

# TECHNICAL ASSISTANCE COMPLETION REPORT<sup>1</sup>

Division: SESS/SERD

TA No., Country and Name			Amount Approved: \$2,100,000	
TA 4762-INO: Pro-Poor Planning and Budgeting			Revised Amount: \$2,100,000	
Executing Agency: BAPPENAS		Source of Funding Technical Assistance Fund and Government of United Kingdom (DFID)	Amount Undisbursed: \$119,419	Amount Utilized: \$1,980,581
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<b>Description</b>				
<p>Indonesia embarked on an ambitious decentralization program in 2001. Vast responsibilities were devolved to the local governments, at the time comprising 32 provinces and some 440 districts and cities. The Indonesia country governance assessment showed considerable variation across provinces and districts in their capacity to implement decentralized responsibilities, and a discrepancy between the standards for public services and the resources allocated to them. While most local governments in Indonesia are committed to improving service delivery, there remains a gap between such statements and the way in which local governments plan, raise, and spend their resources. Budgets are the central tool for planning and managing resources. Integrating a pro-poor, participatory perspective can have profound implications for service delivery and poverty reduction outcomes. While local level planning and pro-poor budgeting are key steps for poverty reduction, national-level support for poverty reduction is also required. The Government recognizes that a large segment of the population remains vulnerable to shocks of all kinds, and particularly to price shocks. Anticipating that the October 2005 removal of fuel subsidies and subsequent price increases would have a major impact on lower income households, the Government rapidly designed and implemented a short-term unconditional cash transfer program for 15.5 million poor and near-poor households. It sought ADB assistance in designing and pilot testing a medium term conditional cash transfer (CCT) program.</p>				
<b>Expected Impact, Outcome and Outputs</b>				
<p>The expected impact was improved access of the poor to quality social services and infrastructure in decentralized Indonesia. The expected outcomes were (i) local poverty reduction strategies that were operationalized and linked to a pro-poor and participatory budget process, and institutionalized in pilot districts; and (ii) a national CCT program that provided income support to the poor while building human capital. The three outputs were (i) advisory support for pro-poor planning and budgeting at the national and district government levels; (ii) capacity development for pro-poor planning and budgeting for a wide range of stakeholders; and (iii) support for pilot-testing and expansion of a CCT program. The TA was implemented at both the central and local government level, working with 11 local (district) governments in three provinces. Output 3 involved case studies in two further provinces (one district each).</p>				
<b>Delivery of Inputs and Conduct of Activities</b>				
<p>The TA as formulated was well-received and there was a strong sense of ownership by the EA and local (district) government counterparts, where it became known as the P3B project (or even "the P3B approach"). The implementation period was increased from 18 to 24 months in order to maximize collaboration with district governments and to ensure adequate time to assess progress of the pilot CCT program. There were four formal review missions. The P3B team comprised 17 experts: five international (51 person months) and 12 national (94 person months). The performance of the consultants is rated satisfactory overall, but with a number of highly satisfactory individuals. BAPPENAS, and especially the staff of the Directorate for Poverty Reduction and the Directorate for Social Protection, provided strong professional and management support to the P3B team and were actively engaged as partners in the implementation of all components of the TA. ADB performance was satisfactory, with no changes in project officer and regular supervision missions. Implementation benefited from collaboration and cooperation with many individuals from government, local legislative assemblies, NGOs and civil society organizations.</p>				
<b>Evaluation of Outputs and Achievement of Outcome</b>				
<p>The two outcomes were achieved. To achieve outcome 1, under the advisory output, the P3B team worked with local stakeholders in 11 districts to prepare: MDG score cards (11 districts), poverty reduction action plans (three districts), annual work plans (11 districts), annual budget documents for 2008 (11 districts with average annual budgets of \$78.5 million/district) and a district monitoring and evaluation system (one district). Lessons learned from</p>				

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these processes were presented at district and national forums, in project reports, in the project newsletter and on the website. The P3B team collaborated with the EA to produce and disseminate 2,000 copies of the *Handbook on Pro-Poor Planning and Budgeting*. The Minister (BAPPENAS) urged all district governments to utilize the handbook as a reference tool to improve local programming to reduce poverty and achieve the MDGs. Under the capacity development output, 30 short-term training events and workshops benefited a total of 1,390 participants, building awareness on poverty reduction and the MDGs, formulating and operationalizing plans and budgets to reduce poverty, and implementing effective monitoring and evaluation systems. This was particularly important in the context of Indonesia's relatively new decentralization and the high capacity development needs at the local level. To achieve outcome 2, under the CCT output, the TA team supported the EA in monitoring the CCT program (*Program Keluarga Harapan*) launched mid 2007 on a pilot basis in seven provinces and 40 districts, with beneficiaries numbering 500,000 households. The TA team (i) supported a rapid assessment of delivery and impacts and (ii) prepared two detailed case studies of implementation in the districts of West Sumba (East Nusa Tenggara) and Kediri (East Java). The assessment results fed into the refinement of the CCT program by the Department of Social Affairs (DepSos), and also represented an important inter-ministerial collaboration (between BAPPENAS and DepSos). Written outputs under the TA were of high quality. In addition to the flagship publication (the P3B handbook), the TA produced a series of high quality, demand-driven technical working papers that remain available on the project website hosted by BAPPENAS at <http://p3b.bappenas.go.id>. Topics covered range from poverty reduction, micro, small and medium enterprises, improving local government planning for poverty reduction and a compendium of training materials on monitoring and evaluation. The TA also produced and widely disseminated three volumes of a bilingual newsletter that highlighted local government perspectives and achievements.

### Overall Assessment and Rating

The TA is rated highly successful. It was effective, efficient, and is highly likely to be sustainable. At the time of TCR preparation (April 2009), the P3B Handbook has been widely distributed and the approach is being used under several other initiatives, including the National Community Empowerment Program (PNPM). Two donor-funded projects are implementing the P3B approach (i.e. applying the methods developed under the TA): the UNDP TARGET MDGs Project (in four provinces) and the CIDA Better Approaches to Service Provision through Increased Capacities in Sulawesi (BASICS) project. The P3B Handbook also satisfies one of the Poverty Reduction and MDG Acceleration Program (PRMAP) policy actions, that the Government issue guidelines directing local governments to mainstream the MDGs when preparing district medium-term development plans and district poverty reduction strategies. This is seen as part of the general policy reform to establish a planning framework for MDG acceleration. Pro-poor planning and budgeting is being built into the MDG Roadmap, and efforts to build capacity at the local level to alleviate poverty will be a key element of the next national medium term development plan (2010–2014). The CCT program provides benefits to about 2.5 million people in 500,000 households, and ensures that children attend school and get regular health checkups, thus building future human capital in Indonesia. It is one of the core safety net programs of the Indonesian government, quoted in January 2009 by the Finance Minister as providing support to the poor at grass-roots level in the face of the economic crisis.

### Major Lessons

- P3B demonstrated that use of visual tools for communicating empirical data to local governments (MDG Score Cards and Poverty Maps) can improve programming to improve service delivery and reduce poverty. There is a need to improve capacity for data collection, processing, analysis, and dissemination of information on poverty through the local media to better inform public discussions on the MDGs.
- Coordination of service delivery and poverty reduction can be improved through sharing poverty reduction plans, programs and budgets among the central, provincial, and district levels of government. NGOs and the media have a large role to play as well, particularly in improving budget literacy.
- To maximize success and minimize leakage, the CCT program should closely monitor the beneficiary selection process, inter-agency coordination, program "socialization", monitoring and verification mechanisms, field-level facilitation, the management information system, and the payment mechanism.
- Committed counterparts at national and local levels, a strong consultant team (especially national consultants), a heavy reliance on Indonesian case studies, and a relatively longer implementation period were key to the successful implementation of this TA.

### Recommendations and Follow-Up Actions

- The Government should maintain its commitment to preparing a Roadmap to Achieve the MDGs and to use the Road Map as an input into the formulation of the next National Medium Term Development Plan (2010–2014).
- The Government should follow through with its intention to expand pro-poor planning and budgeting assistance to the regions and to promote mainstreaming of the MDGs in district planning and budgeting.
- ADB should follow up on the implementation of pro-poor planning and budgeting at the local government level through its program-based support under PRMAP and the Development Policy Support Programs.