an awareness of several limitations of UCT and the need to improve recipients' social welfare rather than simply providing immediate income for the poor. This provided an opportunity to pilot test CCT programs. In September 2007, some 500,000 households started receiving quarterly transfers of cash as part of the pilot Household CCT program.

Because of the new round of fuel price hikes, the Government is again preparing to launch another round of UCT in June 2008 for 19.2 million families or approximately 76.4 million people. The Government has set aside some Rps 14.1 trillion (US\$1.6 billion) in direct cash assistance. Each family is expected to receive Rps 100,000 (US\$ 11) per month until December 2008. What impact this unexpected new round of UCT has on the Household CCT remains to be seen.

4. HISTORICAL BACKGROUND TO COMMUNITY DRIVEN DEVELOPMENT (CDD) IN INDONESIA AND THE GENESIS OF COMMUNITY CCT

Since 1998, the Government of Indonesia has implemented the Kecamatan Development Program (KDP) and the Urban Poverty Project (UPP). KDP and UPP are large-scale community development projects applying the community-driven development (CDD) approach. CDD is an approach that gives communities and locally elected bodies control over the decision-making, management and use of development funds. Building on the government's own bottom-up planning structure, KDP introduced a broad range of reforms to make the system more participatory and efficient (World Bank, 2005). By 2005, KDP had covered over 33,000 poorest villages in Indonesia, equivalent to 48% of all Indonesian villages. Between 1998 and 2005, KDP funded construction of over 30,000 kilometers of roads, 7,000 clean water units, 2,900 latrines, 2,000 health posts, 1,300 new school buildings and rehabilitated 1,300 school buildings. In 2005, these village activities were supported by a total of 3,850 professional consultants and facilitators, and approximately 40,000 trained village facilitators (Ministry of Home Affairs and KDP National Secretariat and National Management Consultant).

In August 2006, President Yudhoyono of Indonesia announced a national anti-poverty program. The national program has two separate components: a "National Program for Community Empowerment" or *Program Nasional*

Pemberdayaan Masyarakat (PNPM-Mandiri), a scale-up of the KDP and UPP programs, and a “conditional Cash Transfer (CCT) Program” targeting poor communities and households, respectively. By 2009, all 70,000 villages in the 5,300 rural and urban sub-districts in Indonesia will be covered by these two programs.

With the momentum built for the national scaling-up of PNPM-Mandiri and the piloting of the CCT program, the Government requested the World Bank to collaborate in designing a CCT program that takes advantage of the unique environment developed through eight years of successfully implementing CDD programs. Thus, Household CCT and Community CCT originated as two interventions under one pilot CCT program. Later, due to considerations regarding financing, fund channeling, and institutional capacities for implementation, Community CCT was incorporated under the PNPM-Mandiri umbrella. Nevertheless, Community CCT and Household CCT continue to share the same objectives, target indicators, and monitoring and evaluation framework.

5. WHY COMMUNITY CCT?

There are several reasons why the community version of CCT is appropriate in Indonesia. First, Community CCT can build on the existing project implementation machinery developed through eight years of KDP implementation. Second, Community CCT takes full advantage of the social capital built through KDP, enabling communities to take collective action to tackle common demand-side and supply-side problems to improve access to services. Lastly, the Community CCT targeting systems apply geographical targeting combined with a participatory and flexible process that does not rely on central statistical systems.

Community CCT takes full advantage of the effective and efficient architecture and machinery developed through eight years of CDD project implementation in Indonesia. These include systems for fund disbursement, transparency and accountability mechanisms, and project management mechanisms at all levels. Through eight years of CDD project implementation, the government now has access to a vast pool of trained consultants and facilitators experienced in CDD approaches.

In addition to the project implementation and management structures, Community CCT will benefit from the social capital built through CDD programs. Communities have become well versed in participatory bottom-up planning processes aimed at identifying and addressing common problems and bottlenecks at the village level. This unique setting in Indonesia allows communities to work together to tackle common demand-side as well as supply-side problems. Community CCT will encourage communities to invest in public goods through the collective decision-making process, which is more difficult for Household CCT.

Village grants are provided with an open menu, **allowing communities to self-diagnose their constraints in achieving improvements and propose local solutions to local problems.** Communities often cite

geographical access to health facilities and schools as the main problem in increasing use of services, particularly in remote areas of Indonesia. Through the bottom-up planning process, Community CCT allows villagers to improve access to these facilities or to bring them closer to the village, something that is much more difficult to achieve under a system of individual cash transfers. As an example, a village in which access to classrooms for younger children is difficult, especially during the rainy season, may decide to use Community CCT funds to establish satellite classrooms.

Community CCT also addresses supply-side problems as well as demand-side problems through collective action. Villagers are encouraged to work with local service providers to improve the specified health and education indicators, by addressing small-scale supply-side constraints in addition to demand-side problems. Demand-side problems may be addressed through projects such as providing village-based scholarships, or covering costs for health services and/or transportation costs to access services for the poor. Projects addressing small-scale supply side problems may range from providing transportation cost to a midwife to regularly visit their village; improving living and housing conditions for such a provider as a way of convincing her to stay in the village; improving water and sanitation facilities; improving infrastructure and facilities for schools and teachers; or paying part-time contract teachers. Communities can also use the funds for contracting private providers or NGO services if public provision of services is considered suboptimal. The Government of Indonesia views the potential benefits of communities tackling common supply-side problems through Community CCT as one of the most compelling advantages of Community CCT over Household CCT.

Community CCT decreases the chances of mistargeting by applying geographical targeting combined with participatory community planning and mapping processes to self-identify beneficiaries. Distribution of income groups in Indonesia is rather different from that of LAC countries, with a large portion of the near poor clustering around the poverty line. These near poor groups fall in and out of poverty with seasonal fluctuations and external shocks, as seen in the case of recent increase in rice price. Vulnerability to falling into poverty is particularly high in Indonesia: while only 16.7 percent of Indonesians surveyed were poor in 2004, more than 59% had been poor at some time during the year preceding the survey. Data also indicate a high degree of movement in and out of poverty over time: over 38% of poor households in 2004 were not poor in 2003 (World Bank, 2006). Community CCT will take a flexible and localized approach in creating the list of beneficiaries through a village-level participatory social mapping process. Democratically elected village management team, and village leaders and elders will then confirm this list of beneficiaries. Thus Community CCT, unlike the Household CCT, does not rely for targeting on the central statistical system. As a result, Community CCT is not subject to the same kinds of targeting problems as has been observed in the UCT project and, unlike Household CCT projects in LAC, is flexible in adjusting the beneficiary list to mitigate economic shocks (Handa and Davis, 2006).

Potential scope for scaling-up. CDD programs have already been proven to work efficiently and effectively in Indonesia when backed with a strong commitment from the government. Furthermore, plans for a national scale-up

of existing CDD programs are being implemented. Once impact of Community CCT is verified through the evaluation surveys, the administrative and managerial burden of scaling up Community CCT will be negligible compared to scaling-up its household counterpart. This is owing to the fact that PNPM will provide structures and capacities at all levels of the government throughout Indonesia that will be used for a scaled-up Community CCT. Community CCT will enable the government to guide community investments towards priority indicators without compromising on the principles of CDD programs.

6. COMMUNITY CCT PROJECT DESIGN

Objectives and Principles. The principal objective of the Community CCT is to accelerate the achievements of four of the eight MDGs:

- To reduce poverty
- To reduce maternal mortality
- To reduce child mortality, and
- To ensure universal coverage of basic education.

The Community CCT will uphold the following principles:

- Poverty focus
- Attention to women's needs
- Improving and planning for the future of today's children
- Transparency
- Accountability
- Participation
- Decentralization

Twelve indicators were identified for communities to work towards achieving long-term MDG goals. These are the same conditions Households CCT recipients are required to meet in order to receive their full benefits. As a condition of participation in the project, communities are required to work towards improving the following indicators:

Health Indicators

1. Four prenatal care visits for pregnant women
2. Taking iron tablets during pregnancy
3. Delivery assisted by a trained professional
4. Two postnatal care visits
5. Complete childhood immunizations
6. Ensuring monthly weight increases for infants
7. Monthly weighing for children under three and biannually for under-fives
8. Vitamin A twice a year for under-fives

Education Indicators

1. Primary school enrollment of all children 6 to 12 years old
2. Minimum attendance rate of 85% for all primary school-aged children

3. Junior secondary school enrollment of all 13 to 15 years old
4. Minimum attendance rate of 85% for all junior secondary school-aged children

Project design. Community CCT follows a cycle consisting of four main stages: socialization; village planning; village implementation; and performance measurement. Facilitators and consultants support the communities throughout these processes, working closely with local health and education service providers.

This project cycle has been tested through a three-village operational pilot in the Province of Gorontalo. The lessons from this small pilot have greatly contributed to the fine-tuning of the project implementation design.

Village fund allocation. The size of the block grants provided to Community CCT sub-districts are pre-determined by the population size of the sub-district and poverty level. The average amount for the 2007 program is USD 108,000 per kecamatan or sub-district⁵. These sub-district block grants are distributed to villages based on the size of the target population: infants, children under 5, and school-aged children. For the 2007-2008 first year round, total annual block grants averaged USD 8,400 per village.

The project socialization is conducted in the forms of sub-district, village and hamlet level meetings and small discussion groups. Project objectives, the twelve indicators, welfare benefits of achieving these indicators, project rules and principles are the main messages communicated throughout this stage. Communication materials such as posters, brochures and flipcharts are distributed for use by facilitators.

Village planning. Communities select village facilitators and volunteers as well as elect an eleven-member village management team, *Tim Pengelola Kegiatan* (TPK), who support the implementation of Community CCT activities. Through social mapping and in-depth discussion groups, villagers identify problems and bottlenecks in reaching the twelve indicators. Inter-village meetings and consultation workshops with local health and education service providers allow community leaders to obtain information, technical assistance, and support from the local health and education offices.

⁵ The average Rupiah sub-district block grant amount for 2007 is: Rp 983,720,930, and in an average sub-district in our sample is 13. Exchange rate of 1 USD = Rp. 9,100 was used.

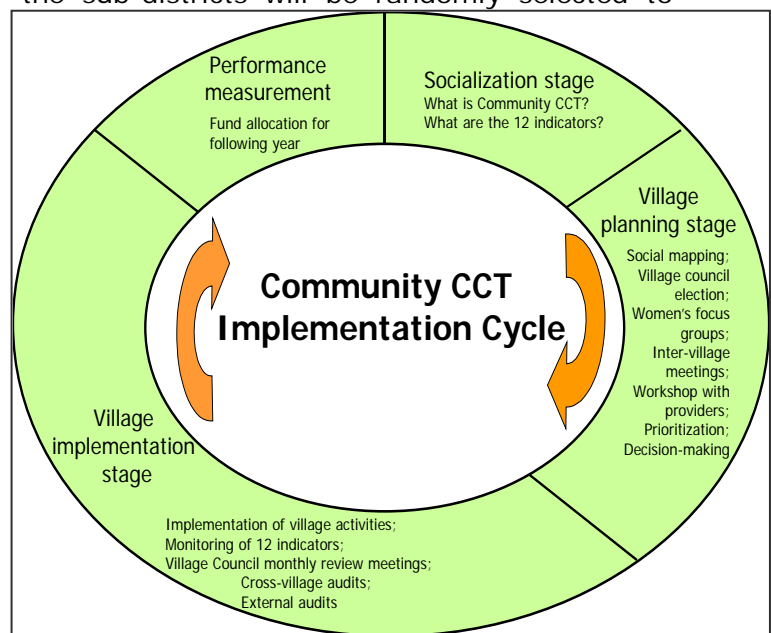
Village implementation. Villages implement activities that will help improve the villages' twelve indicators. Among the activities communities are expected to choose are: subsidizing transportation costs for accessing health services; provision of supplementary food; strengthening of *posyandu* activities; provision of scholarships; building dormitories for school children; and improving access infrastructure to schools and health facilities. Monthly review of village performance on the twelve indicators allow the TPKs to monitor and strengthen the implementation of these activities. Financial and performance audits are conducted throughout this stage by project facilitators and consultants, local government officials, cross-village audit teams, and the project's external auditor. A complaints handling mechanism has been established to enable villagers to file complaints regarding project activities as well as complaints on the provision of health and education services that hinder the achievement of village targets.

The first year of the project implementation is a learning process for the villagers as well as for the project management team. It did not take long for the villagers in the three-village pilot project in Gorontalo to realize that provision of school uniforms do not improve school attendance and requested a revision of their village proposal. It is essential that the village-level funding mechanism is kept flexible without compromising with the project's principles.

Performance measurement. At the end of the project cycle, village performance on the twelve indicators will be measured, compiled and compared with other villages in the sub-district during an inter-village meeting. In addition to the randomized experimental design employed to assess the impact of CCT, a nested-randomized experiment is introduced within Community CCT to assess whether conditioning development funds to performance will increase the overall benefit to and performance of the villages. During the pilot phase of 2007 and 2008, two variants of Community CCT will be tested: half of the sub-districts will be randomly selected to implement the Incentivized Community CCT and the other half will implement the Non-Incentivized Community CCT. The difference in the two variants is the distribution of the grant amounts to villages in the second year, with the Incentivized sub-districts distributing a fifth of the grant to villages according to the villages' first year achievements in the twelve indicators.

Location, coverage and timeframe.

The Community CCT was fielded in 129 sub-districts in 2007, scaled up to 200 sub-districts in 2008. These sub-districts are spread across 20 districts, in the five provinces of West Java, East Java, Nusa



Tenggara Timur, Gorontalo and North Sulawesi. The project will initiate its field implementation by June 2007 and will last for a minimum of two years. Further scaling up is currently being discussed. The scale up depends upon the monitoring and evaluation results from the first two years.

Implementing agencies. Planning for Community CCT is coordinated by the Ministry of Planning (Bappenas) and Coordinating Ministry of Social Welfare (Menko Kesra), as part of the PNPM initiative. The Ministry of Home Affairs, the executing agency for the Kecamatan Development Project will manage the implementation of Community CCT in rural districts. The World Bank is providing technical guidance and in 2007, some financing was secured through the multi-donor Decentralization Support Facility (DSF) and a grant from the Government of the Netherlands.

7. MONITORING AND EVALUATION

Reporting. Community CCT adopts the existing reporting mechanisms and Management Information Systems (MIS) developed through eight years of CDD project implementation. At the village level, implementation teams and elected village management teams report upon progress at open village meetings on a monthly basis. Information on progress of project implemented is reported monthly from every participating village will be compiled at the national MIS. This information includes data on project implementation, health and education specific data, information regarding problems villagers face during project implementation, and information on problems on the supply-side.

Monitoring and oversight. Community CCT works in a highly decentralized, high-risk environment, making strict controls and effective monitoring systems crucial to ensure that funding is used for its intended purposes. In addition to financial controls, performance measurement tools and reporting must be monitored closely since Community CCT places financial incentives on performance. Community CCT maintains several channels of financial and performance monitoring mechanisms through: participatory community and inter-village monitoring; government oversight; consultant oversight; and financial reviews by the Government Audit Agency (BPKP); a trained national consultant's financial supervision; and World Bank supervision missions.

Grievance and Complaints Resolution Mechanism. Building on the effective complaints handling mechanism established through KDP, communities can direct their questions or complaints to project facilitators, government staff, or send inquiries directly to a P.O. Box or make a telephone call to a widely publicized number at the project management office. The Complaints Handling Unit placed at the national and provincial levels records and follows up on the reported inquiries and complaints. A computerized text messaging complaints reporting mechanism is under development.

- 7.4 **Impact evaluation.** The evaluation of the Conditional Cash Transfer Program in Indonesia employs a "gold standard" randomized experimental design. To evaluate the true impact of the interventions, impact must be assessed against a counterfactual situation of the same population not having the interventions. Since it is impossible for the same population to have the

intervention and not have the intervention at the same time, experimental studies compare intervention groups with a control group with the assumption that the control group presents similar conditions as the intervention groups without the intervention. Randomized trials eliminate the difficulty of assigning perfectly comparable control groups by assigning the intervention randomly to all potential study participant or groups.

The evaluation of CCT in Indonesia randomly assigns the two CCT approaches to districts. Within these districts, sub-districts were randomly assigned to intervention and control groups. In districts assigned to HH-CCT, half of the sub-districts determined to be “supply-side ready” were assigned to HH-CCT recipient sub-districts and the other half as controls. The designation of supply side-readiness criteria is based on a statistical analysis of existing health and education facilities and providers in these sub-districts. In Community CCT districts no supply-side criteria were imposed, with a third of the sub-districts randomly assigned to Incentivized Community CCT, a third to Non-Incentivized Community, and the remaining third to controls receiving the standard KDP project.

A series of three-wave evaluation applying quantitative and qualitative mixed method surveys will rigorously measure the impact on health and education indicators, consumption and targeting of the two CCT approaches. The surveys will consist of interviews with households, heads of villages, and with health and education providers at the sub-district and village levels. The baseline survey, fielded in June to September 2007, interviewed approximately 41,400 persons, with anthropometric measurements taken from 14,400 children under the three years old. The survey took place in 700 HH and Community CCT kecamatan across five provinces. The baseline analysis has already been completed. Preparations are underway for the 2008 round, scheduled for July to September 2008. This 2008 round, for Community CCT only, will allow the program to measure initial impacts from the Community CCT program.

A qualitative baseline was also carried out in the Community CCT locations to understand the changes in health and education conditions in the participating villages. The qualitative baseline is aimed at providing an in-depth analysis of what lies behind the indicators collected by the quantitative surveys.

Case studies. Throughout the implementation of Community CCT, a team of researchers will follow the project implementation in the villages to document the ways in which the project affects participation, decision-making, targeting, and village activity implementation. These case studies will provide the program with more in-depth insights as to how Community CCT helps to improve health and education indicators in the participating villages.

8. PROGRESS UPDATE FROM COMMUNITY CCT IMPLEMENTATION IN 2007-2008

- 8.1. PNPM Generasi’s village planning process began in August 2007 in 129 kecamatan in the five provinces of West Java, East Java, Gorontalo, North Sulawesi and NTT. . During social mapping, villagers registered over 450,000

mothers and children under-five, and 750,000 school-aged children. By November, the 3-month participatory planning process had born fruit: village forums had approved proposals aimed to help improve each villages' twelve indicators.

- 8.2 By early December, villages had received the first of three block grant installments. Total annual block grants averaged USD 8,400 per village. By April 2008, all 129 sub-districts had received their full block grants amounts.
- 8.3 Village representatives are rigorously applying the project's monitoring tools to evaluate the villages' performance with the twelve indicators. For example, mothers have their coupon books stamped by a health worker each time they receive a targeted health service; every month village representatives track school attendance; and conduct monthly meetings to discuss the progress, their performance according to the twelve indicators, and strategies for improvement.

In general, communities have opted to fund a mix of different activities to reach the 12 conditionalities. These include:

- Access infrastructure, e.g., improving roads and bridges for children to access schools
 - Rehabilitation of schools
 - Scholarships for students at the primary and junior secondary level.
 - School uniforms and other school materials
 - Transport for children to get to school, bicycles for jr. secondary students
 - Rehabilitation or building of posyandus and community health facilities
 - Equipment for local health facilities including weight equipment
 - Transportation costs for village midwives.
 - Incentives and transport costs for village health assistants (kaders)
 - Seed funds for group savings for deliveries and related complications.
 - Supplementary feeding at health posts for malnourished children.
 - Door prizes to monthly weighing sessions at the village health post to motivate participation.
- 8.5. The launch of the 2007 cycle unfortunately missed the school registration period in June. As a result, villagers could not re-enroll school dropouts in the middle of a school year. For the 2008 cycle, funds will be available for the new school year to allow communities to plan and act on their school enrollment indicators
 - 8.6. For 2008 - 2009, the program will be expanding from 129 kecamatan to 200 kecamatan in the same districts in five provinces. Learning lessons from the first year cycle, the project's operational manuals were revised to add a stronger emphasis on the need for villagers to work with non-service users and poor performers, such as those who never attend the monthly weighing at the village health posts and school dropouts. The program also upgraded the training for field consultants to allow for more skill-building for problem-solving, creative learning, communications and outreach to communities.

9. RISKS AND CHALLENGES OF CCT IN ACHIEVING THE MDGS

Both Community CCT and Household CCT face risks and challenges in ensuring that beneficiary communities achieve the MDGs. Supply-side constraints in both quantity and quality of services will undermine the potential impact of CCT. In addition, limited institutional capacities may hamper the implementation of CCT, potentially a larger concern for household CCT than Community CCT.

Supply shortages. Although Community CCT may improve supply of services through solving small-scale supply problems, Community CCT will also aggravate supply shortages, potentially negatively impacting the communities. In the health sector, shortages in medical supplies such as vaccines, needles, Vitamin A, iron folate tablets are the largest anticipated constraints. Higher competition between villages for the limited services may result in increased price of services. Crowding out may also occur with higher capacity villages potentially taking away services from low capacity villages leaving them worse off than prior to the project implementation. In the education sector, supply shortages are expected in junior secondary schools. With the existing schools, only 84% of 13 to 15 year olds can be accommodated in junior secondary schools in Indonesia (World Bank, 2006).

Quality of services. Both public health services and schooling in Indonesia suffer from poor quality. Even if service coverage improved through Community CCT, long-term health and education outcomes may not improve if the quality of services provided remains poor.

Community CCT expects to solve simple small-scale supply side problems through community-led solutions but is not designed to solve complex technical problems. The central government continues to be the main supplier of essential resources for provision of health and education services. Thus, a national level intervention is urgently required to mitigate supply shortages at the sub-district and village levels to complement communities' efforts to improve the conditions of health and education for their children.

There is limited administrative and results-oriented management experience in Indonesia's decentralized local governments. The Indonesian Government has successfully implemented cash transfers to communities and households in the past. However, whether the existing system can effectively handle the additional administrative load of imposing conditions on the beneficiaries and monitoring whether the conditions are being met will be assessed during the pilot implementation.

10. CONCLUSION AND RECOMMENDATIONS

Community CCT is an innovative initiative that takes advantage of the unique environment in Indonesia built through eight years of implementing CDD projects. Early findings from the current 129 kecamatan in the program are encouraging. Nevertheless, whether the increased use of services through community efforts translates into long-term health and education gains depends largely on the effectiveness of the services provided. The program

will know more about results and impacts after the 2008 and 2009 surveys are completed. If results are positive, in the future, it is hoped that the program will expand to other provinces and the funding increased, especially to allow for kecamatan to benefit from both PNPM-Mandiri regular block grants as well as CCT block grants.

A surge in demand for more and better health and education services will unquestionably result from the two CCT initiatives in Indonesia. Unfortunately, sectoral strategies are yet to be developed to match the inevitable increase in demands for these basic and essential services. Forming sectoral strategies to meet the changes in demand patterns is the utmost priority for a successful implementation for both CCT approaches, and for achieving the Government's commitment in reaching the MDGs.

The findings from the randomized evaluation of this CCT pilot project will provide answers to many questions regarding the way forward for effective poverty alleviation programs. The rigorous evaluations will inform future budget allocations for CCT, and program design, execution, and insights into future poverty alleviation strategies in Indonesia and globally.

10.4. To support this pilot program under PNPM-Mandiri, USD 2 million is being planned from the PNPM Support Facility to provide funding for: international and national TA support; communication and socialization work to communities; operational research and documentation of this unique experiment; and impact evaluations and survey for 2008. (The planned survey for 2009 is not yet budgeted here but will be needed in the future). Findings from the surveys and studies will be presented to the PNPM Steering and Management Committees as well as the larger government and donor community. The Indonesian community CCT program contains significant lessons for Indonesia as well as global development circles. The program is the first of its kind in the world and will contribute to development thinking regarding social safety nets, wider uses of CDD approaches for poverty reduction, and the effective delivery of education and health services. It will be important to document and disseminate widely the findings from this program.

10.5 The estimated budget from the PNPM Support Facility for 2008 is as follows:

| No | Items | USD |
|----|---|-----------|
| 1 | Specialized Technical Assistance, CCT expertise | 400,000 |
| 2 | Communications and socialization work | 600,000 |
| 3 | 2008 Impact Survey | 1,000,000 |
| | Total | 2,000,000 |

Note : 1 USD = IDR 9,300.00

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PROJECT DIGEST

1. Project Title : **PNPM – Technical Assistance for Remote Regions, Supervision and Local Government Support (PNPM-Eastern Indonesia)**
2. Executing Agency : Bappenas, The World Bank (SOFEI, Eastern Indonesia Forum), Research and/or Capacity Building Organizations
3. Implementing Agency : Same
4. Duration : 2008 - 2010
5. Location : Eastern Indonesia (12 provinces)
6. Objective :
 - (i) To provide specific context sensitive support to remote regions
 - (ii) To increase access of information to communities in remote regions and information flows from such areas to support planning processes
 - (iii) To provide awareness and capacity building activities for local governments to better support remote communities
 - (iv) To provide supervision support and evaluation input for remote regions as well as support to districts with complaints and issues unresolved by local facilitators
7. Scope of Project :
 - a) To provide input and support to facilitators working in remote regions and to build recognition of and awareness of local indigenous capacities;
 - b) To collate information on remote communities and to build awareness of past and ongoing support provided to such communities if existing to ensure greater effectiveness of PNPM through the combining of resources and collaboration;
 - c) To provide relevant information and data on rural technology and applications for optimizing indigenous capacities and resources;
 - d) To provide training, workshops, seminars and other forms of TA to local government and institutions in order to increase the quality of services to remote communities;
 - e) Development of a network of government and civil society able to provide supervision and evaluation support as well as local through to national pressure in resolving issues/cases
8. Activities :
 - a) Facilitator aids and support kits specifically for remote regions (combining with private sector CSR programs)
 - b) Mapping and of indigenous communities and local issues/constraints (i.e. access to info., finance etc.)
 - c) Mapping of local community support capacity (i.e. civil society organizations including religious).

- d) Development of information kits and rural technology directories etc.
- e) Training, workshops and seminars
- f) Technical assistance and networking support and maintenance
- g) Travel for supervision support and Issues handling

9. Estimated Budget:

| No | Items | USD |
|-----------|---|------------------|
| 1 | Supervision and complaint handling | 500,000 |
| 2 | Facilitator aids and information kits | 1,000,000 |
| 3 | indigenous capacity and local support mapping | 500,000 |
| 4 | Local Govt. and CSO Training/Workshops/Seminars | 500,000 |
| 5. | Other Technical Assistance | 500,000 |
| | Total | 3,000,000 |

Note : 1 USD = IDR 9,300.00

Concept Note: PNPM – Technical Assistance for Remote Regions, Supervision and Local Government Support (PNPM-Eastern Indonesia)

Introduction & Development Context

Many of Indonesia's remotest and most underdeveloped communities lie in the country's eastern regions. Past experiences of community driven development programs for these communities has shown that they require additional support in terms information on options and technology in order to have a broader awareness of what programs such as PNPM can provide. A simple example is the choice of electricity generators where many remote communities select fossil fuel based engines as these are the only type of electricity generator known to them. Facilitators in these regions are faced with the challenge of not only following the national schedules and reporting mechanisms of PNPM for many communities who have had limited or no prior exposure to the language and concepts commonly used in PNPM, but must also be able to deal with the lack of communication and transport infrastructure and services, limited internal support and supervision, and limited access to local government support and public services.

On the other hand, many of these communities have been able to survive due to their unique capacities and knowledge developed in response to their environment. Without an awareness of such local knowledge, many facilitators only act as a one way channel of information to communities, instead of also channelling knowledge and information about the conditions and capacities of the communities they are serving i.e. to researchers and government to increase recognition and support to these communities. Support to facilitators as conduits of information of and from communities will also allow local governments to be more responsive, not only to PNPM but to a range of issues faced by remote communities, i.e. food security, disease, pests, exploitation of resources by external commercial interests and other effects of climate and change. Such information from facilitators can support planning efforts and result in more effective responses to communities.

Another reason for special attention to remote areas is that often such areas are susceptible to inappropriate utilization of program funding due to a lack of external supervision and oversight, with difficulties also in following through in case handling. This and other reasons provided above, all emphasize the need to provide support specifically to remote regions in eastern Indonesia to ensure greater effectiveness of PNPM delivery.

Objectives

Based on the above stated issues, the objectives of this component are:

- a) To provide specific context sensitive support to remote regions
- b) To increase access of information to communities in remote regions and information flows from such areas to support planning processes
- c) To provide awareness and capacity building activities for local governments to better support remote communities
- d) To provide supervision support and evaluation input for remote regions as well as support to districts with complaints and issues unresolved by local facilitators

Executing/Implementing Agencies

Bappenas and the World Bank will collaborate in providing this support through a regional delivery platform incorporating support mechanisms of other programs in the region covering 12 provinces and over 130 districts. This regional delivery

platform (SOFEI, BAKTI and the EIForum) combines networks of Facilitators, Researchers, and Local Government and builds collaboration between such actors and their programs.

The Eastern Indonesia Forum provides the oversight and governance structure, including identifying or locally endorsing activities to be implemented. It brings together key stakeholders from government, civil society and the private sector and donors to strengthen the development agenda and set priorities for the region in alignment to national policies. The Forum operates provincial forums in all of eastern Indonesia's twelve provinces.

The Decentralization Support Office - Eastern Indonesia (SOFEI) is closely aligned with the multi-donor Decentralization Support Facility (DSF) and carries out a range of activities including:

- a) Analytical services such as participatory regional development analysis, regional public expenditure reviews, and stakeholder mapping;
- b) Project design and experimentation to customize successful existing projects and programs to the regions in eastern Indonesia; and
- c) Donor coordination and liaison services.

The support office has become a focal point and recognized support center for many international development partner activities in eastern Indonesia.

The Eastern Indonesia Knowledge Exchange (BaKTI) since 2004 has been providing both the physical space and communications media to promote the exchange of information about development across the region. BaKTI's clients are eastern Indonesians, NGOs, local governments, academic institutions, religious groups and *adat* associations that often lack access to libraries, seminars and other mechanisms for finding out about past, ongoing and planned programs. One focus of BaKTI is to provide and/or distribute "Appropriate Information Kits (Informasi Tepat Guna)" including directories relevant to community and facilitator needs (i.e. Where Women have No Doctors").

Duration

This component will continue for the duration of PNPM's delivery with the initial proposed budget covering the period 2008 – 2010. During this period, an existing development collaboration network between local, national and international organizations will be strengthened to continue supporting such efforts as a locally driven initiative.

Location

The component will focus in the region of eastern Indonesia, covering Maluku, Nusa Tenggara, Papua, and Sulawesi. This region currently consists of 12 provinces and over 130 districts with a fast growing population (also due to migration from other regions of Indonesia), currently over 30 million people yet comprising 79% of the nation's ethnic diversity.

Scope of Project

This component will cover a number of support mechanisms allowing for stronger delivery of PNPM in the region. The following covers the types of support services with specific examples to highlight the reasons why such support provided through a responsive and flexible mechanism is necessary.

- *To provide input and support to facilitators working in remote regions and to build recognition of and awareness of local indigenous capacities.* Often facilitators enter a community without sufficient knowledge of existing structures and networks from past and ongoing community development processes. This component provides a support network for facilitators and additional awareness of what to look for and where to channel information leading to an early warning system on issues faced by local communities which can also be handled at local (district and/or provincial) levels.
- *To collate information on remote communities and to build awareness of past and ongoing support provided to such communities if existing to ensure greater effectiveness of PNPM through the combining of resources and collaboration.* BaKTI has over the last 4 years developed a database of projects and activities as well as organizations working at the community level in eastern Indonesia. This information can be utilized by facilitators. The component will also support facilitators and existing PNPM structures to compile and analyze data and information collected by facilitators through researcher networks to be provided to local governments and other relevant stakeholders who need this data and information. This will simultaneously increase recognition and support for facilitators for post-PNPM programming
- *To provide relevant information and data on rural technology and applications for optimizing indigenous capacities and resources.* Remote communities lack access to such information and this "service" can enhance the value of facilitators in the eyes of the community if they are able to provide "appropriate" information. On the other hand, providers and producers of rural technologies in Indonesia lack the capacity to channel information on their products and innovations to their potential clients, thus orders are limited, increasing the cost of individual units produced. This component provides the link between producers and users for the benefit of both. This also leads to macro-economic benefits by increasing utilization of Indonesian technology while decreasing dependence on imports, while increasing also the productivity of local communities in optimizing their local resources.
- *To provide training, workshops, seminars and other forms of TA to local government and institutions in order to increase the quality of services to remote communities.* A number of studies have reflected the lack of capacity in local governments to respond to remote communities where budgeting and programming do not reflect an awareness of local needs. This constraint is due also to a lack of access to information compiled and presented to local governments linking community priorities to district level and provincial level development plans. This component provides such a link by channelling information and data from facilitators to researchers and reformatting resulting analyses into briefs and input for local governments. Other knowledge sharing activities will also be conducted to strengthen local government awareness and capacity in public service delivery to remote communities.
- *Development of a network of government and civil society able to provide supervision and evaluation support as well as local through to national pressure in resolving issues/cases.* Supervision and handling of cases in remote regions is costly yet necessary to maintain quality and consistency of delivery. However, coverage of such a vast region (41.7% of Indonesia's territory) cannot be done effectively without the collaboration of a network of partners. This component provides such a network of partners able to not only support supervision but also in highlighting issues and cases locally to increase the learning impact individual

case handling has in building public awareness that cases will be processed, thus discouraging others from experimenting with bad/corrupt practices.

Activities

Through to 2010, this component will implement a variety of support activities which will not only serve the region of eastern Indonesia but can be utilized for other remote regions of Indonesia requiring similar assistance. Firstly is the focus on support to facilitators in the form of facilitator aids and support kits specifically for remote regions. These would combine or link with large multinationals in the region where such practices have already occurred in the past but have not had any formal linkages enabling shared resources and capacity.

The increased support to facilitators will also enhance their capacity to understand and appreciate the conditions, issues and constraints of local communities. This is possible as facilitators should know that they will be supported by information and linkages through this support component and the value such information has in increasing the relevance of the facilitator from the perspective of the communities they serve.

The component will also seek to build local support networks through an initial mapping of local community support capacity (i.e. civil society organizations including religious) which can also be seen as a long term support network for local government as these organizations become more aware of the processes and also the benefits of PNPM. Directories of such local capacity has already developed, i.e. on gender, and information kits facilitators can distribute to such networks will also increase their willingness to collaborate and support PNPM.

A variety of training, workshops and seminars will be conducted catering to local needs and priorities, with results disseminated to other regions for increased impact of such activities. These programs relate also to identification of specific needs for technical assistance and maintaining local network support.

The component will support local travel for supervision support and handling of issues in order to be more responsive and to increase the effectiveness of issues handling.

Conclusions

The role of facilitators in CDD programs such as PNPM is broadly recognized. However, the extent in which such facilitators are able to support appropriate changes in their targeted communities, especially in remote regions, is dependent also on the support mechanisms facilitators can rely upon. For instance, the development of a community's economic productivity can only be fully achieved if the community has access to markets. This is above and beyond the capacity of individual facilitators working in remote regions yet their access to government and other networks is often limited in terms of time and capacity. This component not only supports the facilitators in their role to their communities but also enhances the impact of their output (data, information, reports, village decisions, etc.) for local government and civil society networks in the region.

PROJECT DIGEST

1. Project Title : **Delivering poverty services to poor communities**
2. Executing Agency : The World Bank, Bappenas
3. Implementing Agency : Local Universities and NGOs, the World Bank
4. Duration : 2008
5. Location : Central Government, Provinces of Gorontalo, Papua and the third province (TBD)
6. Objective : To prepare and undertake initial activities to improve quality of public service delivery and financial management that promote pro-poor local government through:
 - (i) Piloting a performance-based incentive system for Local Governments to improve their ability to deliver poverty services
 - (ii) Operationalizing local government M&E systems
7. Overall purpose:

Making poverty reduction in PNPM communities requires significantly improved coordination with local government service providers. This activity will review incentives in local governments across two provinces where their governors strongly support reform. Results and tools from this program can be replicated in other PNPM locations and will be important contributions to the longer-term PNPM policy agenda.
8. Scope of Project :
 - Provision of Facilitation and Technical Assistance to local governments
 - Provision of Technical Assistance to develop baseline data and to review related regulatory framework
9. Activities :
 - Conducting baseline survey in service delivery in the participating regions, which includes Governance & Decentralization Survey (GDS) that can be used to monitor district/city performance
 - Conducting assessments of local government financial management (FM) in the participating regions, which includes assessment of planning and budget practices.
 - Assistance to LGs to develop action plan for improving service delivery which includes development of pro-poor education and health sector reforms (analyses of expenditure, improved link between provincial and district/ city levels interventions). Manual/guidelines will be developed for replication.
 - Assistance to LGs to develop action plan and financial management reforms in the pilot districts/ cities and provinces, particularly in the areas of budget transparency and pro-poor planning and budgeting mechanism (incl. institutionalization of PNPM principles and mechanisms in the local government system) and assistance to provincial government of Papua to review the existing budget allocation, program governance and delivery to

reduce poverty (RESPEK, health and education). Manual/guidelines will be developed for replication.

- Field trips, workshops, training and meetings

10. Estimated Budget :

| No | Items | USD |
|-----------|---|----------------|
| 1 | Baseline survey in service delivery and assessment in financial management | 475,000 |
| 2 | Assistance to LGs to develop action plan on improving service delivery and financial management | 400,000 |
| 3 | Field trips, workshops, training and meetings | 68,900 |
| | Total | 943,900 |

Note : 1 USD = 1.06 AUD

Concept Note : Delivering Poverty Services to Poor Communities

Rationale

Better service delivery, particularly in health and education, in poor communities will have significant impact to reduce poverty. Affordable health care and education services will significantly reduce income shock of the poor and to allow future generation to be out of poverty. The success of PNPM in reducing poverty requires significantly improved coordination with local government service providers.

With Governors who strongly support reforms, Gorontalo and Papua seek assistance to pilot performance-based incentive mechanisms to stimulate LGs to improve their service delivery in health and education sectors.⁶ These reforms would be coupled with reforms in public financial management to ensure more efficient, well targeted and transparent planning and budgeting process. Process and results would be monitored and evaluated as a part of LGs' performance, using the framework that the Central Government has developed. An initial phase of about one year will be geared to prepare the basic groundwork of the pilot. The results and tools developed through this program can be replicated in other PNPM locations and will be important contributions to the longer-term PNPM policy agenda.

Objective

To prepare and undertake initial activities to improve quality of public service delivery and financial management to promote pro-poor local government through (i) piloting a performance-based incentive system for LGs to improve their ability to deliver poverty services; and (ii) operationalizing LG M&E systems.

Implementation activities

1. **Baseline survey and assessment.** Baseline data which are relevant to measure LG's progress as well as to guide specific intervention in the future will be collected that can feed into PNPM M&E system.
 - a. *Financial management (FM) assessment* which will provide information on LG's system and practices, including the availability of required regulatory framework, planning and budgeting system, cash management policies, procedures and controls, and standards and procedures of internal audit. The FM assessment has been recently conducted in Gorontalo and 9 LGs in Papua Province. The assessment will cover remaining LGs in Papua and in the third province.
 - b. *Governance and Decentralization Survey* which will provide information on public perception of governance practices and quality of service delivery. Future updates of the assessment and survey will inform progress of LG's performance. The survey will cover Gorontalo, Papua and the third province.

⁶ In addition to these two provinces, additional one province will be selected.

2. **Assistance to LGs.** Kabupaten/kota in Gorontalo and Papua that shows their commitment to reforms will be supported by the program to enhance the reforms further.
 - a. *Public service delivery.* Facilitation and specialized technical assistance will be provided to assist LGs (and other stakeholders such as DPRD members and local civil society) to review existing health and education plans and expenditures, formulate pro-poor mid-term plans to improve services, particularly in remote areas and poor communities, estimate investment plan, improve link between province and district/city levels interventions, as well as monitoring and evaluation of the plan implementation in these two sectors. A special focus will be given to give access to services for the poor in remote areas. Manual/guidelines will be developed to allow replication of this activity in other regions.
 - b. *Public Financial Management (PFM).* The results of the FM assessment will be disseminated to the stakeholders of the participating provinces and LGs. Facilitation will be given to formulate action plans to improve the FM practices. Capacity building activities will be provided based on the action plans of each LG and cross learning among provinces and LGs will be promoted. Manual/guidelines will be developed to allow replication of this activity in other regions.
 - c. *Budget transparency and preparation.* In addition to the general PFM improvement above, capacity building program will be provided to LG staff, DPRD members and other local stakeholders to assist improvements in budget transparency and preparation process. This will include assistance to prepare dissemination material of simplified budget, particularly in health and education sectors, improvement of budget preparation processes to be more pro-poor and institutionalization of PNPM principles and mechanisms in the local government system. Manual/guidelines will be developed to allow replication of this activity in other regions.
 - d. *Technical Assistance (TA) to Government of Papua.* In Papua the initial technical assistance will help the provincial government to establish and implement a performance-based incentive mechanism to utilize the provincial budget, which includes review of the existing budget allocation, program governance and delivery to reduce poverty (RESPEK, health and education sectors).

3. **Consultations, workshops and meetings**

It is envisaged that the overall activities will include several consultations both among different levels of governments and with different stakeholders at each level. The program will support field trips, consultation/coordination meetings and workshops.

Expected outputs

1. Manual/guidance to develop local level pro-poor mid-term plan in specific sectors that can be used in other locations
2. Manual/guidance to develop local level public financial management reform action plan that can be used in other locations

3. Mid-term plans for health and education to guide future investment activities to improve delivery in the participating regions.
4. Baseline data on LG's financial management and public perception on governance and service delivery that will feed into PNPM M&E system
5. LG's action plan to improve financial management practices, particularly in budget transparency and formulation process to be more pro-poor
6. Preliminary operational framework to monitor and evaluate LG's performance
7. Preliminary framework on improvement of pro-poor budget allocation and performance-based grant mechanism to districts in Papua.