

TECHNICAL ASSISTANCE COMPLETION REPORT¹

Division: SESS

TA No., Country and Name TA 3841: INO-Developing Proxy Indicators of Poverty		Amount Approved: 400,000 Revised Amount: NA	
Executing Agency Central Statistics Agency (Statistics Indonesia)	Source of Funding Asian Currency Crisis Support Facility	Amount Undisbursed: 32,256	Amount Utilized: 367,744
TA Approval Date: 13 Mar 2002	TA Signing Date: 24 May 2002	Fielding of First Consultant: 23 Aug 2003	TA Completion Date Original: 31 Aug 2004 Actual: 30 Nov 2006 Account Closing Date Original: 31 Aug 2004 Actual: 31 Oct 2008

A. Background:

1. In 2001, the Government of Indonesia requested the Asian Development Bank (ADB) for technical assistance (TA) to develop a system to give early warning of changes in district welfare for district policymakers and decision makers. The request stemmed from TA 3710-INO Developing Leading Indicators of Poverty which produced a national early warning system utilizing routinely collected data on prices and wages. The need for timely and routine district information had become more pressing after decentralization in 1999. Districts required information that was both current and locally relevant, representing the goods and services produced and consumed by the poor in each district. In response to the Government request, TA 3841: INO-Developing Proxy Indicators of Poverty was included in the Country Assistance Plan 2001–2003. The executing agency (EA) was the Central Statistics Agency (or Statistics Indonesia) [SI].

B. Expected Impact, Outcome and Outputs:

2. The expected impact of the TA was district governments could anticipate the need for social protection measures in a timely and targeted manner. The expected TA outcomes were (i) pilot district level SI offices produce regular and timely district level proxy indicators of poverty and (ii) key stakeholders in the pilot districts use these indicators for poverty related policy making and programming. The expected outputs were (i) an affordable system for monitoring the price of goods and services produced and used by the poor in that district to track local changes in poverty; (ii) pilot district SI offices produce and routinely report on these proxy indicators to district government and other stakeholders; and (iii) policy makers and other stakeholders can use proxy indicators for policy and programs related to poverty.

C. Delivery of Inputs and Conduct of Activities

3. The TA design was and remains relevant. The 'Poverty Reduction Partnership Agreement' signed in 2001 between the Government of Indonesia and ADB called for improved and timely information about poverty down to the district level. The TA foreshadowed the SI medium term development plan 2005–2009 which calls for the development of new statistical indicators to provide meaningful information at the district level.² The TA developed the first district level statistics designed for district level representation. The 'Country Strategy and Partnership 2006–2009' (CSP) notes the need to measure welfare at the district level.

4. The performance of the consultants was highly satisfactory. The terms of reference were relevant to the tasks to be undertaken and were implemented as described in the TA paper, with the exception of the one month input for a sampling consultant. It was agreed that the expertise of the EA lead statistician was adequate for the task. The additional month was used by the team leader to prepare a paper on market integration based on the TA results. The implementation arrangements were appropriate. The EA had the required technical expertise. The steering committee included the Ministry of Home Affairs, which helped secure district government and parliament engagement. The EA's Rural Wages Department was responsible for day-to-day implementation. Its strong linkages with the district offices helped ensure successful TA implementation. Parliament was a key stakeholder for ensuring sustainability as future funding would depend on district parliament approval. Other key stakeholders were local universities and media. Special training sessions were held for parliament and the media on how to interpret the indicators. Overall, the TA design and formulation was relevant to the TA outputs and outcomes and to contribute towards realizing the expected impacts.

5. The TA design emphasized efficiency through economy of input provision. Wherever possible, the TA made use of EA resources including existing survey data, survey formats, and staff. Most TA activities were carried out in the five pilot districts.³ The potential for using wage and price data routinely collected by the district SI was assessed but there

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² In contrast to collecting data at the district level to calculate national statistics.

³ The five pilot districts were Tapanuli Tengah in Sumatra; Landak in West Kalimantan; Sumba Timur and Timor Tengah Selatan in NTT; and Trenggalek in East Java. Demak in Central Java and Siak Sri Indrapura in Riau province joined during implementation. Selection criteria include location: urban/rural; on/off Java; border/non-border; agricultural system, isolated/non-isolated; and willingness to pay for participation.

were gaps in the coverage and timing. Three simple surveys were developed for collecting wages and the commodity and consumer prices for the goods and services that were produced and consumed by the poor in each district. The items in the commodity price survey and wages survey were determined in consultation with the district SI office, other local government offices such as trade, agriculture, fisheries, and sub-district data collectors. The National Socioeconomic Survey expenditure module was used to identify the consumption items that represented the bulk of food and non-food items consumed by the poor in each district. The three new surveys were tested each quarter for one year. Each round was used to improve the surveys, the training materials for SI staff, statistical software, and dissemination materials. It was found that data collection and producing and publishing the poverty indicators did not place a significant burden on the district SI workload.

6. The productivity and quality of inputs was highly satisfactory. The TA paper envisioned three international consultants and five domestic consultants would be engaged to carry out the task. As the consultants engaged had a wide range of skills and experience, only one international consultant and two domestic consultants were needed. This had the advantage of enabling greater continuity over the course of the TA, and greater engagement with the stakeholders and the EA. The consultant team developed their work outputs in a highly participatory manner ensuring deeper understanding of the capabilities and interests of the data producers, the district EA staff, and the data users, local government, parliament, and media. The training target of 300 central and local EA staff was met and the dissemination and socialization target of 450 participants was exceeded. Five computers were purchased and distributed to the district EA to run the software developed by the TA.

7. The implementation schedule was disrupted by two events which were outside the control of the TA. The decennial agricultural census tied up Central and District EA staff for 6 months, while the final regional and national dissemination workshops were delayed by a further 6 months because the EA project director and senior staff were involved in designing and implementing the cash transfer program introduced in March 2006.

8. The clients were satisfied with the inputs. The consultants worked closely with the EA staff at all levels and with key stakeholders. The provision of consultants was used to leverage full involvement of the district government. To participate in the pilot, the district government had to agree to fund a share of the costs and to continue collecting the data for at least two rounds after the four rounds funded by the TA. The agreement was formalized by a memorandum of agreement with the district head of government and district head of parliament, who honored their agreements. During implementation, two additional districts joined at their own cost to take advantage of the technical services provided by the consultants and the EA staff.

9. The performance of SI as the EA is rated satisfactory. The EA implemented the TA well. The performance of ADB is also rated satisfactory. The project officer in Indonesia Resident Mission (IRM) supervised the TA closely and participated in all key project workshops. However, there was a significant delay in TA financial closing as the liquidation report for the final regional workshops could not be located in either the EA or IRM.

D. Evaluation of Outputs and Achievement of Outcome

10. The expected outputs and outcomes of the TA were achieved. An efficient and affordable system for gathering data on the prices of goods and services was developed that was within the capacity of district SI offices to implement. A start-up package for districts which included training modules (i) for EA district staff to collect and process the data, generate the indicators and produce quarterly reports for the district government and parliament; and for (ii) EA staff to train key stakeholders to use the information. The start-up cost for a new district was estimated at \$5,000 including the cost of EA assistance to identify the items and weights for the surveys, install the software, train district EA staff in collection, data management, report production, and engagement with stakeholders. The annual implementation was estimated at less than \$2,000 thereafter. The data users, district government and parliament said that they could understand and therefore trust the indicators. Thus the system was highly effective and affordable. Of the seven districts eventually included in the pilot, five continue to produce quarterly reports. The delivery of outputs was highly satisfactory. The indicators intended to be produced on a timely basis and reported each quarter. The pilot demonstrated it could be done without a significant increase in the workload of district SI staff.

E: Overall Assessment and Rating: The TA is rated satisfactory. The TA objective to produce district level statistics remains relevant and has been incorporated into the SI medium term plan. The CSP continues to focus on strengthening district government, including improving district government (financial sector) statistics. On the whole, the TA was effectively implemented in that all outcomes were delivered and is likely to be sustainable in the pilot districts.

F: Major Lessons: The TA demonstrated that systems that work within the existing capacity of the EA and are not an additional financial burden are more likely to be sustainable and successful.

Recommendations and Follow-Up Actions: This TA was a successful pilot and should be scaled up. The small number of pilot districts was sufficient to demonstrate the feasibility of the system developed, but too few to stimulate its expansion into new districts. Additional resources are needed to support further expansion. The EA does not have additional resources to develop district level systems although some external funding is available for development of MDG indicators. The marketing that was done under the TA was important for district buy-in as was some of the initial start-up costs. This cost would have to be provided through a technical assistance to the Ministry of Home Affairs,

responsible for district development, or to the EA.

Prepared by: Lisa Kulp

Designation: Social Development Specialist, SESS