

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: SESS

TA No. and Name TA 4124-INO: Preparing the Sustainable Social Protection Project			Amount Approved: \$800,000		
			Revised Amount: \$800,000		
Executing Agency National Development Planning Agency (BAPPENAS)	Source of Funding: Japan Special Fund (JSF) DFID		TA Amount Undisbursed \$278,337.08	TA Amount Utilized \$521,662.92	
Approval	Signing	Date	Fielding of Consultants	Completion Date	
				Original	Actual
9 June 2003	20 October 2003		12 January 2004	30 June 2004	31 December 2005
				Closing Date	
				Original	Actual
				30 June 2004	31 December 2005
Description					
<p>Social protection in Indonesia is largely confined to social security schemes in the formal sector. Current formal social assistance programs remain limited in coverage and funding and do not distinguish between poor and vulnerable populations. Since the extension of social security entitlements to the entire population is a long-term goal, social safety net schemes especially for informal sector workers are important to help them cope with risks and vulnerability.</p> <p>In alleviating socio-economic distress caused by the Asian economic crisis of 1997, the Government of Indonesia (the Government) established an emergency intervention, the Social Safety Net Program (SSN), to provide adequate service delivery for the poor, education assistance and scholarship programs. The SSN was largely funded by the Government's Fuel Compensation Scheme, which channeled funds for targeted assistance to the poor through line ministries to districts for basic social service delivery, as well as external funds. The Asian Development Bank (ADB) assisted the SSN through two social protection sector development programs - the Social Protection Sector Development Program (SPSDP),¹ which strengthened social services delivery, especially to vulnerable populations such as poor women and children; and the Health and Nutrition Sector Development Program (HNSDP),² which supported nationwide policy reforms designed to safeguard access of the poor to basic health services and helped to strengthen management of health services delivery in the decentralized environment. In 2002, external funding for SSN phased out and there was a need to explore new strategies for social protection.</p>					
Expected Impact, Outcome and Outputs					
<p>The expected impact was reduced risks and vulnerability among disadvantaged populations through financially viable social protection schemes. The expected outcomes of the project preparatory technical assistance (TA) were a draft medium-term policy framework for social protection and a proposal for social protection for the informal sector. The outputs were expected to be: (i) draft policy framework for integrated social protection, (ii) programs for service delivery and financing decentralized social protection schemes, (iii) institutional capacity building, and (iv) a project proposal focusing on social protection schemes especially for the informal sector. The scope of the TA was to assist regional governments in setting the framework for integrated social protection, identifying and costing core social protection interventions and their service delivery through public-private partnership and community involvement. The TA was divided in three phases (i) poverty, vulnerability and labor market analysis; (ii) identification of social protection schemes; and (iii) preparation of a project proposal.</p> <p>The Executing Agency (EA) was the National Development Planning Board (BAPPENAS), working in cooperation with the Ministry of Social Affairs (MOSA), Ministry of Home Affairs (MOHA), Ministry of Health (MOH), Ministry of Education and the Coordinating Ministry of Social Welfare. The TA was co-financed by the Department for International Development (DFID) Partnership for Innovation in Poverty Reduction Program of Government of United Kingdom, for \$400,000.</p>					

¹ ADB. 1998. *Report and Recommendation of the President to the Board of Directors for Proposed Loans and Technical Assistance Grants for the Social Protection Sector Development Program*. Manila.

² ADB. 1999. *Report and Recommendation of the President to the Board of Directors on a proposed Loan to Indonesia Health and Nutrition Sector Development Program*. Manila.

Delivery of Inputs and Conduct of Activities

The terms of reference were adequately formulated to achieve the intended TA outcomes. A team of domestic and international consultants managed by INTEM Consulting Inc. (the Consultant) operated from the Directorate for Population, Social Welfare and Women's Empowerment, BAPPENAS. The TA engaged 19 person-months of international consultants and 33 person-months of domestic consulting services. The Consultant provided a team with expertise in areas of social protection, social insurance, institutional development, labor, community development, gender and poverty, and financial analysis. The consultants were highly motivated and worked in close cooperation with the EA. The field work commenced in January 2004 and was completed in October 2004 upon completion of Phase II. During the midterm review in August 2004 the EA indicated that the preparation of an investment project and any commitment to a loan project was not feasible because of elections in September 2004. It was agreed between the Government and ADB to suspend the TA in October 2004. After the elections the EA decided not to proceed with the preparation of a loan project and the TA was terminated.

The overall performance of the Consultant was less than satisfactory. The Consultant faced constraints in recruiting consultants in a timely manner because of a lack of continuity in the Consultants administrative team. The EA provided substantial support in conducting regional consultation meetings and workshops and responded well to recommendations of the TA, which became an important input for policy discussions on the recently approved social security bill. The performance of the EA is rated as satisfactory. The ADB project officer supported the TA consultant team and Government through sound technical expertise and 3 review missions. The performance of ADB is rated as highly satisfactory. DFID in Jakarta was involved in all major workshops and reviewed and discussed progress reports with the TA team and the ADB project officer.

Evaluation of Outputs and Achievement of Outcome

The TA not only raised awareness among policy and decision makers about the need for a new generation of social protection schemes for the informal sector, but also helped local governments to acquire knowledge about social protection schemes and best practices. The TA consultant team conducted 2 national workshops which focused on risk and vulnerability assessment and policy recommendations. At the provincial and district level the TA consultant team, in cooperation with the EA, organized 13 regional consultation meetings with local governments to discuss options for reinforcing and expanding current social safety net interventions. The TA generated very comprehensive inception and midterm reports.

During Phase I, the TA consultant team carried out a comprehensive analysis on poverty, vulnerability, and the labor market. The team worked in close cooperation with the Ministry of Labor, the Ministry of Social Welfare, Ministry of Health and the International Labor Organization. As part of this task an inventory and assessment of existing social protection policies and schemes in Indonesia was undertaken. The team conducted several consultation meetings in central Java, east Kalimantan and Nusa Tenggara Barat to identify locally specific issues with regard to the efficiency of social protection schemes.

During Phase II, based on the provincial consultation meetings, a regional workshop was organized in Jakarta by the TA consultant team in cooperation with the EA. The workshop was attended by local government representatives from 10 districts to discuss possible options for social protection schemes in the decentralized context and financing arrangements. The participants reached consensus about three key interventions to strengthen social protection schemes for the poor, these included (i) extending the coverage of health care for the poor through a revised health card system; (ii) a revision of the current scholarship program for school children to improve targeting to the poorest; and (iii) improved targeting for social welfare assistance to the elderly, disabled and orphans. The TA consultant team produced a very comprehensive midterm report, which outlines social protection schemes for the health, education and the social welfare sector and a draft policy matrix. The report provided a sound technical basis to proceed with the preparation of an investment project.

The outputs for Phase III were not achieved because of the early termination of the TA.

The TA outputs are of good quality and highly relevant for the development of Government's future social protection schemes, such as the discussion on converting the current cash transfer program to a conditional cash transfer program. In addition, the TA provided comprehensive background information for the preparation of the proposed Poverty Reduction and Millennium Goal Acceleration Program (PRMAP).

Overall Assessment and Rating

The TA is rated partly successful because the TA was not completed. Overall, the TA made a significant contribution to raising awareness of the need to elaborate social protection schemes for poor and vulnerable groups. Stakeholders emphasized the importance of this TA as a basis for further development of a social protection policy framework focusing on poor and vulnerable populations excluded from any social security benefits. The TA outputs provided an important contribution during the formulation of the social security bill in 2005.

Major Lessons

Major lessons learned include: (i) TA has to respond and adjust to political changes, (ii) work in social protection overall requires extensive advisory work on policy and feasibility of interventions, and (iii) the preparation of the social security bill should have been linked to the elaboration of a revised safety net scheme.

Recommendations and Follow-Up Actions

One major recommendation is that cash benefits in crisis-oriented social safety net schemes such as the current cash program should be tied to participation in basic social services such as a conditional cash transfer program. In addition, the following is recommended:

- (i) conduct advocacy for decision-makers on social protection schemes for the informal sector economy;
- (ii) continue work on further elaborating the current health insurance program for the poor as a pillar of the social safety net;
- (iii) assist the Government in social protection policy development with a focus on the informal sector;
- (iv) assist the Government in the preparation of regulations and guidelines to implement the social security bill;
- (v) improve the administrative capacity of local governments to implement and monitor social protection schemes;
- (vi) strengthen the data base for social protection through unified poverty statistics.

Two follow-up actions are recommended:

- (i) assist Government to modify the current cash assistance program for the poor into a conditional cash transfer (CCT) program, through TA 4762 for Pro-Poor Planning and Budgeting;
- (ii) integrate the Rice for the Poor Program (RASKIN) into a CCT and change it into a food stamp program because such a program could have a greater effect on household food consumption and would be more cost-effective than the current rice distribution program.

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