REPUBLIK INDONESIA

HANDBOOK

Pro-Poor Planning and Budgeting

Persentasi Partisipasi Perempuan di SMP 2006

National Development Planning Agency

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HANDBOOK

Pro-Poor Planning and Budgeting
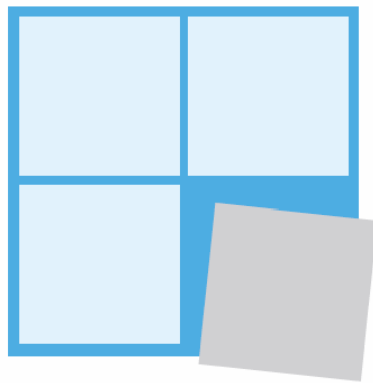
National Development Planning Agency

FOREWORD

State Minister for National Development Planning /Head of Bappenas

As mandated in the introduction of the National Constitution of 1945, the State's purpose is to improve the welfare of all citizens of the nation. However, the State and the people have not yet achieved a level of welfare in accordance with expectations.

Poverty is considered to be a complex, multi-dimensional and structural problem. At present, some poverty alleviation efforts are not yet effective in reducing the incidence of poverty as the approaches are not sufficiently comprehensive, sustainable or-well targeted to benefit the poor. Considering the complexity of poverty issues, the planning of poverty alleviation initiatives requires a comprehensive approach involving all parties. Initiatives should specify complementary policies and actions by the community, the government and other stakeholders.

Decentralization creates opportunities as well as challenges for poverty alleviation. Decentralization aims to increase community welfare through strengthening the provision of public services and by improving the accountability of government to communities. The role of regional government becomes significant in creating synergy for poverty alleviation efforts carried out by various parties. Unfortunately, not all regional governments have sufficient capacity to implement programs effectively to improve the welfare of the poor. Although resources are available, poverty reduction may receive a lower priority compared to other development priorities such as improvement of basic infrastructure. Even if poverty is listed as a main priority in planning documents, sometimes various

institutional and personnel obstacles constrain the implementation of programs in effectively reaching the poor.

In line with efforts to achieve economic growth with equity while responding to growing demands for good governance, the need for a handbook or reference for pro-poor development management has become evident. Achievement of our three main policy objectives, i.e. pro-growth, pro-jobs, and pro-poor, requires the application of practical tools to improve community welfare, especially the welfare of the poor.

Related to the above, I warmly welcome the initiative and efforts to compose the **Pro-Poor Planning and Budgeting** Handbook. With this handbook, I hope that regional governments both at the provincial and district / municipal levels, will better plan, budget and implement poverty alleviation programs so that resources will be utilized most effectively and efficiently. This effort will accelerate achievement of our goals for poverty alleviation and reduction of hunger in accordance with the objectives in the Millennium Development Goals - MDGs. We consider that the MDGs are not only a commitment, but all goals must be actualized into real action to improve the welfare of the poor.

May God bless all our plans and efforts to improve the welfare of the poor in Indonesia.

Jakarta, May 2008

H. Paskah Suzetta

INTRODUCTION

Deputy State Minister for National Development Planning/Head of Bappenas for Poverty Reduction, Labor and Small and Medium Scale Enterprises

Assalamu'alaikum Wr. Wb

A decentralized approach for national development has been applied in Indonesia since enactment of Law No. 22 of 1999 and amended by Law No. 32 of 2004 on Regional Government. With decentralization, the provision of services to the community is expected to improve and to meet the needs of all communities. In order to accelerate welfare improvement and reduction of poverty, development must be implemented with community participation. Therefore, development programs must prioritize community participation and communities should be given an active role in all phases of programs, not only during the planning phase but also during implementation, monitoring and evaluation.

Within this framework, there is a need to improve the provision of services by regional governments. Planning must focus on and accommodate community aspirations. In addition, attention should be given to the preparation of budget documents to respond to community needs and to focus on assisting those who are less fortunate.

Bappenas in cooperation with the Asian Development Bank (ADB) through the Pro-Poor Planning and Budgeting (P3B) Technical Assistance has assisted regional governments to draft pro-poor regional development plans and budgets. The technical assistance program involved 11 districts / municipalities in three provinces from September 2006 until July 2008. This cooperation produced

lessons learned from the experiences gained at both the central and regional levels. Many lessons learned from the regions relate to linking the planning and budgeting process to community needs and to legislative processes. In addition, regional governments have learned to apply tools and procedures in drafting plans and budgets to address the root causes of poverty in each district, while considering inputs from various parties. The experience of this work has generated a body of materials from which other regions can benefit.

The technical knowledge and experience accumulated during 22 months of this cooperation have been used in the preparation of this handbook. It is hoped that this will be used as a reference by the central government authorities as well as local governments. For district governments this book can be used as a guideline in applying a pro-poor planning and budgeting process.

To facilitate use of this handbook, it is presented in eight chapters. Chapter 1 presents an overview of concepts of poverty. A general explanation about pro-poor planning and budgeting is included in Chapter 2. Chapter 3 describes how to involve stakeholders in all aspects of pro-poor planning and budgeting. The key phases in preparing pro-poor plans and budgets are presented in Chapters 4 and 5. Issues that require special attention in formulating poverty alleviation programs, including monitoring and evaluation, are presented in Chapters 6 and 7. Chapter 8 describes the relationships among the chapters and how all the elements can be linked to achieve effective pro-poor plans and budgets. Chapter 8 also explains the importance of other elements i.e. capacity and institutional building to achieve effective pro-poor planning and budgeting.

The preparation of this comprehensive book has involved both experts as well as practitioners from 11 district governments. The final editing was carried out by the staff of the Directorate for Poverty Reduction. I wish to thank all parties for their close cooperation in composing this handbook. Also, I am pleased to extend my appreciation to the district governments of Wonosobo, Banjarnegara, Purbalingga, Semarang, Palembang, Ogan Komering

Ilir, Ogan Ilir, Sumba Barat, Sumba Timur, Manggarai, and Kupang for their cooperation during the past 22 months. I thank the P3B and ADB TA teams who have supported this cooperation. May the outcome of this cooperation benefit not only the 11 cooperating districts and municipalities, but also other districts and municipalities which will apply the tools outlined in this handbook. The central government, especially Bappenas, will continue to support various efforts to create concrete and positive steps to accelerate poverty reduction in Indonesia.

Finally, may this handbook always be used and benefit the government and general public to reduce poverty in Indonesia.

Wassalamu'alaikum Wr. Wb.
Deputy State Minister PPN/Head of Bappenas
Poverty, Labor and SMEs

Prasetijono Widjojo MJ.

ABBREVIATIONS

ADB	Asian Development Bank
AIDS	Acquired Immune Deficiency Syndrome
AKP	Participatory Poverty Analysis
AMPL	Potable Water and Environmental Sanitation
APBD	Regional Budget Allocations
APM	Pure Participation Rate
ASKESKIN	Health Insurance for the Poor
BAPPEDA	Regional Development Planning Agency
BLT	Direct Cash Aid
BOS	School Operational Assistance
BPS	Central Bureau of Statistics
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
DAS	River Catchment Area
DPRD	Regional Council of Representatives
DVD	Digital Video Devices
FPPM	Community Participation Development Forum
GIS	Geographic Information System
HIV	Human Immunodeficiency Virus
IPM	Human Development Index
JAMKESMAS	Public Health Insurance
KPG	Teacher Education Course
KUA	APBD General Policy
KUR	Community Business Credit Program
LSM	Non Government Organization
MDGs	Millennium Development Goals
Musrenbang	Development Planning Consultation
PAD	Regional Own Revenue
P3B	Pro-Poor Planning and Budgeting
PBB	United Nations
PGSMTP	Junior Secondary School Teacher Education
PKH	Family Hope Program
PKPS BBM	Fuel Subsidy Reduction Compensation Program
PNPM	National Community Empowerment Program
PNS	Civil Servant

PODES	Village Potential Survey
PPA	Participatory Poverty Assessment
PPAS	Ad hoc Budget Priority and Ceiling
PPP	Purchasing Power Parity
PSE-05	Social Economic Data Collection for 2005
RAPBD	Regional Revenue and Expenditure Budget Plan
RASKIN	Rice for the Poor
Renja	Work Plan
Renstra	Strategic Plan
RKA-SKPD	Work Plan and Budget – Regional Apparatus Task Unit
RKPD	Regional Government Work Plan
RPJMD	Regional Medium Term Development Plan
RPJP	Long Term Development Plan
RTM	Poor Household
SD	Elementary School
SDM	Human Resources
SGO	Sports Teacher School
SKPD	Local Technical Unit
SL	Sustainable Livelihoods
SLTP	Junior Secondary School
SMA	Senior Secondary School
SMART	Specific Measurable Acceptable Realistic Time-bound
SMP	Junior Secondary School
SMU	Senior Secondary School
SNPK	Poverty Alleviation National Strategy
SPG	Teacher Education School
SPP	Education Financing Contribution
SUSENAS	National Social Economic Survey
TA	Technical Assistance
TOR	Terms of Reference
UUD	Constitution

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Chapter 1

Understanding Poverty Reduction

Chapter 1

One of the main development challenges faced by Indonesia is to reduce the number of Indonesians who live below the poverty line. Based on information from the Central Bureau of Statistics (BPS), the incidence of poverty in Indonesia remains quite high, 16.58 percent in 2007. In line with the pro-poor policies of the government, various policies and programs are being carried out and budget allocations have been consistently increased to reduce poverty. However, with decentralization, the effectiveness of initiatives to reduce poverty depends largely on implementation at the local level. How are national policies interpreted in each district? How are development budgets spent at the local level? Do district planning documents and budget allocations prioritize poverty reduction?

In order to answer these questions, Bappenas in cooperation with 11 district and municipal governments cooperated to find a mutual understanding on pro-poor planning and budgeting and to identify effective tools to guide efforts to achieve pro-poor development.

This cooperation with 11 local governments proceeded smoothly and produced lessons learned, both positive and negative. The results of this learning process on the application of pro-poor planning and budgeting tools is summarized in this book. This book also answers various questions, e.g. what is a pro-poor plan or budget? How do we draft a pro-poor plan and budget? What are the steps to be taken? Where can we learn useful practices? Where can we obtain necessary technical assistance? This **Pro-Poor Planning and Budgeting Handbook was prepared to disseminate information on these topics and to serve as a reference for those concerned with accelerating the reduction of poverty.**

This handbook has been prepared to be **used by various stakeholders**, especially those at the district and municipality levels. District and municipal governments play a critical role in planning initiatives and allocation of budget resources to accelerate poverty

alleviation in their jurisdictions. The local legislative assemblies have a significant role in local decision making, having responsibility to review and approve planning and budget documents to benefit the poor, as well as promote regional economic growth and improve public welfare. In line with the vision and mission stated in the National Long Term Development Plan and the Medium Term Development Plan to fulfill state development ideals, various instruments in this handbook **can help regional governments to achieve Indonesia's commitment towards achievement of the Millennium Development Goals - MDGs, and specifically progress at the regional level.**

This handbook is expected to provide assistance to:
a.   Increase the understanding of key stakeholders on approaches for pro-poor planning and budgeting;
b.   Improve the quality of planning and budgeting processes by sharing technical information and methods; and
c.   Improve the effectiveness and outcomes of poverty alleviation programs through better targeting, monitoring and evaluation.

Subsequent chapters of this book consist of: Chapter 2 elaborates on steps to understand basic concepts of pro-poor planning and budgeting and approaches to review poverty at the local level. Chapter 3 explains processes to consult with stakeholders (the poor, local legislative assemblies, civil society organizations, universities, the media) on challenges to poverty alleviation, opportunities, and priorities. Chapter 4 elaborates steps in the pro-poor planning process based on the main priorities produced from integration of District Medium Term Development Plans, District Annual Development Plans and strategic / annual plans of district technical agencies, with community-based planning.

Chapter 5 further explains the process of preparing pro-poor district budgets, while giving priority to poverty reduction and achievement of the Millennium Development Goals. Chapter 6 describes implementation plans and program management issues, including systems for coordination, socialization, feedback mechanisms, and complaint management. Chapter 7 presents program monitoring and evaluation techniques based on setting realistic targets, a sound

reporting system and periodic independent evaluations. Chapter 8 presents approaches to build capacity for supporting pro-poor planning and budgeting, synthesizing the entire guideline.

This handbook has been prepared as a "**living document**" which requires constant revision and adjustment based on current developments. Therefore, the Team looks forward to inputs for revision which can be addressed to **the Directorate for Poverty Reduction at Bappenas through email: ditpk@bappenas.go.id**. The handbook is also supplemented with references in the accompanying DVD, which is an inseparable part of this document.
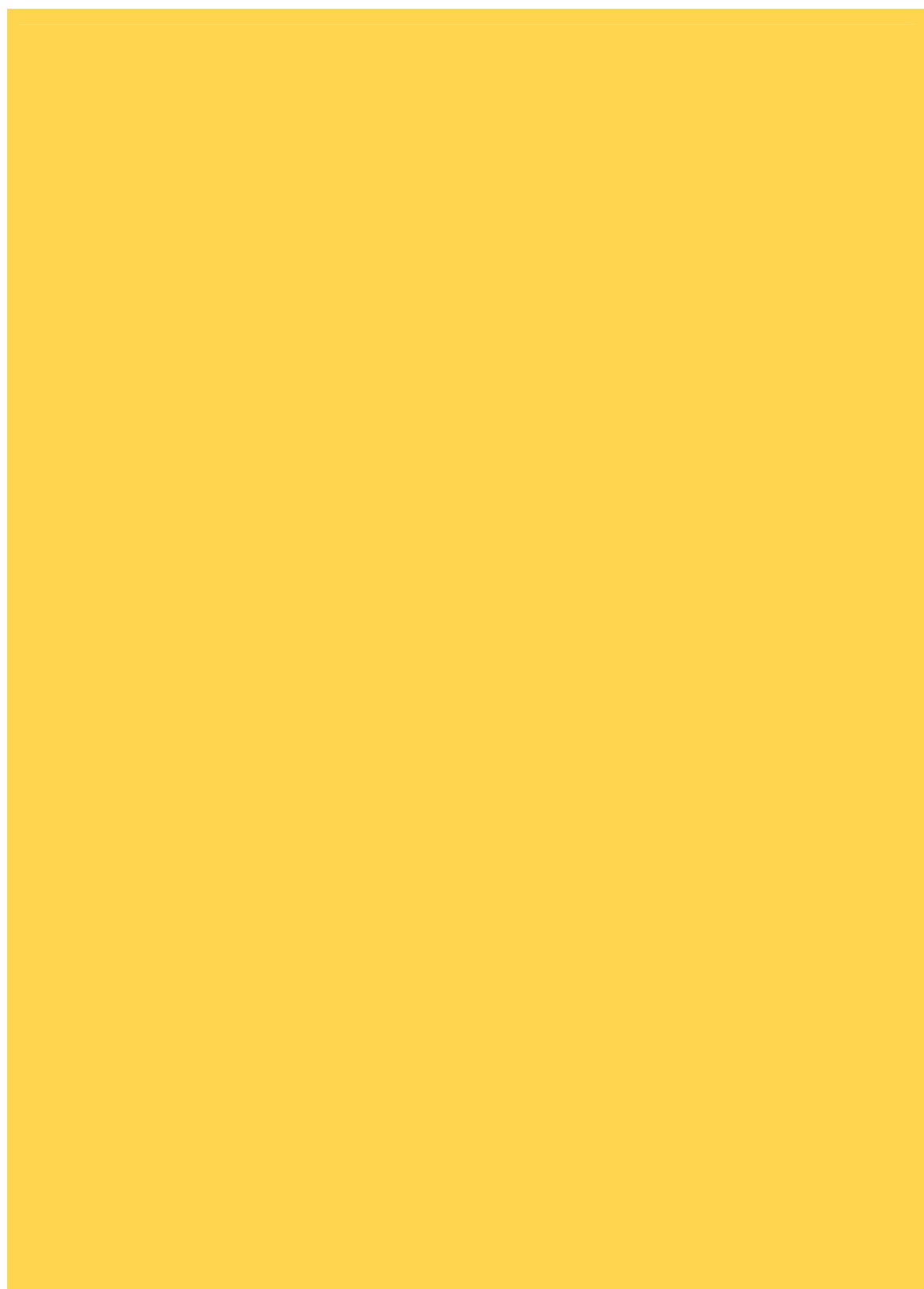
Chapter 2

Pro-Poor Planning and Budgeting:
Basic Concepts

This chapter aims to build understanding on:

- Basic concepts of pro-poor planning and budgeting
- Poverty and its root causes
- Techniques to identify the poor
- The Millennium Development Goals (MDGs)
- Use of poverty databases and poverty mapping in district planning

Chapter 2

2.1 Definitions and Basic Concepts

Pro-Poor Planning and Budgeting (P3B) is a planning and budgeting process which gives priority to poverty reduction. A plan and budget is considered pro-poor when:

i. The plan and budget aim to **overcome the root causes of poverty** and are formulated with the objective of providing assistance to the poor to access and utilize all the necessary resources to alleviate their poverty.

ii. **The poor receive special attention**, for example, activities are prioritized which provide support to the poor and more budget is allocated to benefit poverty groups as compared to other community groups.

iii. Plans and budgets from various sectors are **targeted to areas where the incidence of poverty is high or where there is a special problem related to poverty**, both direct e.g. malnutrition, or indirect e.g. construction of drinking water facilities, markets for informal sellers.

iv. The development plan is prepared to provide maximum benefits for the poor and linked to **achievement of the targets of the Millennium Development Goals**.

v. **The poor actively participate** in the development process starting from identification, preparation of plans, implementation, monitoring, up to evaluation of program activities.

Pro-poor development plans are prepared through a participatory process and prioritized to resolve the root causes of poverty and focus on the needs of the poor, among them:

- basic rights as a citizen, including the entitlement to participate in decision making that affects their lives;
- employment opportunities, increase incomes and support achievement of sustainable livelihoods;
- education, health, and security;

- basic infrastructure such as housing, clean water, sanitation, and transportation infrastructure;
- sustaining natural resources and environmental conditions; and
- protection of the benefits mentioned above.

A pro-poor budget is a budget disbursed to provide additional benefits for the poor. For example, if 40% of the community in the area is poor, the budget should allocate more than 40% to sectors/ affairs targeted to the poor or the near poor.

Pro-poor programs can be categorized into three clusters as follows:

a. **First** are those programs which provide basic services and social protection directly or indirectly **to the poor**. Included in this cluster are the public health insurance program (*Jaminan Kesehatan Masyarakat / JAMKESMAS*), Family Hope Program / *Program Keluarga Harapan* (conditional cash transfers), Rice for the Poor Program / *Program Beras untuk Masyarakat Miskin (RASKIN)*, aid for the poor and neglected children / *Bantuan untuk fakir miskin dan anak terlantar,* also ad hoc assistance including direct cash aid (*Bantuan Langsung Tunai / BLT*) and relief from natural disasters. One specific example at the district level is the provision of free services by the local government for identification cards, birth certificates, and land certificates for the poor, free health services for the poor, including transport, medication, and burial if death occurs (this has been provided in East Sumba District), and education without tuition up to senior high school (this has been done in Purbalingga, East Sumba Timur, and Kupang Districts).

b. **Second** are various types of **community empowerment programs**, which are currently being harmonized through the National Community Empowerment Program (PNPM). These include implementation of policy and poverty reduction programs in rural, urban, isolated and remote areas, regional and rural infrastructure development implemented by various departments and agencies. Communities are encouraged to be the subject of development and work to solve their poverty problems with support from facilitators. Actual support efforts by the districts include the allocation of district funds directly to

villages for rural community development activities. Programs from various sectors at the district level receive funding to empower local communities.

c. **Third** are various programs that **provide access to resources and training to small and micro enterprises** to become self-reliant. Included in this cluster are the Community Business Credit Program / Kredit Usaha Rakyat (KUR), various revolving funds programs for micro enterprises, the provision of collateral credit funding from the local government budget, land conservation programs and community-based forest management to reduce poverty implemented by the Semarang Municipality and the Districts of Banjarnegara and Wonosobo, also various training activities and the provision of capital and equipment for small and micro enterprises implemented in various regions.

Aside from the programs listed above, other supplementary support programs carried out by some districts include initiatives to improve: the collection of data on the poor to provide an improved reference for targeting; monitoring and evaluation of poverty programs; and capacity of local government to plan and implement pro-poor programs. **Other pro-poor programs** are designed **to reduce chronic poverty** such as programs that encourage communication among ethnic, religious, and racial groups **to avoid conflicts**. It is also important to mention early warning programs to advise residents of impending natural disasters, as in Manggarai District where there is a special education program on the dangers to settlement areas in those mountainous areas prone to erosion, or a program to plant mangroves along the coast to reduce storm effects.

Further discussion on pro-poor planning is presented in Chapter 4, while Chapter 5 presents further details on pro-poor budgeting. This chapter also presents a number of techniques and steps to understand and analyze poverty, which can be integrated with other

techniques and steps in the planning and budgeting process at the district level.

2.2 Understanding Poverty

We are all aware that poverty is a serious issue. Despite our commitment to reduce poverty, a critical constraint is achieving a common understanding about the nature of poverty. The following are **several definitions of poverty**.

Definition one, poverty is not just about low incomes or ownership of material wealth. According to the National Poverty Reduction Strategy (PRS, 2006), poverty is: "**a condition where a person or collective, male and female, do not receive their basic rights sufficiently in order to maintain and develop a dignified life**".

Definition two is the one used by the Central Bureau of Statistics (BPS) that defines poverty as the **inability to fulfill adequate minimum requirements**, **consisting of consumption of food equal to 2,100 kilo calories/person/day and non-foods such as housing, health, education, transport, clothing, and other goods/services**. The BPS establishes the national poverty level, which in 2007 was equal to Rp. 166.7 thousand per capita per month. The food component comprises 74.4 % of the package of food and non-food items that provide the basis for setting of the national poverty. Therefore if the price of food increases, the number of individuals classified as poor will increase.

Definition three is the international definition often used by the World Bank and the United Nations to compare poverty rates among nations. Based on this definition, poverty occurs if a person's income is below USD 1 purchasing power parity (PPP) per day. Updates done by Chen and Ravallion (2001) on the international poverty line showed that USD 1 (PPP) is equivalent to USD 2 per capita per day.

Several experts also propose other definitions of poverty. One of them is the Nobel Prize winner Amartya Sen who has written that the basic element of the condition of poverty is the lack of political,

economic and social freedom and protection. When these conditions exist the poor cannot develop their own abilities and potential. Robert Chambers, an expert in rural development, further describes poverty as an issue of being helpless, vulnerable, physically weak and isolated, which also includes a lack of political power or a weak bargaining position against other interests.

Regional governments have an understanding of poverty that focuses on multi-dimensional problems. Indicators used include both national poverty indicators and a variety of locally specific indicators which vary widely. Some districts have mainstreamed these local indicators into their planning documents. For example, Wonosobo uses ownership of gold jewelry (no more than 2 grams) and cattle (less than five head) as indicators of poverty. Such indicators, if applied elsewhere, might not be suitable. For example, citizens owning any cattle are not categorized as poor in Sumba.

At the same time, the poor themselves have various interpretations of the condition of poverty. Some of their opinions are presented in Box 2.1.

With these various definitions presented above, the local government should consider how to define poverty in their area by integrating the indicators used by the central government with indicators that describe the local characteristics.

BOX 2.1.

Opinions of the Poor on Poverty

- "Difficulty to find a job. Even if working, the result is minimal, and not sufficient to support the needs of the family. Also, as a poor person, our voices or opinions are ignored." Bp Taslim, citizen in Kincang village, Rakit sub-district, Kabupaten Banjarnegara.
- "The poor people are those never invited to any meetings in the village." Pak K, Kabupaten Bantaeng, South Sulawesi.
- "Poverty is when we go to the public health center (Puskesmas) and we get ignored because we bring our health cards (kartu sehat) which indicate we are poor." Ibu H, Kabupaten Majalengka, West Java.
- "We can not even ask why we do not receive adequate service, let alone punish the service providers. We do not have any power or ability, even to just ask." Claims a mother at Soklat, West Java (quotes from INDOPOV World Bank report titled "*Suara Masyarakat Miskin*", page. 42.)

2.2.1. The Root Causes of Poverty

The different understandings of poverty generally refers to the root causes of poverty which include:

- Lack of protection of natural resource assets can threaten livelihoods (for example: agricultural land degradation, sea and river water pollution that threaten the livelihoods of fishermen, physical conflicts among members of the community, etc.);
- Limited job opportunities;
- Limited access to business opportunities, information, capital, and other resources (for example not conducting business in accordance with legal requirements, etc);
- Lack of skills;
- Environmental conditions that are declining or prone to natural disasters, such as deforestation and flood prone areas, coastal areas or coral reefs, etc.;
- Low educational levels and poor health conditions;
- Limited access to basic services, especially health, education, housing, clean water, sanitation, and basic infrastructure;
- Expensive prices for food and other basic needs, including public services;
- Limited participation of the poor in development processes, closely linked to weak political power and the poor being marginalized in political processes; and
- A governance system that is not pro-poor.

Often we are caught in the mix-up between the symptoms of poverty and the root causes of poverty. For example, in a district where most of the poor people are farmers, the poor do not necessarily need agricultural equipment. The main issue of their poverty may be due to lack of access to land, lack of job opportunities beyond agriculture, low education levels and lack of alternative skills. Several poverty research instruments such as Participatory Poverty Assessment (PPA) or

BOX 2.2.

Participatory Poverty Analysis and Sustainable Livelihoods (SL) can be used as tools to conduct a comprehensive analysis of the root causes of poverty.[1]

To identify effective solutions and plans to reduce poverty, we need an accurate analysis and review of the perceptions and aspirations of poor communities**.** Steps to conduct research to identify the root causes of poverty include:

To Help Understand the Root Causes of Poverty, the Susenas Data (2004) Shows that Indonesian Community Groups Categorized as Poor Include the Following:

✓   69% live in rural areas;
✓   52% have no access to clean water;
✓   73% do not have clean sanitation;
✓   55% never went to school or have not graduated from elementary school;
✓   16% are illiterate;
✓   64% work in the agriculture sector;
✓   75% work in the informal sector;
✓   22% work in family businesses and are unpaid;
✓   50% live in a village without telephone connection; and
✓   28% are children under 5 years of age who suffer from malnutrition.

Source: "*Suara Masyarakat Miskin*", page 42

➢ **Step 1: Identify the key issues through a review of the macro data**.

For a preliminary identification of issues, the data provided by the Central Bureau of Statistics or the MDGs Report will provide an overview of the poverty status of each district and its position as compared to other districts, provinces, the nation, regions and even the world. An example of a poverty review using the Central Bureau of Statistics macro data is presented in Box 2.2. Note the data differences for income per capita, maternal mortality rate, elementary school drop-out rate and illiteracy rate, access to basic services and infrastructure, etc. against the existing target, including those listed in the existing strategic plans of district technical agencies, the District Medium Term Development Plan, the National Medium Term Development Plan and also the national MDG targets. Care should be taken to update the data based on field conditions.

➢ **Step 2: Review Policies**

Policies related to poverty must be reviewed, especially those that are identified as relating to the root causes of poverty. It is also necessary to determine if the district government has the

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[1]   Material on Participatory Poverty Assessment, Participatory Poverty Analysis and Sustainable Livelihoods PPA/AKP and SL, including various instruments to collect data and analyze information   is available in this Guideline's DVD.

capacity or the authority to resolve the key policy issues. If so, then it can be prioritized; if not, then it needs to be submitted to a higher level of government. Several important types of reviews include the following:

- **Policy Review**: Is there a policy that is constraining poverty reduction? Has the policy already been identified?
- **Planning and Budgeting Review**. Has an appropriate intervention been planned? Is there a budget allocation? If programmed, is it operating efficiently?
- **Targeting Review**. Has the targeted location been correctly identified? Has the target group been correctly identified, both males and females, in accordance with the criteria established relating to the cause of poverty identified?

A simple example of identifying the root causes of poverty is illustrated in Box 2.3.

➢ **Step 3: Review of field conditions**
The results of the macro data and policy review described above can be discussed jointly with the poor using Participatory Poverty Analysis (AKP). Have the causes of poverty and solutions been correctly identified and do the solutions respond to the needs of the community? Is the issue related to the lack of a policy relating to the provision of public services? If a policy does exist, is it appropriate and effective? From Step 3, if necessary Step 1 can be repeated to review the results of the Participatory Poverty Analysis within the results of the macro analysis.

➢ **Step 4: Program Setting**
From the analyses to identify key issues, the program can be formulated to respond to the problems identified in accordance with local capacity. Sometimes not all problems can be resolved within one fiscal year, therefore longer term plans and budgets for several years should be considered.

Sometimes responses to problems should not be in the form of a program. Responses to key issues can take the form of adjustments in the system of service provision or in the improvements in the quality of the services.

> Often we are caught in the mix up between the symptoms of poverty and the root causes of poverty. For example, in a district where most of the poor people are farmers, the poor do not necessarily need agricultural equipment

BOX 2.3.

A Simple Example of Efforts to Identify the Root Causes of Poverty is the Following:

Issue
Data on education showed the net participation rate for elementary school in one district in Sulawesi to be only 70%, while the MDGs target is 100% and the provincial achievement rate had reached 90%. What is the root cause of the lower net participation rate in this district?

Policy review:
o   The results of the analysis showed that the formal education standard for a candidate to become a civil servant elementary school (SD) teacher is a minimum of a "D2" diploma, for junior secondary schools (SMP) the minimum is a "D3" diploma, and for senior high schools (SMA) the minimum is a bachelor's degree (S1). Therefore, graduates of some teacher schools (such as SPG, SGO, KPG, and PGSMTP) do not have access to teaching jobs even though their teaching capacity is sufficient. On the other hand, some schools do not have enough teachers, and this affects student motivation.
o   Teacher salary scales remain the same and equal for all schools, therefore many teachers in remote areas are not motivated to carry out their tasks; some even opt not to teach.
o   Nevertheless, there is a policy to eliminate school tuition and education subsidies.

Planning and Budgeting Review
o   There are no plans or district funding allocations (APBD) to provide subsidies for text books.
o   Although district budget allocation (APBD) for the education sector is moderately high, the portion to support activities outside school only exists for Packet C.

Targeting Review
o   According to the Work Plan (Renja), the program locations are not limited to locations with a low elementary school participation rate.

Field Review
o   A scholarship program to benefit students with high levels of achievement or the children of poor households has not been well targeted because data on students from poor households is not available.
o   The membership of school committees generally consists of parents who are well off. Thus their decisions sometimes fail to address issues of the poor students, let alone those not in school.

BOX 2.3. (Cont'd)

o   There are often low numbers of teachers in remote areas with low elementary school participation rates. According to the community, teachers often live in urban areas and seldom teach.

o   According to the poor, although tuition has been eliminated, there remain fees for the school committee, books, uniforms, and school transport, especially for Senior Secondary School which are usually located far away from the rural villages.

Based on the analysis above, the proposed program includes the following components:

Program 1:
o   Teacher upgrading program for those teachers graduating from SPG, SGO etc.
o   Support to recent graduates who desire to be teachers so that they can receive teaching certificates.

Program 2:
Allocation of a financial incentive for teachers assigned to remote areas combined with training incentives and accelerated promotions.

Program 3:
Scholarships for students from poor households, especially to cover transportation costs, uniform fees, books and other fees.

Program 4:
o   Improvement of the database on the children from poor households who should be attending primary school in the district.
o   Review and adjustment of the district's targeting and school locations to give priority to those areas with low elementary school participation rates.

2.3. Identifying the Poor

Identification of the poor to be targeted as beneficiaries of a program **is not always easy**. Criteria for defining the poor are often unclear in program documents, or even nonexistent. The Bappenas review of results (2007) on the Fuel Subsidy Reduction Compensation Program (PKPS BBM) revealed a problem in targeting. For example, **the level of effectiveness of Health Insurance for the Poor (ASKESKIN)** in reaching the poor in five provinces was below

19%. The School Operational Assistance Program (BOS) also was not completely successful in targeting poor children in the schools. At the same time rural infrastructure development provided **more benefits** to third parties rather than directly to the poor through the creation of employment opportunities.

Accurate data on field conditions will contribute to improve targeting of programs and activities to benefit the poor. Currently, the national data base of the Central Bureau of Statistics provides information to the district level. At the village level, although the Village Potential data (PODES) is available from the Central Bureau of Statistics, updates are only done every five years. Therefore, although many programs both national and regional use the Bureau of Statistics data as a reference, implementation at the sub-district and village level should still rely on regional data. The following elaborates methods to identify the poor carried out by the Central Bureau of Statistics and other parties.

2.3.1 Central Bureau of Statistics Poverty Data

As explained previously, identification of the poor by the Central Bureau of Statistics principally measures the inability of households to fulfill their minimum food and non-food needs. The basic data is from the National Economic and Social Survey (SUSENAS) which is carried out annually. The poverty data produced is based on sampling which generates estimates of totals and percentages of the population who are below the national poverty line. Although the SUSENAS samples are being enlarged, it does not identify the entire poor population and their places of residence.

In support of the Direct Cash Aid program (*Bantuan Langsung Tunai* /BLT) targeted to poor households, the Bureau of Statistics carried out the Social Economic Data Collection Survey (PSE-05) in 2005. Using the 14 criteria listed in Box 2.4, it was found that there were 19.1 million poor households (RTM), consisting of 3.9 million extremely poor households, 8.2 million poor households and 7 million near poor households. Based on the experience from implementation of the Direct Cash Aid program, the accuracy of the data was questioned.

"

Accurate data on field conditions will contribute to improve targeting of programs and activities to benefit the poor. Currently, the national data base of the Central Bureau of Statistics provides information to the district level.

"

BOX 2.4.

Criteria to Determine Poor Households in PSE-05:

1. Size of house floor space less than 8 M2 per person.
2. House flooring made from soil / bamboo / cheap wood.
3. House walls made of bamboo / palm leaves / low quality wood /cement without plaster.
4. Lack of toilet facilities or jointly shared with other households.
5. Household lighting resources not using electricity.
6. Potable water resources from well / unprotected spring / river / rain water.
7. Fuel for daily cooking is fire wood / charcoal / mineral oil.
8. Only consumes meat / milk / chicken once a week.
9. Only purchase one set of new clothes in one year
10. Only can afford meals once or twice a day.
11. Unable to pay medical fees at the public health center (Puskesmas) or Policlinic.
12. Head of household income source is: Farmer with land size 0.5 hectare or less; farm worker; fisherman; construction worker; plantation worker; or other jobs with income lower than Rp. 600.000 per month.
13. Head of household highest education: uneducated / not graduate from elementary school / graduate from elementary school.
14. Does not possess savings / easily sold goods with minimum value of Rp.500.000, such as motorcycle (credit /non credit), gold, cattle, motor boat, or other capital goods.

In support of the launching of the Family Hope Program (Program *Keluarga Harapan* /PKH) trial which is a conditional cash transfer program with conditions linked to education and health, the Central Bureau of Statistics resurveyed the extremely poor households (RTSM) found during the PSE-05 in 49 trial Districts in West Sumatra, Jakarta, West Java, East Java, Gorontalo, North Sulawesi, and East Nusa Tenggara. Considering the mis-targeting found during the implementation of the earlier Direct Cash Aid (BLT) program, the Bureau of Statistics found that four criteria were hard to verify in the field i.e. criteria number 8, 9, 10, and 14. Selected household data was supplemented with a roster of more detailed information about all members of the households, for example: the mother's name; child's name, education level, health condition; access to services; child employment, etc. In line with the plan to expand the Family Hope Program (PKH), a comprehensive national data base is being assembled to cover all regions. With a more accurate data base it is expected that various other programs will better target the poor and contribute to reducing poverty.

2.3.2. Regional Data

Aside from data on the poor households as discussed above, there is a regional based approach to identify the poor. Considering the mistargeting found using the BPS database, the community empowerment programs (PNPM) generally rely on the community themselves to determine the targeted beneficiaries of poverty reduction initiatives. This is done by the community using local poverty criteria that vary among villages. Exclusive reliance on the BPS data can result in local conflicts. The setting of target groups by the communities themselves can reduce conflict when an open and participatory process is used.

Two approaches used to determine beneficiary targets of programs are:

➢ **Sociological**, i.e. an approach that focuses on community groups that are neglected or do not have access to basic services and capital. In **rural areas** for example, the focus would be on farmer groups not owning land or living in areas prone to natural disasters, or fishermen not owning boats. **In urban areas**, the focus would be on street kids, small peddlers, trash collectors, etc. **Remote, traditional community groups have special needs that require a more sensitive approach according to their cultural values**. **Similar to senior age groups, handicapped and socially dysfunctional groups that require special attention so the program and activity are designed according to their needs.** Women are important, specifically those who act as head of household and work around 18 hours a day and produce half of the world's food, while receiving only 10% of the world's income (UN Statistics, 2006). Data disaggregation based on sex can help to review, analyze and plan in terms of gender mainstreaming — i.e. focus on different situations, needs, and aspirations of males, females and children.

> **Spatial**, i.e. an approach based on administrative regional units (village or sub-district / *kecamatan*) or based on geographic characteristics. Poverty data based on administrative regions can be obtained from the Central Bureau of Statistics and various reports including the MDG Report and the Human Development Report. While for data based on geographic or environmental units such as coastal areas, remote high mountains, river basin areas, or other ecological units can be obtained from the reports of the regional technical agencies (*Satuan Kerja Perangkat Daerah* / SKPD) and specific surveys, for example the incidence of malnutrition, total number of elementary and junior secondary school students not graduated, the total number of health officers at the village level, etc.

For example, the map below shows the incidence of malnutrition cases in 2006 in each sub-district of East Sumba District. This spatial presentation of data can be used as a reference to identify those areas with a higher incidence of malnutrition. These areas can then be given priority to in improving related services from public Health Clinics (*Puskesmas*).

Chart 2.1.

Malnutrition Mapping per Sub-District/ Kecamatan
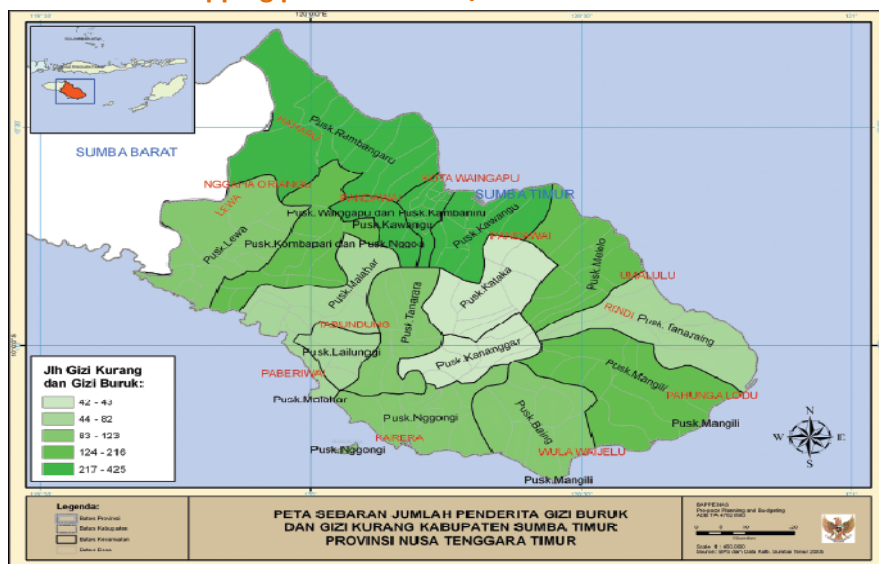
2.3.3. Millennium Development Goals

The Millennium Development Goals (MDGs) provide a framework that can help us understand and measure poverty as a multidimensional problem. The MDGs are the result of a declaration made by 189 nations of the world, including Indonesia. There are 18 targets further detailed into 59 sub-targets from the eight MDGs to be achieved by the end of 2015 (Box 2.5). Further information on the MDGs and the current status of achievement in Indonesia are presented in the Handbooks list of references and the accompanying DVD.

BOX 2.5.

The Eight Millennium Development Goals to be Achieved by 2015:

Goal 1 - Eradicate Extreme Poverty and Hunger:
o   Reduce by half the proportion of the population with income less than $1/day within the period 1990-2015.
o   Halve, between 1990 and 2015 the proportion of people who suffer from hunger.

Goal 2 - Achieve Universal Basic Education:
o   Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Goal 3 - Promote Gender Equality and Empower Women.
o   Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

Goal 4 - Reduce Child Mortality:
o   Reduce by 2/3 between 1990 and 2015 the under five mortality rate.

BOX 2.5. (Cont'd)

Goal 5 - Improve Maternal Health
o Reduce by ¾ between 1990 and 2015 the maternal mortality rate.
o Achieve by 2015 universal access to reproductive health care.

Goal 6 - Combat HIV/AIDS, Malaria, and Other Diseases:
o Have halted by 2015 and started to reverse the spread of HIV/AIDS.
o Have halted and started to reverse the incidence of malaria and other diseases.

Goal 7 - Ensure Environmental Sustainability:
o Integrate sustainable development principles into national programs and policies and reverse the loss of environmental resources.
o Reduce to half the proportion of people without sustainable access to clean potable water and basic sanitation facilities.
o Improve the lives of at least 100 million people living in slum areas by 2020.

Goal 8 - Develop Global Partnerships for Development:
• Including transparent trade and financial systems, good governance, free tariff quota for exports, reduce debts, increase development aid funds, open job opportunities, provide access to basic medication with affordable prices, and utilize modern technology benefits.

2.4. Measuring Poverty

Some districts are working to assess poverty in their regions using local adaptations of various approaches. One example of this work, the experience of Central Aceh, is presented as Box 2.6. This district has classified the welfare of households using local indicators.

Mapping and **Score Cards** can be used to illustrate data trends, especially related to the achievement of the MDGs. This method is effective to disseminate information on the **incidence of poverty** in a region, to support decision making on planning and budgeting, and to request program (and budget) support required to solve poverty issues.

Data on the indicators of the MDGs can be mapped to identify those areas (for example sub-districts) where there are significant poverty problems. The score cards are completed based on updated data from the Bureau of Statistics, Local Technical Unit, and other agencies and present the status and annual trends in achievement for these indicators by region. Comparisons among indicators for the indicators of the MDGs will indicate where special attention should be focused. Reviews based on the MDG indicators will identify differences among regions. Although there is the possibility that not all MDGs can be achieved locally, **priority should be given to accelerate progress to 2015**.

BOX 2.6.

Household Classification Based on Level of Welfare for Kute Panang village, Central Aceh:

JEMA TEMAS (RICH):
- Owns at least 3 hectares of plantation, car, house, motorcycle, mobile phone, electricity
- Education of children until college
- When ill, can afford to go to a specialist
- Possess a large water tank
- Carry water using public transport

JEMA NYANYA (MODERATELY WELL-OFF):
- Have a house without yard, no electricity, use gas light.
- Have a plantation but share proceeds, or have a plantation but far away.
- The children graduate from SLTP/SMA
- When ill, can afford to go to a Health Clinic (Puskesmas)
- Possess a motorcycle to carry water

JEMA LEGIH (POOR) :
- Do not own land, yard or house
- Work in someone else's farm
- The children graduate from primary school (SD) or are not educated
- When ill, get traditional medications
- Carry water on their backs

Chart 2.2 is an example of a score card prepared for a district in Central Java for two MDGs. This card compares MDG achievement for the district of Banjarnegara with the status of achievement for the province of Central Java and the nation.

Chart 2.2.
Example of MDG Score Card for the District of Banjarnegara, Central Java
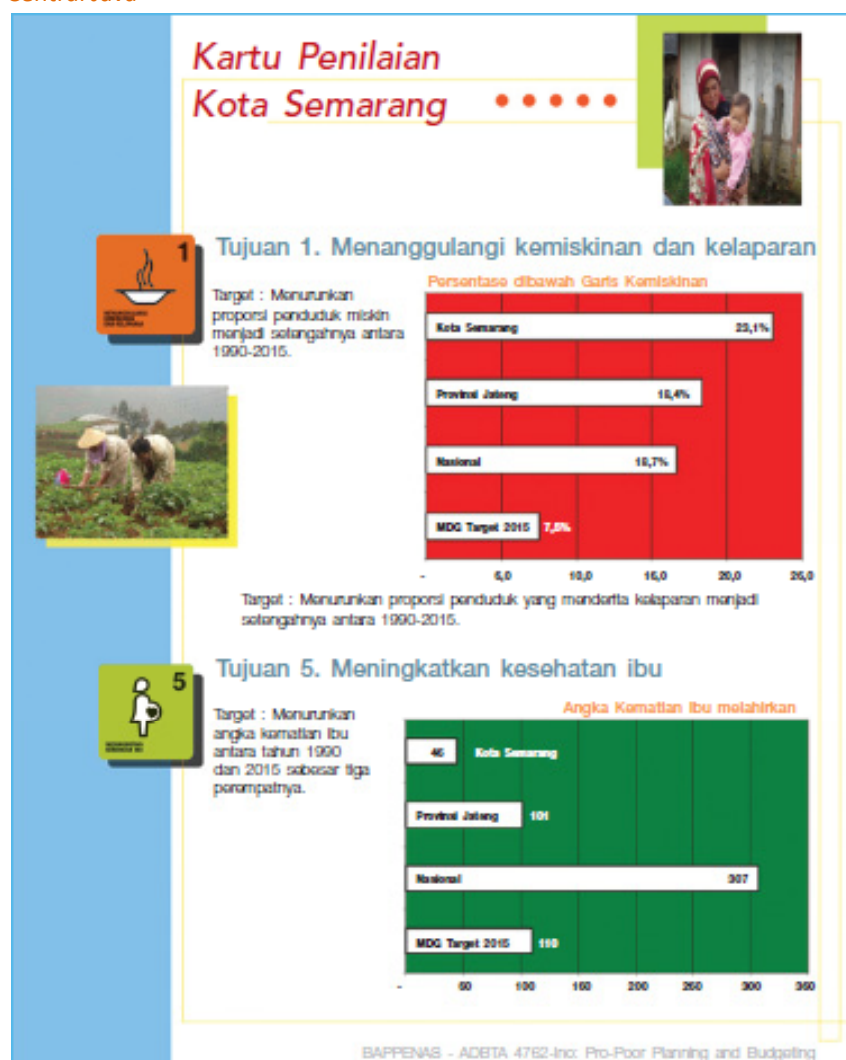
2.5 Poverty Mapping

Presenting information on poverty in the form of a map is a good instrument to support further **analysis on the conditions and causes of poverty**. Poverty mapping produces a graphic image that presents the geographic distribution of a region's poverty measurements such as the incidence of malnutrition, education levels, discriminative treatment, total or percentage of population under the poverty line, etc. The advantages of poverty mapping include the following:

- Clearly define the conditions of a region and the poverty situation, suggesting solutions and facilitating targeting of assistance;
- Support improved formulation of programs or activities, including beneficiary identification, both socially and spatially;
- Support improved inter-sectoral integration in addressing poverty (including elimination of program duplication);
- Support review of plans and budgets, so that budget allocations are more effective and efficient while minimizing the **potential for conflict**.
- Increase transparency in the development process and support public review.
- Support program monitoring and evaluation.
- Improve government communications with the media and communities.

An overview of the procedures to set up and utilize databases on poverty and to create poverty maps based on the databases is illustrated in Box 2.7, Steps to conduct poverty mapping. The process of producing these maps is presented in greater detail in the DVD which is a part of this handbook.

BOX 2.7.

Steps to Prepare Poverty Maps:

1. Collect all data necessary, as discussed above.

2. Input all the data into a database or Excel spreadsheet for analysis using this software.

3. Use GIS software to plot the data on the base map according to administrative units (for example sub-districts or villages).

4. Carry out comparative analyses using inter regional-administrative data applying color gradations or symbols to illustrate spatial differences.

5. Carry out cross analyses among poverty indicators linked to color gradation or symbols or other graphics.

Chart 2.3 illustrates an example of the distribution of the poor by neighborhood (*Kelurahan*) in Palembang city. The numbers of poor people are shown by the different colors. Darker colors show that there are a greater number of poor in a neighborhood and that they need more assistance as compared to other neighborhoods.

Chart 2.3.

The Spatial Distribution of the Incidence of Poverty by Neighborhoods in the City of Palembang, South Sumatra
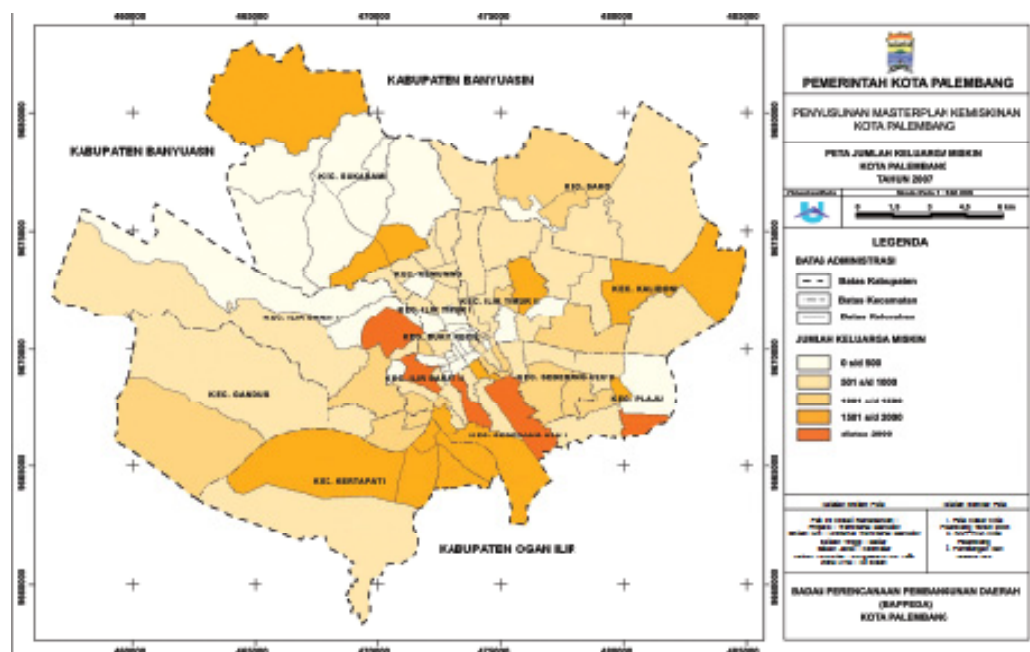
How to use poverty maps

1. Horizontal Comparative Analysis, i.e. comparing various poverty related conditions /measurements /policies within a single time frame. A sample of **horizontal comparative** analysis:

o The distribution of the poor and regional budget allocations by Sub-district in a District in 2005;

o The distribution of Public Health Clinics (*Puskesmas)* and the population with malnutrition by Sub-district in 2005;

o The distribution of elementary school and junior secondary schools buildings for each sub-district and the distribution of children of age to attend elementary and junior secondary schools.

2. Vertical (time series) comparative analyses, i.e. comparing similar poverty related conditions / indicators /policies across several time frames. A sample of a **vertical comparative** analysis is the following :

o The distribution the poor by Sub-district in 2004 compared to 2005;

o The distribution of population suffering from malnutrition by Sub-district in 2004 compared to 2005;

o The distribution of school age children (elementary and junior secondary ages) in 2004, 2005 and 2006.

BOX 2.8.

Overlay of these data bases on poverty maps can support additional comparative analyses, as described in Box 2.8.

An example of an application of this process is the Clean Water Map presented in Chart 2.4. This map presents the availability of clean water for each Sub-district using color analysis and overlaid with the development plan budget for 2008. By studying this map, we can clearly understand the availability of clean water in

The Main Steps to Overlay Budget Data on Poverty Maps are as Follows:

• Use the comparative analysis result map and cross analysis between one poverty indicators with other related indicators.

• Input regional budget allocation values or an activity or program value into the database based on administrative units.

• Link the values with the layer base map according to its administrative level using GIS software.

• Conduct a comparative analysis between poverty indicators related to the activity or program using color grades and budget values using symbols.

each Sub-district as compared to development plans and budget. The overlay shows the placement/development plan according to needs/issues.

Chart 2.4. on the next page presents an example of a map presenting clean water for the sub-district of Kepil in Kabupaten Wonosobo Central Java that was used in planning and budgeting for 2008. The darker color shows the available network of clean water and the yellow one or lighter one shows the lack of availability. Ropoh village for example, is a good choice to place a clean water development activity according to needs, where the village does not yet have any access to clean water. While Bener village already has access to clean water and does not require additional funding support, while other villages in that sub-district have no access to clean water such as Pulosaren, Gadingrejo and Tegalgot villages.

Chart 2.4

Mapping of the Availability of Clean Water in Sub-district Kepil with Notes on Budget Plans for 2008 by the District Government of Wonosobo, Central Java
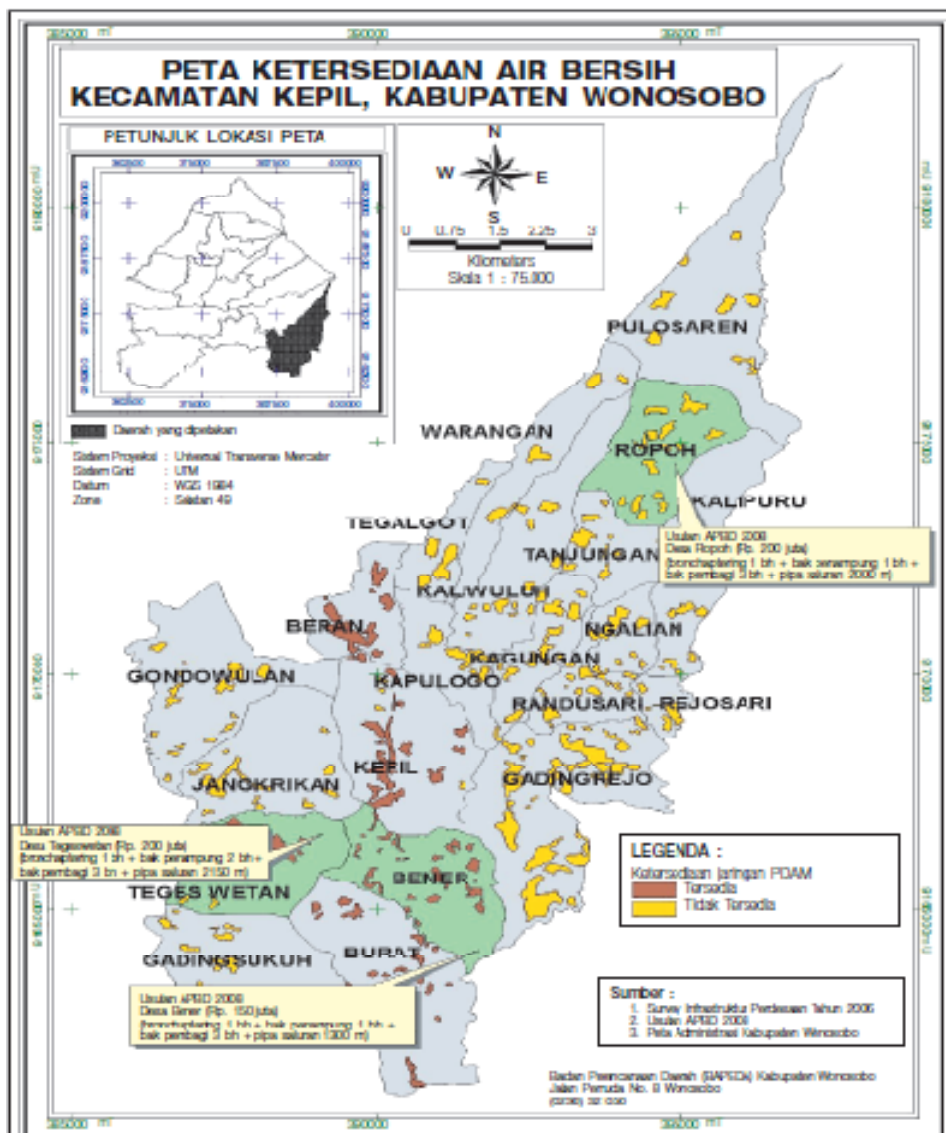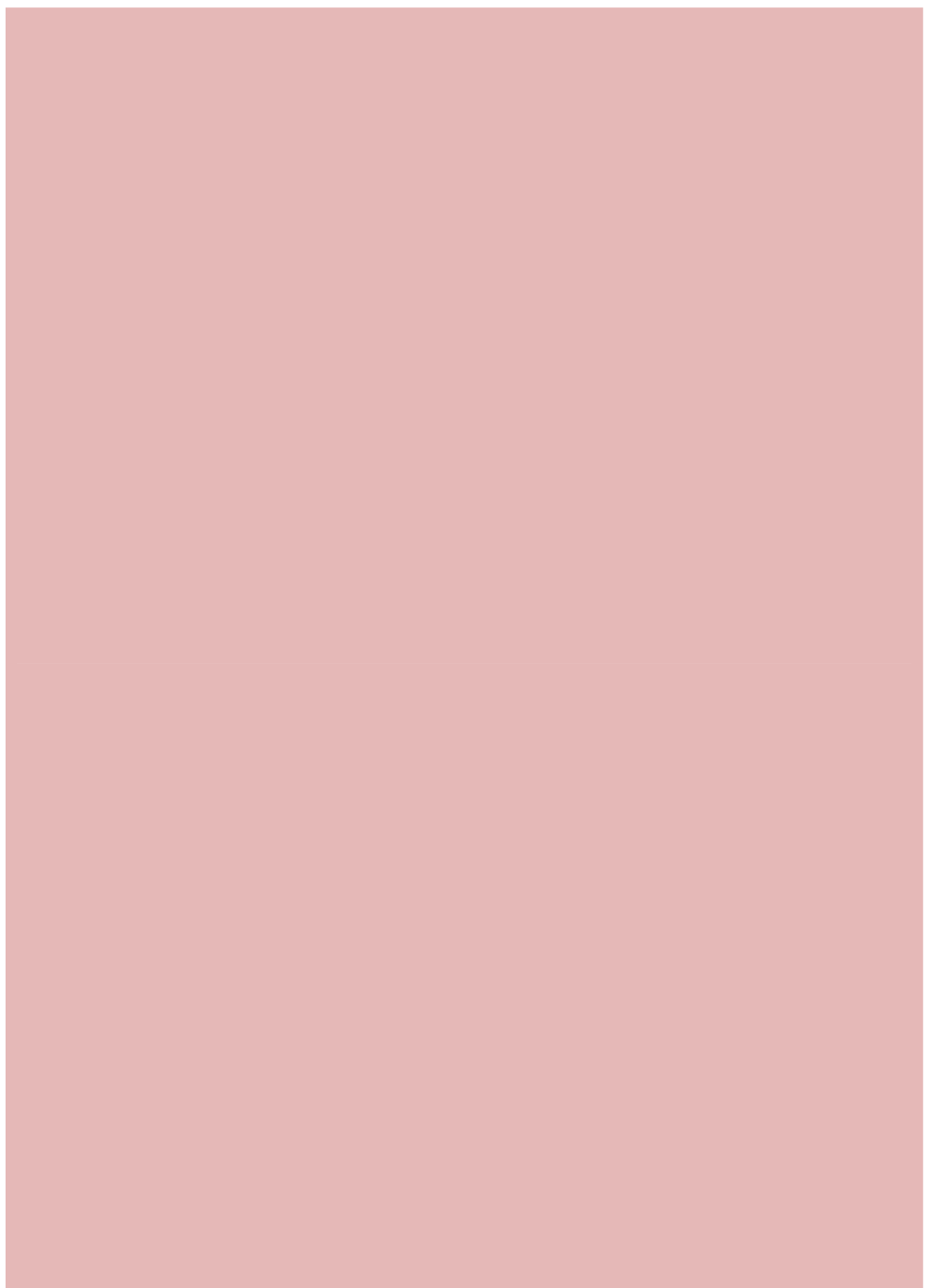
Chapter 3

Optimizing the Roles of Stakeholders

This chapter aims to assist us in increasing the participation of:

- the poor
- civil society organizations (community organizations)
- members of district assemblies
- mass media
- private sector /business sector

Chapter 3

3.1 Cooperation with all parties: Why is it necessary? With whom and when?

Stakeholder cooperation is a form of participation that underlies the approach and determines the success of pro-poor planning and budgeting. This cooperation has various forms, from merely providing information (one way), to accommodating inputs, to joint decisions. Results improve as participation tends towards the joint decision approach. Participation basics are described in Box 3.1.

All stakeholders need to participate to **reduce poverty efficiently and effectively**, including reducing the potential for conflict and improving transparency and accountability. This is necessary due to limited resources. Because each stakeholder has different resources, information, interests, needs, and role, they need to be harmonized to create a positive impact for the region and its community[2]. Stakeholder consultations and cooperation is mandatory, as stated in several regulations among them Government Regulation number 8 of 2008 on Drafting, Controlling and Evaluating Regional Development Plans. Stakeholder cooperation should be carried out in all development planning and implementation phases, from problem identification, setting policy, to performance and output monitoring and evaluation.

BOX 3.1.

Participation Basics:

- Participation in a democratic system is the facility to :
    - Respect the sovereignty of the community
    - Channel public (community) aspirations to the government
    - Involve the community in decision making
    - Avoid power abuse by leaders
- Participation is every citizen's ENTITLEMENT as well as OBLIGATION to enforce good governance

Source :
Collection of Participatory APBD Modules
(FPPD, FPPM, Ford Foundation 2004, page 30)

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[2] "Synergy" is the technical term that means the outcome of resource X added with resources Y does not equal X + Y but X + Y + Z, where Z is the "extra" outcome due to combination/integration of two resources X and Y. "Synergy" is linked to the old term "integration", which is seldom used in a clear and technical meaning.

BOX 3.2.

Stakeholder Cooperation:

In Wonosobo District, Central Java, the regional government in cooperation with NGOs and the Regional People's Representatives Assembly (DPRD) sought input from the poor community related to their priorities and needs in accordance with their livelihoods. The implementors of this activity made a list of tasks required to draft a regional poverty reduction strategy. All stakeholders participated in the process in the field.

The role of NGOs is to ensure that the poor, including women, can participate in the process to identify the causes of poverty. The role of the district government is to ensure that the voices of the poor are reflected in the work plans of each sectoral agency. The role of regional representative assembly members is to ensure that the needs of the poor are accommodated when drafting the annual budget document (APBD).

Serious consultations and cooperation requires a time, *energy*, *commitment*, *skills*, and attitudes, and perhaps also funding. Nevertheless, the jointly drafted program will build a sense of ownership for all stakeholders, thus enabling a higher level of participation and greater success. Therefore financing to support consultations and participation must be allocated routinely in each regional budget. Box 3.2 illustrates one example of stakeholder cooperation in Wonosobo.

3.2 Consulting with the Poor – Our Partners

The poor are one of the main stakeholders in poverty alleviation, because they are the ones who best understand their needs at the local level. Unfortunately their role in development is often disregarded or they do not have access forums to discuss options to addresss their poverty problems.

How can we involve the poor community in poverty reduction efforts?

Steps or **practices** to involve the poor include the following:
- Identify the poor accurately and clearly, according to their conditions, culture, and local values, while considering national and international benchmarks (see Chapter 2).
- During the formal planning process, involve the poor as resource persons, actors and decision makers during Musrenbang forums. The poor can participate in formal planning processes through the following efforts, including through assistance provided by facilitators (e.g. local NGOs) and

group discussions among the poor themselves, which then assign their representatives to participate in the Musrenbang. Village level meetings (Musrenbang Desa) can be inclusive to ensure community involvement and participation in following Musrenbang forums. Therefore, stakeholders that represent the poor must be identified. Ideally, a direct representative of the poor community should be assigned, to avoid third parties that consider themselves to be representives of the poor. Local NGOs that, in practice, cooperate with the poor can take the lead role, if they are supported by the community

- Inserting consultations in other processes, e.g., poverty analysis and monitoring and evaluation processes (participatory monitoring and evaluation is further discussed in Chapter 7).

- The "voices of the poor" can be accommodated in forums and other meetings including those with the mass media as well as through the use of other instruments, including Civic Report Cards, (see useful sources / mechanisms), complaint mechanisms (Chapter 6), protests and rallys, etc.

3.3 The Role of Civil Society Organizations

Civil Society Organizations (CSOs) are organizations that are generally aware of the importance of community livelihoods in the development process. **Civil Society Organizations take various forms, including as community groups, Non Government Organizations (NGO), religious organizations, professionals associations, business associations, mass organizations,** etc, some are formal, and others are informal, even functioning as networks. Some are specially established by the poor themselves, such as informal associations of rickshaw drivers, market porters, etc.

BOX 3.3.

The Role of Civil Society Organizations:
More than 10 civil society organizations in East Nusa Tenggara, West Nusa Tenggara and Sulawesi Tenggara discussed their role in encouraging pro-poor planning and budgeting at a workshop in Kupang. According to this group, **the role of civil society organizations** in support of pro-poor planning and budgeting is to:

- Assist villages in creating village development plan, annual budget and village regulations that are pro-poor and supportive of women and children. This process builds the village elite and well off community empathy for the poor and women (SANTAI Foundation in West Lombok, Bahtera Foundation and PAKTA in West Sumba)
- Guide and conduct multi party discussions to create district budget allocations for health and education that are pro-poor (PIAR Foundation - Kupang)
- Encourage the formulation of pro-poor regulations (Pencinta Alam Foundation - Kendari, PIAR - Kupang)
- Jointly with regional governments and universities, create local poverty indicators (Forum Koppesda – East Sumba)
- Discuss with regional governments and the regional assemblies (DPR) on budget allocations to support villages, to ensure transparency and that priority is given to the poor and women, (Civil society Forum /FORMASI-Sumba)
- Encourage budget openness for example interactive radio with the Regent or regional representative assembly (STIMULAN Foundation in East Sumba)
- Bring issues relating to poverty and the MDGs, from the village level to decision making level (AYO Indonesia Foundation - Manggarai and Delegasi Sosial Manggarai)

In the poverty alleviation context, civil society organizations have a significant role. Civil Society organizations possess resources, knowledge, professional staff, network, political power, funding and other resources that they can disburse, individually or collectively to achieve poverty alleviation. Civil society organizations role often needs to be strengthened through capacity building. For example: if a civil society organization provides input for drafting a budget, the members will require sufficient knowledge and skill in budget analysis. (Further on capacity building in Chapter 8.). Several roles of civil society organizations in the regions are illustrated in Box 3.3.

How can we forge solid coordination and partnerships among civil society organizations and other stakeholders?

> *Step 1: Build trust*

Cooperation, coordination or partnerships can be sustained if each party adheres to the principles of equality, openness, and mutual respect. Openness is necessary to develop mutual understanding. In this context, openness is not limited to information, but each party must also understand each others expectations and limitations within a framework that is

acceptable to all. Building trust originates from getting to know each other. This can be started with simple things, such as:

- sharing information on the ongoing poverty alleviation efforts;
- exchange of invitations when conducting an activity; and
- sharing constructive comments on activities carried out.

Openness is necessary to develop mutual understanding. In this context, openness is not limited to information, but each party must also understand each other's expectations and limitations within a framework that is acceptable to all

> ### Step 2: Create a communication forum

With the numerous civil society organizations that are found in all areas, a communication forum among civil society organizations can provide an option to increase awareness of poverty issues. Although this sort of forum is generally flexible, a regular set of activities is important so that each party has a greater opportunity to exchange ideas and experiences. A mutually agreed upon theme is necessary to establish such an inclusive forum, which can accommodate various interests.

This forum need not always meet physically, but it can be developed through a mailing list or discussion forum on the internet. An example of a well developed forum is: *Kelompok Kerja Air Minum dan Penyehatan Lingkungan* (AMPL) in **www.ampl.or.id** and *Forum Pengembangan Partisipasi Masyarakat* (FPPM) in **partisipasi@yahoogroups.com**.

> ### Step 3: Assigning roles

In the planning phase, civil society organizations can act as **facilitators for the development planning consultation (Musrenbang)** process. Recent observations on the consultation process indicate the there is often little participation by the poor. Civil society organizations, as an open and inclusive process facilitator, can "channel" community aspirations and significantly contribute to various planning processes.

Some civil society organizations actively participate in **policy making** linked to poverty reduction. Civil society organizations can play roles in program drafting and research, in supervision, monitoring of implementation, and conduct outcome and output evaluations (further described in Chapter 5 and Chapter 7). Civil society organizations can also assist villages in executing development programs funded by village allocations. Another possible role of civil society organizations is to assist district government officials in preparing the district poverty reduction strategy (SPKD), as was done in Banjarnegara and Wonosobo district, Central Java from 2006 to 2008.

3.4 The Role of Regional People's Representative Assembly Members

The role of Regional Representatives Assembly members in budget drafting is very strategic, it is their responsibility as members of this legislative council. Regional Assembly members are expected to promote the interests of their respective voting areas, but they are also directed to support the poor. Officials from district governments and staff of civil society organizations can work to increase the awareness of Regional Representatives Assembly members on issues related to poverty reduction. Box 3.4 illustrates the benefits of discussion with rassembly members on pro-poor planning and budgeting.

BOX 3.4.

Discussion with Regional Representatives Assembly Members: Very Useful

Discussions with Regional Representatives Assembly (DPRD) members on pro-poor planning and budgeting were held in several districts and cities participating in the Pro-Poor Planning and Budgeting Project (P3B). Questions often emerged about the issue that Regional Assembly members are elected based on constituent areas, so that they will work to ensure their area is included in a program. However, if this is applied throughout Indonesia, how can the poverty problem be resolved?"

Another issue is about the vision required to make progress in areas with a higher incidence of poverty and whether these areas should receive larger budget allocations compared to other areas? All areas receive funding, but there is additional concern and "extra" budget for poorer areas.

In several districts, due to discussions like these, Regional Assembly members reviewed the entire Regional Budget drafting process as it related to budget priorities to reduce poverty and asked if existing programs can respond to all the problems. With these types of discussions and increased understanding of poverty issues, budgeting and planning will be better prioritized and targeted.

Based on the experience of the P3B Project, steps we can take to improve mutual understanding and cooperation among the executive and legislative branches of government and the public in advancing poverty reduction are as follows:

➢ *Step 1: Mapping the Positions of Regional Assembly Members*

To conduct mapping each regional assembly members respectively related to the poverty issue, we can use the Stakeholder Analysis Matrix filled out with information on attitudes towards poverty issues and the level of impact of each member (for example, if they are members of budget committee). The regional planners are expected to act accordingly in consulting each board member with this mapping (see Table 3.1.).

Table 3.1.
Stakeholder Analysis Table for Pro-poor Planning and Budgeting
Observation dates ....

Fraction	Member name	Budget committee member		Interest on pro poor planning / budgeting issues	Capacity to influence decisions (+5 to -5)	Position on issues (+3 to -3)
		Yes	No			

> *Step 2: Develop Discussions*

Among the keys to success in regional planning are **open communication and provision of information to stakeholders, including DPRD members.** Based on the mapping of positions of stakeholders / regional assembly members as described in step 1 above, the discussion theme can be further developed to improve **poverty reduction initiatives**. Discussions can also be used to ensure broad support for poverty reduction activities. Among the discussion theme selections that can be developed are:

- Basic concepts on pro-poor planning and budgeting that will build the commitment of regional assembly members, especially members of the budget committee.
- MDG achievement status (use *Score Card MDGs* as illustrated in Chapter 2), regional Human Development Index and various other indexes, compared to the achievement rate in other regions, provinces, the nation and internationally.
- Analysis of budget priorities of the previous year as compared to current budget proposals, with special attention to allocation related to achievement of the MDGs and the district's Human Development Index status.
- Ideas on development priorities for the future to respond to the challenges in reducing poverty.

Regional Representatives Assembly Member Participation in Development Planning Consultations

There is great interest among Regional Representative's Assembly members in participating in the Development Planning Consultation

(*Musrenbang*) process at the village and sub-district levels (as well as at district /city level). The benefit of their participation in the consultation process is their increased understanding of public priorities and their role in guiding the funding of development activities at the community level. Information about the schedule of the consultation process, its procedures, and necessary materials for discussion should be presented beforehand to ensure effective participation.

3.5 The Role of the Private Sector

BOX 3.5.

The private sector is a stakeholder whose role has not yet been optimized. The business sector has potential funding, knowledge and potential for innovation. **The corporate social responsibility (*CSR)* approach** to alleviate poverty has been their commitment and has been realized by some in the private sector.

The next question is how to directly involve the private sector in poverty alleviation efforts? Similar to the cases of civil society organizations and the Regional Representative's Assemblies, intensive consultation and discussion is the first step for "exchange learning". Opportunity for the private sector to play a role in **providing public services** regulated by the government through service agreements is another effective method..

The Mass Media's Role in Supporting Pro-Poor Planning and Budgeting

The following are proposals from radio, printed media and TV regarding their roles:

- Conduct interactive dialogue on pro-poor and MDGs planning and budgeting, such as on regional budget allocations, village fund allocations and the development planning consultation process with various parties;

- Before commencing development planning consultations, the media interviews the poor about their proposals for the consultations, and air these opinions before and also during the consultations;

- Write creative stories about poverty conditions and the MDGs;

- Air the entire regional budget review process and request public feed-back;

- Create a Voice of the Voiceless program by publishing voices of people usually unheard, including the poor, handicapped, women, children, etc;

- Make a journalistic trip to poor areas and discuss issues to be published;

- Create a writer group and develop pro-poor networking between the media, executive and legislative branches of the government, and the public;

- Involve not only journalists but also publishers in reviewing issues of poverty alleviation and MDGs.

3.6 The Role of the Mass Media

Mass media, both printed and non-printed, can significantly **impact the accountability of regional governments** and **influence public opinion on issues related to poverty.** Another role of the media is to **increase public understanding on poverty programs, publish regional planning and budgeting documents as well as issues related to the MDGs**. The media can also participate in **monitoring the implementation of poverty reduction programs.**

Among steps to improve media effectiveness could be providing as much information as possible and conduct of training for media workers during the budget analysis. Designing interactive programs jointly with the media will be useful. Some examples of the media's role to support pro-poor planning and budgeting are illustrated in Box 3.5.

Chapter 4

Drafting a Pro-Poor Plan

This chapter aims to increase understanding on how to:

- review and evaluate existing planning documents
- review and evaluate planning processes
- improve the quality of planning by focusing on priorities, outcomes and outputs

Chapter 4

4.1 Reviewing the Quality of Planning Documents

The quality of planning documents is one of the main factors that determines the success of these plans and related programs and activities. Recent observations have revealed that planning documents are often unclear in terms of identifying the objectives of plans, programs or initiatives, beneficiary targeting, arrangements for institutional coordination or an exit strategy. Weaknesses in the planning document can undermine the efficiency of implementation of the plan and reduce the effectiveness in achieving the expected outcomes.

BOX 4.1.

Before we proceed further, we need to determine to what extend the existing planning documents are indeed pro-poor. **The result of this review will also help us to revise the existing documents (where possible) or those in draft.** The planning documents at the district level include the following:

Best Practices in Preparing Planning Documents

- Poor / isolated areas are given priority in the planning document / general policy for budgeting (Ogan Komering Ilir, Manggarai, and Wonosobo Districts, Palembang city)
- The Medium Term Development Plan of the District (specifies clear indicators on what will be achieved annually (Manggarai District)
- Target groups are clearly specified (beneficiaries and locations) (Wonosobo District)

- Regional Medium Term Development Plan (RPJMD)
- Local Government Work Plan (RKPD)
- Local Government Poverty Reduction Strategy (SPKD)
- Regional Poverty Reduction Action Plan
- SKPD Strategic Plan (RenStra SKPD)
- SKPD Work Plan (RenJa SKPD)
- Other documents containing policy and / or regulation (including general guidelines for implementation, project documents, decrees, etc)
- Project proposals /designs from the village /neighborhood /sub-district level
- Various evaluation reports

Some best practices of planning documents are illustrated in Box 4.1.

The Checklist below (Box 4.2) will help us research and understand these documents.

BOX 4.2.

Checklist for Review of the Quality of Planning Documents

1. Is the content of the document in line with the pro-poor definition and criteria, where planning and budgeting impacts poverty alleviation or the achievement of the MDGs? (see part 2.1);
2. Who are specified as the poor? How many persons? Where are the poor located? (See part 2.2, 2.3);
3. Are the main themes of the plan defined based on an analysis of the root causes of poverty ? (See part 2.2);
4. Are the activities formulated with adequate consideration of the conditions of the targeted poor community, including its relative isolation and other related factors (e.g. linkage to physical facilities, basic services, skill training, credit availability, requirements for institutional building, etc) ?;
5. Is adequate attention given to non physical components, such as capacity building, the role of civil society organizations, access to agricultural markets, the role of small / medium enterprises, environmental and natural resource preservation etc?;
6. Has the plan been formulated based on sufficient information and analysis, including existing evaluations of outcome / performance of programs? [See part 2.3, also Chapter 7];
7. Does the plan demonstrate that the proposed "therapy" to solve various problems (specifically related to MDGs target achievement and basic rights) are suitable and effective?;
8. Has the plan benefited from inputs from the poor themselves? (Chapter 3);
9. Is the plan consistent and integrated with other planning documents in terms of policy and program, such as MDGs, the Long-Term Development Plan (RPJP) and the Medium-Term Development Plans (RPJM) , from national and regional levels of government?;
10. Does the plan clearly identify the expected results, outputs, benefits /outcomes, and impacts of each policy, regulation, program, and / or project?

4.2 Reviewing the Current Planning Process

The process followed in planning will also affect the quality of the plan and obviously the achieved results. The current planning process often encounters obstacles and is not always effective. Nevertheless, the phases in the planning cycle are generally validated by rules and regulations, both at the central and local levels. To produce a pro-poor and effective District Medium Term Development Plan (RPJMD) and District Work Plan (RKPD) geared to reduce the incidence of poverty, it is necessary to improve all steps in the planning process. Box 4.3 below shows best practices observed in the districts during the planning process.

BOX 4.3.

By researching the ongoing planning process, we can amend and avoid practices that do not support pro-poor development. In researching the existing planning process, we can start with key questions such as : *Are the steps taken and the prepared materials considered to be "pro-poor", or is there scope to improve the process? The* Checklist below (Box 4.4) will help us review the planning process.

Best Practices in the Planning Process:

- Voices of the poor are used as significant inputs to formulate the district poverty alleviation strategy and then used to allocate budget resources (Wonosobo, Banjarnegara District)
- The District Work Plan (RKPD 2008) is prepared through a process that includes public consultations that produces changes (West Sumba District);
- Poverty is defined as a special thematic area in the Musrenbang District process and cross-sectoral meetings are held (OKI District);
- Poverty data and poverty maps are used to support the planning process (Wonosobo, OKI, Banjarnegara Districts and the City of Semarang);
- Regional People's Representative Assembly members are involved in the development planning consultation (Musrenbang) process at the sub-district level and agree on three sub-districts proposed to be given priority attention. (Ogan Ilir, Ogan Komering Ilir, Kupang Districts); and
- Last year's village proposals are reviewed and held accountable in the development planning consultation meetings at the sub-district level. Why accepted and why not (Kupang District).

BOX 4.4.

Checklist for Review of the Planning Process

1. Did the development planning consultation (Musrenbang) have a series of preparatory phases? Examples of activities to prepare for the consultation:
   - The village / sub-district community meets with NGOs or civil society organizations prior to the consultation to arrange that the consultations use methods and a format in accordance with the local culture while involving the poor;
   - A Poverty Reduction Joint Forum is established at the district / city level to refine proposals reviewed during the development planning consultation process. In this thematic based planning deliberation, the representatives of each technical agency do not make sectoral proposals, but seek solution of problems jointly. Several regions that have implemented this claim that this effort accelerates cross sectoral and spatial integration to reduce poverty and promotes a more comprehensive, efficient working arrangement, without undermining the role of each technical agency.
2. Has agreement been reached and followed on the "rules of the game" or decision making mechanism and criteria used in prioritizing project and program proposals in the development planning consultation process (e.g. through socialization or implementation guidelines)?;
3. Has adequate information and reviews been made available on priority policies / programs and understood by the higher levels of government *before* implementing the provincial or district / city development planning consultation?;
4. Are there professional staff (facilitators /consultants) to help in the preparation of each development planning consultation phase and facilitate the consultation process?
5. Is the whole process transparent and without "interference" by external factors outside the official process?;
6. Are all of the Musrenbang decisions and results documented and officially recorded to insure that they follow prevailing regulations?;
7. Do the members of the DPRD and representatives from various relevant parties such as NGOs, religious organizations, professionals, business organizations, academics, mass media, etc) play their role optimally?

4.3. Planning with a Focus on Priorities, Outcomes and Outputs

This section presents several ideas and tips on setting priorities in poverty reduction planning. This is important because care must be taken when determining the priority issues to be addressed and to avoid listing all issues as being of high priority. Note the following in setting priorities:

a. Agree on priorities

It is important to first obtain information on current policies and on-going programs to reduce poverty while reviewing these in the context of the most recent statistical information. A review of the existing "gaps" in policies and program coverage can be used to identify priorities for the future.

Setting the main priorities for poverty reduction is carried out every five years during the process preparing the Medium Term Development Plan (RPJMD). Nevertheless, every year,— based on monitoring and evaluation results and bearing in mind possible shocks, such as natural disasters, the monetary crisis, fluctuating fiscal policy, etc — priorities can be adjusted in the preliminary phase of each annual planning cycle. Several important priorities are outlined in Box 4.5.

In determining priorities, it is important to note the following:

- **Avoid too many policy and program priorities** – four or five main priorities is sufficient (excluding activities such as the formulation of new policies or regulations, and reformulating existing programs/ activities to improve their pro-poor elements).

BOX 4.5.

Some Important Priorities:

- Ranking of **poverty problems** to be addressed (including MDG achievement)

- Ranking of program priorities to address problems identified (where possible in the form of integrated, multi-sectoral programs, rather than mono-sectoral)

- Ranking of the community groups (poor) who are to be the subject of poverty reduction programs

- Ranking of geographic/ spatial priorities (administrative jurisdictions, ecological zone such as a critical river basin, a poor coastal area, an isolated area, etc).

- Global/national policy priorities are a main reference, but these need to be adjusted to local conditions. Example: the MDGs.
- Setting poverty reduction effort **priorities** can be carried out through two strategies: 1) setting of specific policies /programs, and 2) improvement in the pro-poor content of existing programs. For example, development of physical facilities to provide basic services should be balanced with improving the quality of services and access by the poor to these services.
- We should be aware that the proportion and amount of budget available for each program and activity need not always reflect the rankings of poverty alleviation priorities. Many activities can have a major impact at a low cost. For example : changes in a policy or regulation that does not require funding can have a significant impact on the poor.
- Providing routine budget for the already developed program as well as for facility maintenance and operations should receive a higher priority. For example, the poor condition of some facilities due to lack of maintenance can result in an increased poverty level in a region.
- The list of priority proposals from the village /neighborhood and sub-district levels should be noted prior to implementation of the development planning consultation, so that the community needs can be addressed immediately.

b. Using Pro-Poor priorities in formulating Medium Term Development Plans (RPJMD) and Annual Work Plans (RKPD)

Pro-poor priorities that have been identified provide an important input in formulating Medium Term Development Plans (RPJMD) and the Annual Work Plans (RKPD). Steps necessary to mainstream poverty reduction in the Medium Term Development Plans and the Annual Work Plans are as follows:

- Poverty reduction priorities should be presented in a comprehensive format so the agenda can be understood by all stakeholders and be given adequate attention in the Medium Term Development Plan (RPJMD) and Annual Work Plan (RKPD). For this to occur, reviews of priorities require accurate and up to date information as well as effective writing skills.

> "
> Proportion and amount of budget available for each program and activity need not always reflect the rankings of poverty alleviation priorities. Many activities can have a major impact at a low cost.
> "

- Pro-poor elements are one of the main criteria used in selecting program and activity proposals, including drafting policies for the Medium Term Development Plan (RPJMD), the Annual Work Plan (RKPD) and work plans of the technical agencies (Renja SKPD).

- The Regional Poverty Reduction Strategy (SPKD) is a reference that can be used by the region to draft an action plan as a guideline for implementation of the Poverty Reduction Strategy (SPKD). These plans should not be applied for "regular" programs and activities, but to accommodate "supplemental" activities that support the poverty reduction strategy, such as capacity building for relevant parties; creation of a pro-poor investment climate; development of cooperation among stakeholders; protecting the rights of the poor; etc.

- Finally and most importantly, the result of each program, policy, regulation, etc. must be clearly identified in the form of outcomes, outputs and impacts, which are presented as far as possible in quantitative terms to enable performance monitoring and evaluation. Box 4.6 provides a simple example of determining the indicators.

BOX 4.6.

A simple Example of Program Planning Focusing on Issues Using SMART Indicators:

We need "SMART," to determine **indicators** meaning it must be Specific (clear and not have double meaning), Measurable, Acceptable (by all stakeholders), Realistic (easy to use), and Time-bound (valid for a certain time period). The application of this method is presented in the following example.

Problem: The primary MDG issue in Kabupaten Gunung Mas is the high incidence of malnutrition among the under 5 age group. In Kabupaten Gunung Mas, 12% of infants suffer from malnutrition, significantly higher as compared to the provincial rate of 5%.

BOX 4.6.

Root of the problem:
1. Lack of education on nutrition. Nutrition extension has only been done by nutritionists at the Community Health Clinic (PUSKESMAS).
2. The community lacks understanding of techniques to improve nutrition through utilization of locally grown products with high nutritional values.
3. Strategy: The selected strategy is to reduce the incidence of malnutrition through capacity building for local health officers to enable them to provide training and assistance on nutrition to local communities.

Program: Capacity building for local officials in managing and preventing malnutrition in six villages identified as those villages with the highest incidence of malnutrition cases in Gunung Mas district.

Program objective: Reduce to 4% the malnutrition rate in the district within one year.

Activities in six villages during one year:
1. Training (twice) for village health cadre
2. Supervision by health officers related to their training: 6 times a year
3. Meetings of village health cadre for sharing lessons learned: 4 times a year

Performance indicator for Activity 1: Training

INPUT: two training sessions for representatives from six villages where there is a high incidence of malnutrition, 40 local health cadres (each training session for 20 participants for six days); two facilitators; total funding of Rp 20 million for each training session.

OUTPUT: 40 local cadres who understand and are able to conduct nutrition extension and resolve the existing malnutrition cases.

OUTCOME: 80 undernourished children in six villages receive special attention by 40 local officials until their condition improves, and at least 50% of mothers understand about infant nutrition in six villages until they are able to provide good nutrition to their children using local food ingredients.

IMPACT: malnutrition cases in the six villages with the highest incidence of malnutrition drop from 80 cases to 10 cases of malnutrition (or less) and the malnutrition rate of the district drops to 4% within one year.

And so forth for activity 2 and 3.

Chapter 5

Drafting a Pro-Poor Budget

This chapter aims to improve understanding of:

- The concept of pro-poor budgeting
- The process of budget preparation at the district level
- Application of pro-poor principles in the drafting of district budget documents

Chapter 5

5.1 Performance-based and Pro-Poor District Budgeting

Budgeting and drafting of annual budget documents at the district level is part of the regional development planning process within which district governments prepare annual work plans (*Rencana Kerja Pemerintah Daerah* /RKPD), general policy guidelines for annual budgeting (*Kebijakan Umum* APBD / KUA), preliminary budget priorities and ceilings (*Prioritas dan Plafon Anggaran Sementara* /PPAS), and also the annual work plans of the technical agencies. Consistency in programming and identification of activities in *these working documents* should be reflected in the final budget document. The district's programs and activities should be linked and integrated with program targets and national and provincial government plans should be researched to assess potential linkages.

Performance based budgeting is now replacing the balanced budgeting system. Regulation Number 59 / 2007 of the Ministry of Home Affairs concerning the Amendment of Ministry of Home Affairs Regulation Number 13 of 2006 on the Guidelines for Financial Management by Regional Governments (referring to Government Regulation 58/2004 on Regional Finance) defines the term *performance* as :

"An output / outcome of a program / activity with a measurable quantity and quality which will be or has been achieved related to disbursement of funding."

A performance-based budget can be defined as a budget prepared to achieve a specific output or outcome from an activity or program.

Applying performance-based or results-based principles to each step of the planning, budgeting and implementation processes will have a positive impact on efforts to reduce poverty. Applying this system mandates us to focus on **achievement of planned outcomes**,

and also **mid and long-term impacts**, and not only on inputs and the implementation of physical targets and disbursement of budget allocations.

Continuing on from the definition of pro-poor budgets presented in Chapter 2 and its relation to performance-based budgeting at the district level, we can **define a pro-poor district budget as** :

"A performance-based budget that clearly and transparently gives special attention to benefiting the poor. The percentage of poor benefiting from the funding should be a greater percentage than the incidence of poverty in the district. With this approach, it is expected that the root causes of poverty will be addressed and that positive impacts in reducing poverty and accelerating achievement of the MDGs will be attained. A simple example of a district budget that is not pro-poor is illustrated in Box 5.1.

BOX 5.1.

Simple Examples of Non Pro-Poor Bdget Allocation:

Example (1): The district budget in District A for 2007 budgeted Rp 2 billion for Village Security Patrol uniforms, and only Rp 250 million to support poverty reduction initiatives.
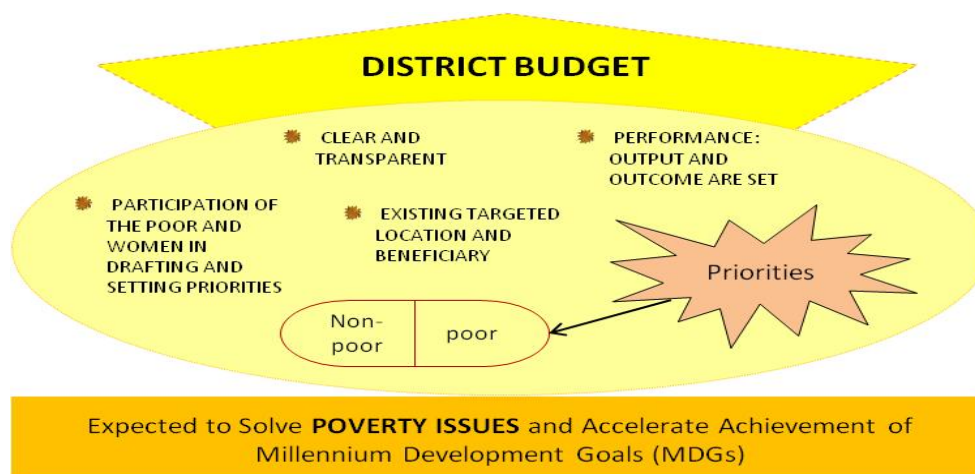
Example (2): The district budget in District B budgeted Rp 5 billion for constructing a welcoming gate, and only Rp 400 million to reduce the elementary school drop-out rate.

Those two examples clearly are not pro-poor. Obviously to assess a budget in a comprehensive way we need a more in-depth analysis.

Chart 5.1.
Principles of Pro-Poor District Budgeting

Drafting a pro-poor district budget based on these **principles** is diagrammed in Chart 5.1:

a) Clear and Transparent

Information should be presented clearly and transparently in the district budget document, and the public, including the poor and women, should have access to the document. Objectives, output targets, funding sources for each expenditure type and the correlation between the budget amount and the expected benefits should be presented.

b) Participation of the Poor and Women

Decision making in the process of drafting the budget document and legislative review should involve the poor and women by granting them an opportunity to directly dialogue with representatives of the executive and legislative branches of local government. An option to accomplish this is through interactive news/ talk shows on the radio This participation is important so that all are aware of their rights and

obligations in executing the district budget and can provide inputs. For example, of the use of the radio was found to be helpful where legislative deliberations on the district budget were broadcast on the local radio (see Box 5.2).

c) Clearly Identify
Program/Activity Targets

All documents in the budgeting process should identify the locations and targeted beneficiaries for the proposed budget by program and activity. Poor and disadvantaged groups should be clearly specified.

BOX 5.2.

East Sumba: Live Reports and Interactive Discussions on the District Budget on the Radio

In East Sumba, deliberations by the local legislative assembly on the draft district budget were broadcast live for three days by the local radio station. This activity aimed to inform the public about discussions by their local elected assembly members with the representives of the executive branch of the local government. The Head of the East Sumba District and representatives from a local NGO also conducted interactive discussions on the radio concerning the district budget allocations for 2007 which were aired live by Max FM radio. Many questions were asked by the public about the budget and the District Head responded directly. This improved the accountability of the district government to public and increased public respect for the Head of the District.

BOX 5.3.

Statement of Outcomes and Outputs

1. Some development programs/ activities are implemented without a clear statement of the expected outcome, although there is a description of expected outputs (for example, 150 km of asphalt road). If a clear statement on the expected results of the asphalt road are not presented, then its link to poverty reduction cannot be evaluated. Results that could be described would include expected percentages increases in the volume of traffic (cars, passengers, merchandise), number of villages to benefit from improved access (with a details concerning the population of these villages), etc.

2. Another example: a training activity should not only state the outcome (number of trained participants), but also the result /benefit (e.g., XYZ skills applied by the number of training graduates in their jobs, so the training effectiveness can be evaluated. Moreover, the expected impacts after the new skills are applied should be presented.

d)   Performance Measurement

Outcome and output performance indicators should be stated clearly in all these budget documents, so that the expected benefits are clear. Listing the indicators for each program / activity will support the process and the proposed budget can be more easily assessed. Box 5.3 provides an example of definition of outputs and outcomes of a program.

5.2   Review of the Quality of Budget Documents

The quality of budget document can be reviewed by making a critical assessment of budget documents for the preceeding several years to observe the trends and identify items that need to be amended, improved, or avoided in the current planning cycle. Trend analysis can be carried out by observing at least two fiscal years, i.e. budget allocations for the relevant sectors such as agriculture, health, education, etc. against the total district budget allocation. Then, a comparison can be done of the use of the revenues generated by the district as compared with to the total revenues from all sources over the preceeding three years to measure the districts dependency on external revenue sources.

Assessment of the quality of existing budget documents requires a review of all documents in the budgeting cycle. Chart 5.2 presents the main documents produced by all districts[3]:

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[3]   Budgeting process output documents based on Permendagri 13/2006 and Permendagri 59/2007.

Chart 5.2.

Main Documents in the Budgeting Process

Annual Work Plan → General Budget Policies → Statement Priorities & Ceiling → Agencies Work Plans → **District Budget Document**

The initial assessment involves **review of the first estimate of budget allocations** by technical agency by program in the annual work plan of the district, with special attention to those programs to be focused on poverty reduction and MDG achievement:

- Is the estimated budget allocation in the work plan proportional to the development theme and its priority, expected outputs, and expected outcome for the year?
- How much funding can be considered pro-poor and what is the percentage of the budget allocated for this pro-poor program/ or acheivement of the MDGs in the district's annual work plan? Is the amount/ percentage considered to be sufficient?

Document Present General Policy Budget Policies

The "KUA" document presents the policies for revenues, expenditures and sectoral funding, as well as the assumptions to be used in budgeting for the year[4]. The "KUA" can be assessed with the following steps:

Step 1: Conduct analysis on the policies **present in the "KUA" document:**

- Does the policy in the "KUA" mention achievement targets related to poverty alleviation or MDGs achievement? Is all or part of the policy pro-poor, or on the contrary will the policy place a burden on the poor?

Step 2: Conduct a preliminary analysis on the programs and activities presented in the "KUA" and compare with the Annual Work Plan and

> Trend analysis can be carried out by observing at least two fiscal years, i.e. budget allocations for the relevant sectors such as agriculture, health, education, etc. against the total district budget allocation

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[4] KUA definition according to Article 1 paragraph 31, Permendagri 13/2006.

budgeting guidelines provided by the Minister of Home Affairs annually:

- Does the development program/activity in the "KUA" consistent with the Annual Work Plan and budget guidelines set by the Minister of Home Affairs?
- What is the estimated total budget and the percentage of the budget in the "KUA" allocated for pro poor program/activities?[5]
- Will the estimated budget allocation /percentage improve significantly the condition of the poor or accelerate achievement of the MDGs?

***Step 3: Assess the clarity of performance indicators* presented in the "KUA"**, specifically those related to poverty alleviation or MDGs achievement[6]:

- Does the development program/activity categorized based on government affairs in the KUA document present the targets in the form of outcomes and not only outputs? See the examples illustrated in Table 5.1 below.

***Step 4: Assess the transparency and accessibility of the "KUA" document*:**

- Do the public, especially the poor and women, have access / information about "KUA"?

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[5]   According to Article 84, paragraph 1,2, Appendix A.X. and A.XII, Permendagri 13/2006, and Article 87, Paragraph 4 and Appendix A.X.a Permendagri 59/2007.

[6]   According to Article 84, Paragraph 1,2, Appendix A.X. and A.XII, Permendagri 13/2006, and Article 87 Paragraph 4 and Appendix A.X.a Permendagri 59/2007.

Table 5.1

Measurable Performance Achievement Targets

Code		Regional Government Sector	Program Objectives/activities	Target (%)	Organization	Indicator benchmark (million Rp)
1		Mandatory Affairs				
1	01	Education				
		Program: Provide Junior Secondary Education Facilities to the Community Activity: Build four Junior Secondary Schools in four isolated areas, i.e. kecamatan A, B, C, and D Analysis Focus	Output: Four Junior Secondary School buildings in four isolated areas, i.e. kecamatan A, B, C, and D **Outcome:** 160 SMP Junior Secondary School age kids in four isolated kecamatans can go to school, i.e. kecamatan A, B, C, and D	100%	Education Agency	150
2	02	Health				
		Program: Accessible health services for the public Activity : Implement medical staff training for assignment in isolated areas, i.e. sub-district A, B, C, and D Analysis Focus	Output: 20 skilled medical staff to be placed in isolated areas, i.e. kecamatan A, B, C, and D **_Outcome_:** Community has access to health services in isolated areas, sub-district A, B, C, and D	100%	Districtg Health Agency	200
		And so forth				

Note : The target % should state the planned program / activity, output and outcome achievement for the fiscal year.

- **Priorities and Provisional Budget Ceilings Document**

The Priorities and Provisional Budget Ceilings Document is completed after the "KUA" and classifies/ ranks programs according to their function, i.e. obigatory or optional functions.[7] This can present a challenge to district governments in composing pro-poor budgets if priorities are preset. For example, if education must receive the first priority, followed by health and public works. Although the impression is that education must be considered the first priority, this does not necessarily mean that it should receive the largest portion of the district budget.

Considering that conditions and MDG achievement vary in each district, it is possible that a district places health and public works as the first and second priorities, and reflects this by the large funding allocations for these two sectors in areas where disease, clean water and sanitation are problems. Currently, even if the priority has been predetermined when composing the Priorities and Provisional Budget Ceilings Document, it is possible for districts to adjust budget allocations according to local priorities, i.e. "**the budget ceiling amount at this time is not regulated by existing provisions**". This regulation provides an opportunity for district governments to allocate budget based on their priorities related to poverty alleviation or MDG achievement. Although education and health are mandatory affairs that are prioritized as number 1 and 2, public works may receive the higher spending budget allocations if it can be demonstrated as having a larger impact on poverty alleviation or achievement of the MDGs.

To review the quality of the Priorities and Budget Ceilings Document, we can use a similar approach and principles as employed in reviewing the "KUA" document as elaborated above, with the additional notes as follows:

1. **To ensure consistency** between the "KUA" and the Priorities and Budget Ceilings Document, note the amounts and percentages of

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[7]   Mandatory and optional affairs based on Article 87 paragraph (2) Permendagri 13/2002 and Article 32 paragraph (2) Permendagri 59/2007.

funding allocated to the poverty alleviation or MDG achievement. Will this level of funding enable the region to significantly reduce poverty?

2. Note the following : 1) Is the government priority in the **Priorities** and **Budget Ceilings Document** related to targets for poverty alleviation or MDG achievement? and 2) Is the program / activity budget ceiling listed in the document considered accurate given current market conditions ?

3. Specifically concerning **performance indicators** presented in the Priorities and Budget Ceilings Document:
   - In the development program / activity, specifically for poverty reduction or MDG achievement, is an expected outcome listed and not just an output? For example in Table 5.2 which is Attachment A.XI.a Chapter III of the Ministry of Home Affairs Decree 59/2007 on the Development Priority Matrix and Table 5.3 which is also the Appendix of the Ministry of Home Affairs Decree 59/2007, it clearly states that outcome and not output should be presented as the program target.

Table 5.2

Matrix of Development Priorities

NO.	Development Priority	Objectives	District Agency that Executes	Program Name
1.	Example: Poverty Alleviation	Example: Improve welfare of poverty households so that the percentage of the incidence of poverty is reduced to 14,4% by the end of 2007	Example: 1. Social Affairs Agency 2. Community Empowerment Agency 3. Health Agency	Example: Empowering the poor
2.				
Etc.				
TOTAL				

Table 5.3

Provisional Budget Ceiling Based on Program and Activity for Fiscal Year 2009

Thematic Area : Education Agency: District Education Agency

NO	PROGRAM/ACTIVITY	OBJECTIVES	TARGETS	PROVISIONAL BUDGET CEILING (Rupiah)
1	2	3	4	5
01	Program: Bring Junior Secondary education facilities to the community Activity: Construct four Junior Secondary School buildings in four isolated areas, i.e. sub-districts A, B, C, and D Analysis -focus	Output: Four Junior Secondary School buildings completed in four isolated areas, i.e. sub-districts A, B, C, and D Outcome: 160 Junior Secondary school age kids in four isolated locations can go to school, i.e. in Sub-districts A, B, C, and D	100%	150.000.000,-
02	Program B			
03	Program C			
04	Program D			
05	Program etc			

Note: Target % should mention the planned program / activity output and outcome achievement for that fiscal year.

- **Work Plans of District Agencies**

The Work Plans of District Agencies (specifically Form 2.2.1) is used to plan direct spending for each program and activity, and aligned with the indicator for each activity for each program. To assess the quality of this Work Paln, all the principles and questions elaborated above remain relevant.

- **The District Budget Document**

To analyze the entire draft District Budget Document, we need to assess the extent to which the document can be classified as "pro-poor". Several items to note are the following:

1. **The sources of revenues** generated locally can be analyzed based on their relationship to the pro-poor budget through examination of the following:

   a. *Budget fairness can be* analyzed by observing the appropriateness of the district tax structure and the system of district retributions and charges for social facilities and public facilities in relation to the sectoral contributions to regional economic growth. For example, there are districts where the agricultural sector is the main contributor to economic growth, while the highest amount of regional tax revenues and regional retributions are derived from the health sector. In this instance, regional tax and retributions can be focused more on the agriculture sector (with a fair tariff) and not on the health sector. The possible negative impact of any tax increase on the poor must be analyzed.

   b. Transparency can be checked by determining if the data on revenues generated from taxes and retributions can be easily accessed by the public through regional newspapers and other local media.

2. **Planned District Expenditures**, categorized into direct and indirect expenditures. The indirect spending group is the budgeted spending not directly related to program and activity implementation. While the direct spending group consists of expenditures directly related to the implementation of programs and activities.

> the appropriateness of the spending pattern must be considered in relation to the expected outcomes and outputs of the program and activity, and also towards the spending standard set in the regulation

Generally, pro-poor budgets can be assessed by comparing indirect spending (especially expenditures on staff) with direct expenditures or with total district expenditures, both by District Agency or for the entire collective district budget. If direct expenditures is higher than indirect expenditures, the budget may be assumed to be more pro poor. However, **this conclusion is preliminary**. For example, regional education department spending with a higher staff spending (indirect spending) can be interpreted as provision of funding for additional teachers especially in remote areas. Therefore, **the appropriateness of the**

spending pattern must be considered in relation to the expected outcomes and outputs of the program and activity, and also towards the spending standard set in the regulation, as mentioned in Ministry of Finance Regulaton Number 45/PMK.05/2007.

Steps to assess the pro-poor spending are as follows:

Step 1: Identify spending relevancy according to program and activity related to the achievement of the MDGs in order to determine the amount and percentage of spending not related to achievement of the MDGs as compared to the amount of total spending.

Step 2: Review the spending related to achievement of the MDGs, do the programs and activities have clearly targeted locations, at least down to sub-district level specified in the district budget documents?

Step 3: Review the spending related to achievement of the MDGs and *the targeted location*, *do the documents specify the targeted beneficiaries* for the *relevant* programs and activities, or do they specify a specific community group or set of households to be the targeted beneficiaries?

Step 4: Re-analyze steps 2 and 3 to determine if the programs and activities have direct spending (for staff, goods and services, and capital) that is proportional for each program and activity to achieve **the objectives, targets, outcomes and impact**. Further review can be done by observing the unit cost standards as listed in the existing provisions and regulations.

5.3 Review of the Budgeting Process

In addition to assessment of budget documents, we should also reassess the current budgeting **process**. Identifying issues and their solutions will be an input for refining the pro-poor district budget process.

A budgeting process can be called pro-poor if the process can develop and maintain a **sense of ownership** among the community, especially among the poor and women, of the program produced through the

> Good communications among stakeholders is a key to increasing the sense of community ownership. This can be achieved by applying principles of transparency in the planning and budget documents, especially those related to specification of activities, target groups, locations, and expected outcomes

process. In general, the greater the sense of community ownership, the greater the likelihood that optimal results will be achieved.

Good communications among stakeholders is a key to increasing the sense of community ownership. This can be achieved by applying principles of transparency in the planning and budget documents, especially those related to specification of activities, target groups, locations, and expected outcomes.

The Annual Work Plan becomes an important reference for drafting the annual budget document. The Annual Work Plan is produced through the integration of participatory planning processes with technocratic planning processes (by the District Agencies). If the proposal for a program / activity is completed early on in the annual planning process, including specification of the expected outcome and outputs for each proposed program and activity and when these activities are in line with the District's Medium Term Development Plan and Annual Work Plan, then this will aid in justifying commitments of funding to support these activities. If however, the outcome, outputs, targeted locations, and targeted beneficiaries for a new program/activity are only specified when preparing the Annual Work Plans of the District Agencies, this may undermine the public sense of ownership because the process to prepare these Work Plans tends to involve only the executive and legislative branches of the local government. In some districts, only staff in the District Agencies are aware of the expenditures, outcome, output, targeted locations and targeted beneficiaries for each program/activity of their agency.

Therefor, when assessing the quality of the drafting process for budget documents, we must consider the following:
- to what extent has the participatory approach been practiced;
- to what extent has the draft budget been discussed in public forums;
- to what extent have the principles of transparency been practiced;
- to what extent has the consistency of the Annual Work Plan been maintained; and
- have efforts been successful to ensure that each budget document has been prepared to provide attention to poverty reduction and MDG achievement.

5.4. Applying Pro-Poor Principles in Drafting the District Budget Document

Increasing regional authority and flexibility in identifying needs and designing programs considered appropriate to the specific conditions of each region provides an opportunity to apply pro-poor principles in drafting the district annual budget. This is based on Minister of Home Affairs Regulation Number 59 of 2007 considering the amendment of Minister of Home Affairs Regulation Number 13 of 2006 on Regional Financial Management Guidelines, that "**the regional governments can develop programs and activities with account codes according to the objectives, needs and characteristics of the region**".

As elaborated in Chapter 3, various efforts are needed to develop and implement participatory communication and decision making processes. Access of the public to the budget process and documents can be increased if the local government publishes a summary of the annual budget document in local newspapers, presents the budget document on announcement boards in the regional secretariat office, distributes announcements in public places (such as restaurants, bus terminals, traditional markets, clinics), presents posters and banners at road intersections, distributes calendars containing budget information, maintains a regional government website, disseminates information to religious and traditional leaders, makes available information on the draft budget to women or in other public forums for discussion during the time of budget drafting.

Among the requirements to achieve a budgeting process to successfully achieve a pro-poor district budget are: effective communications, a high commitment balanced with sufficient capacity among stakeholders in the district (see Chart 5.3).

Chart 5.3.

Components to Achieve a Pro-Poor District Annual Budget

Stakeholders :

- Legislative
- Executive
- The poor and women
- Community social organizations
- Media

Effective communications among stakeholders

High commitment

Sufficient stakeholder capacity

Pro-Poor District Annual Budget
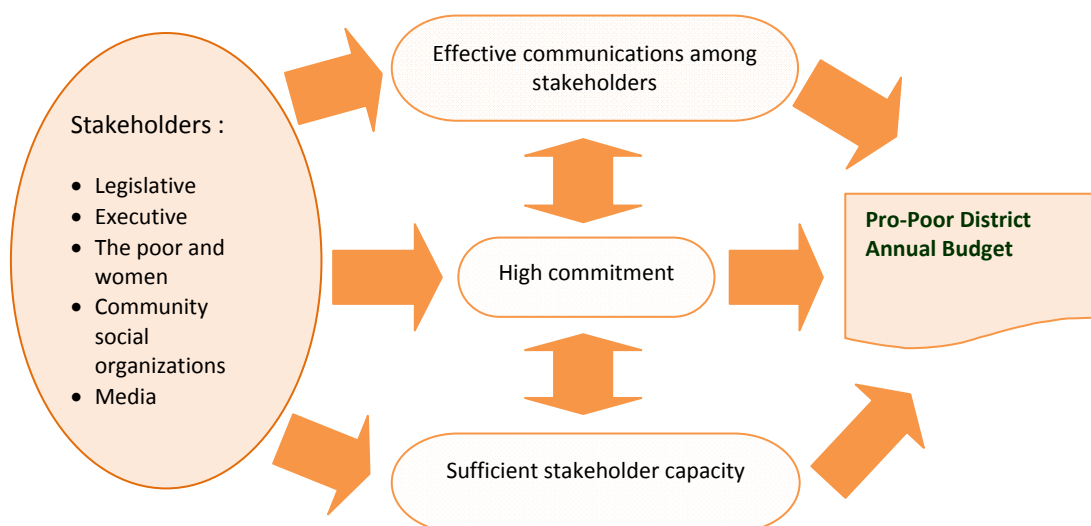
Chapter 6

Planning for Implementation of
Poverty Reduction Programs

This chapter aims to build understanding on how to:

- formulate sound implementation plans
- socialize plans and implement comprehensive and effective programs
- prepare a complaint mechanism and system for managing feedback
- prepare a program exit strategy and follow up on achieved outcomes to insure sustainability

Chapter 6

6.1 Formulating Implementation Plans: Requires Special Attention

Several evaluations of poverty alleviation program have concluded that: a) program target achievement, outcome/benefits, and sustainability are often far from what was expected or planned; and b) benefits for the poor are not optimal due to mis-targeting and thus the poor do not always benefit, while those members of the community who are relatively well off sometimes receive the benefits.

Program implementation and acheivement of expected outcomes are often not optimal due to weaknesses in program design and rushed implementation. Sometimes important elements are neglected, e.g. inaccurate data is used to identify groups to be targeted, there is no complaint system, coordination mechanisms and accountability are not clear, etc. All of these make implementation of the program inefficient, achievements less than optimum, and thus intended beneficiaries do not receive the expected benefits.

For example, many problems were encountered in the implementation of the direct cash aid program (*Bantuan Langsung Tunai* /BLT) program in 2005. The lack of an accurate database to support implementation caused mismatches in identifying the target groups. Rushed preparation also resulted in weak coordination and less than adequate cooperation among the various executing agencies and the concerned regional government authorities. Based on lessons learned from this initiative, the Family Hope Program (*Program Harapan* Keluarga/PKH) which is also a conditional cash transfer program was carried out in phases in several trial areas, in order to avoid problems similar to the direct cash aid program (BLT).

These problems can be avoided if we provide more attention to the following items:

1) **Drafting a detailed implementation plan** or management plan (e.g. in the form of an execution guideline) *before* the program is implemented.

2) **Conducting a timely capacity building initiative** (for both institutions and human resources) to ensure that regional government agencies and other stakeholders have the necessary knowledge and skills so they can participate effectively to improve program performance (see also Chapter 8).

3) **Socialization of the program consistently**, involving stakeholders and using media according to the characteristics of the target groups to ensure public participation and that the community is aware of program and the benefits of participation. Socialization should also aim to support program implementation and to encourage necessary feedback from citizen groups.

4) **Planning to sustain the benefits of the program** during the post program implementation period, so that the benefits of the program are not lost when the program is completed. This planning also involves setting an exit strategy, an appropriate strategy to terminate a program at end of the implementation period.

Some ideas and good practices are presented in Box 6.1 that can assist us in ensuring that program implementation achieves a high level of performance to benefit the poor.

6.2 Formulating a Sound Implementation Process

Although the Annual Work Plans and District Budget Documents describe the basic elements for each program/ activity (unit, location, beneficiary, etc), this is not adequate to launch implementation. The following are several important items to consider when designing an implementation process:

1) *Final confirmation on the identification of target groups and target locations. A review and final determination of* who, where, the criteria for selection and review of the databases on stakeholders, including expected beneficiaries, is extremely helpful.

"

Socialization of the program consistently, involving stakeholders and using media according to the characteristics of the target groups to ensure public participation and that the community is aware of program and the benefits of participation

"

2) *Capacity building.* Before program initiation, assess whether those who will be responsible for program implementation require institutional strengthening or training. To implement programs successfully, we need to allocate adequate time and funding for training, workshops, etc. to support program implementation.

3) *Finalizing the implementation schedule.* When exactly will the program start and end? Will the program start simultaneously or gradually in all locations? What is the relationship between the implementation schedule and fund disbursement and financial reporting? What is the relationship of the schedule of the program with the community's way of life (e.g. will it be implemented during the planting season or harvest when farmers have limited spare time?). These types of questions must be answered in order to finalize the implementation schedule.

4) *Setting /agreed roles for each stakeholder.* All details such as roles, responsibilities, reporting system, staffing requirements (quantity and qualifications) must be detailed and agreed upon at the early stage of the program. For example, in providing aid for schools for poor students, procedures for disbursement of funds, the system of payments and financial reporting/ accountability must be clear from the start.

5) *Clarifying the roles of government agencies.* If the program involves more than one technical agency of the local government (SKPD) or other institutions, the roles of each party role and their responsibilities, the coordination system, and the reporting system must be clearly defined. All those involved in implementation must understand their roles at the earliest stage, because this will determine program performance.

6) *Procuring necessary resources,* must be arranged carefully. For example, an immunization program for children of the poor requires socialization and intensive assistance to the targeted poor households, thus the number of officials, transport facilities,

BOX 6.1

Examples of improving the Effectiveness of Public Services Based on the Experiences of Other Regions or Other Countries:

- Implement a voucher or coupon system for the poor to be used to "purchase" various basic needs or services they have difficulty accessing. This method is sufficiently effective to reduce the costs of services for the poor. For example, vouchers for a specific health service can be provided so that the poor can select the service provider themselves (to encourage the improvement of the quality of service); food stamps or coupons for the poor to purchase various foods are examples of this approach.
- Private sector providing public service through a work contract or service agreement based on performance (see two World Bank reports in References);
- Transfer implementation of a management activity directly to the poor, e.g. Community Direct Aid for activities managed by the community in each kecamatan under the PNPM Mandiri Program;
- Competitively disburse block grants for activities directly managed by the village, providing the activities are aimed to improve the livelihoods of the poorest of the poor.

facilitators, forms of socialization, etc. must be formulated carefully.

7)   *Monitoring and evaluation,* the methodology, data, executing agency, and funding sources *for monitoring and evaluation* must be designed prior to implementation. Monitoring through regular and periodical reports (*spot checking*), also rapid assessment can be carried out during the first quarter to monitor the implementation process. An evaluation plan should be drafted to observe program outcomes, benefits and impacts on a periodic basis. If this evaluation process requires a baseline survey, it should be done prior to program implementation.

8)   *Drafting general guidelines, implementation guidelines, and/ or technical guidelines*, containing the items described above. The drafting of these guidelines should involve various stakeholders and be published/ distributed to the responsible parties.

6.3 Socialization

Many poverty alleviation programs are nor effective because most of the community or target groups lack understanding of the program, or are not even aware of its existence because of limited access to information.

Ideally, candidate beneficiaries should be involved from the initial stage of program design, starting from problem identification and

analysis of their needs. However, this is not always easy to apply. Therefore, sound program socialization must be practiced from the preparation period until implementation of the program. Several methods to expand the role and involvement of beneficiaries in program implementation are as follows :

1) Identify key figures including local leaders (formal, informal) and "agents of change" such as facilitators, community assistants, volunteers, etc. to jointly discuss and provide inputs to preparation of the program implementation plan, through meetings with executing agencies, deliberations, community meetings, and village discussions that directly involve community groups and expected beneficiaries.

2) Socialize the program to community leaders, NGO members, leaders or officials in government agencies, civil society organizations, etc. to help distribute information to the wider public.

3) Develop a systematic communication and socialization strategy through opening a local secretariat as an information and communication center, using electronic communications technology (radio, television, text messaging) and printed media (newspaper, brochures, notices on information boards), and utilization of various local communication channels such as puppet performances, religious events, etc.

6.4 Preparing a Public Complaint System and Its Management

One key element in the implementation plan is the preparation of a mechanism to respond to complaints, questions about the program, and problems reported by the community, both by beneficiaries and the general public. The complaint mechanism may not be as important for short term programs such as infrastructure development, because the outputs and outcomes /benefits are relatively easy to monitor. However, a complaint mechanism is more important in medium term social service programs that cover many locations and beneficiaries.

The type of problems received generally are linked to the situations below:

- services are considered inadequate, or nonexistent, or
- costs more than stipulated officials fees, or
- the candidate beneficiary was rejected due to inaccurate reasons.

Complaint mechanism can be carried out directly or indirectly,

- **Directly by** :
    1) Periodical/routine meetings with the program management team (including facilitators/ consultants), community leaders, beneficiaries, and local NGOs/society organizations;
    2) Visiting the local program office or complaint unit.

- **Indirectly among them by:**
    1) Submitting a letter/note to a complaint box, sending a letter (including messages in printed or electronic media/ email).
    2) Simple assessment cards with basic questions for beneficiaries;
    3) Formal Surveys;
    4) Review reports/third party investigations (media, university, auditor agency, etc).

Data and information collected through the complaint mechanism is useful for refining the implementation of the program. For that reason, it is important to announce to the general public as well as to expected beneficiaries the method for complaint, steps for solutions and progress in resolving complaints. Thus, this mechanism must be drafted as part of the implementation guideline and disseminated with it.

A basic principle of problem solving is that solutions should be sought at the level closest to the complaint received or to the location where the problem has occurred. The problem solving mechanism should be prepared in levels, creating coordination bases at each level, so that problems can be solved as soon as possible. If there is a major conflict in the community, an independent investigation system should be in place to collect facts and make objective, fair, transparent decisions.

Note that the number of complaints in an area does not always mean that the performance of those responsible for program implementation or facilitation has been bad. This must be clearly understood by all concerned in order to avoid parties related to the complaint mechanism "burying" or "deleting" complaints. When problems are not resolved in a timely way, then they will most likely re-emerge at a later date.

6.5 Design Program Sustainability and an Exit Strategy

Many poverty reduction programs do not achieve an optimal performance because the implementation period is too short to solve a poverty problem or due to disrupting factors such as changes in economic conditions and / or natural disasters. The basic assumptions for program planning are sometimes wrong due to the lack of data and information. For example, the time required to produce a change in attitude, establish an institution, or form a new service system in practice often takes longer that estimated.

Based on the above, it is important to consider the preparation of an **exit strategy** for poverty alleviation programs, i.e. steps to be taken upon completion of the program in order to sustain benefits achieved. This strategy also includes an authority or funding transition plan if the objective and target of the program is not fully achieved so the activity, benefits and /or positive impacts can be sustained.

Generally, there are three types of exit strategies that can be considered when preparing an implementation plan:
1) *Phasing Down*, i.e. **terminating a program gradually**. For example, a program is designed to be fully operated in three years. In line with improving community welfare, the program is reduced in scale gradually, or the number of locations is reduced. The need to scale down implementation is often difficult to predict early on, but it should be considered in the implementation plan.

2) *Turning Over* or **transfer**. For example, a education or health improvement program for the poor is implemented for the first four years by the regional government, then responsibility for

> it is important to consider the preparation of an exit strategy for poverty alleviation programs, i.e. steps to be taken upon completion of the program in order to sustain benefits achieved

further implementation responsibility is transferred to the local school or health clinic. With this strategy, authority transfer rules and terms should be specified in the program implementation plan.

3) *Phasing Out* or **program termination**. For example, road infrastructure development or rehabilitation is scheduled for three years — after three years, the program is considered complete. However, this strategy may create some problems such as determining the party to be responsible for maintaining the infrastructure, and where will the maintenance funds come from? Answers for these questions should be determined before the program is launched.

In a wider context, the exit strategy is a significant part of the effort to ensure sustainability. Sustainability has many aspects and forms. In the context of poverty alleviation programs, sustainability does not necessarily mean that the program has to be maintained, but refers to the form of the expected or maintained change. For example: achievement of a better standard of health is obviously expected to be sustained. This does not mean that there will always be a need to maintain a special program. Perhaps a mass immunization program for one or two years can reduce the frequency of a certain disease type. However to maintain outcome sustainability, immunization can perhaps be institutionalized as a routine activity in health clinics, schools or other institutions. When developing a public facility and infrastructure, sustainability becomes related to operation and maintenance requirements. For example in building a clean water piping system, the operations and maintenance fee mechanism should be prepared to ensure that the system will function on a sustainable basis.

Once again, the type of changes (and the final objectives /targets) that will be maintained and sustained must be accurately identified at the initial stage of the program so that the implementation plan and exit strategy can be soundly designed.

Chapter 7

Monitoring and Evaluation of Poverty Reduction Programs

This chapter aims to build understanding on:

- basic concepts of participatory monitoring and evaluation
- design of monitoring and evaluation systems
- how to apply a monitoring and evaluation system

Chapter 7

Monitoring and Evaluation of Poverty Reduction Programs

7.1 Definition and Basic Concepts

Monitoring is a routine activity used to measure a program's performance through the collection and analysis of information about a program's activities, outputs, and outcomes. For example, monitoring of a poverty reduction program can be carried out through review of reports every six months on the activities implemented, outputs achieved, and outcomes achieved through implementation of activities such as immunization, school repairs, provision of clean water system targeted to benefit the poor.

Evaluation is an assessment done after a certain time period for a planned, ongoing or completed activity. Evaluation can be internal or external and consist of, among others: (a) an assessment of collective impact—both positive and negative—from all or part of an activity, in different target locations and /or for various target groups; and (b) a descripton of outputs and outcomes /benefits, from the perspective of the expected beneficiaries. For example, evaluation can be done of the number of poor children receiving immunizations and the decrease in disease rate due to the immunization program. Another example would be, to what extend renovation of schools has impacted the number of poor children who can participate from improved school services and the reduction in the number of drop-outs. A third example would be to measure the reduction in the incidence of water borne diseases due to the development of clean water systems[8].

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[8] There are various types of evaluations, depending on needs, and these are done at different stages in the program or project cycle. There are *process evaluations,* focusing on the quality of service provision, there are *cost-benefit evaluations* and *impact evaluations*. Formative evaluation is carried out on on-going program or activity to revise the implementation, while *ex post evaluations are carried out* on completed programs / activities to measure the impact and collect useful experiences and lessons-learned. For more information, see Collection of Poverty Alleviation Program Monitoring and Evaluation Training Materials, specifically Module 4.

To carry out effective monitoring and evaluation, **the following should be understood:**

1) **Monitoring and evaluation are not the same**, however both require similar elements and instruments, among them clearly specified program targets, clearly specified indicators, and a database containing up-to-date data[9].

2) For effective monitoring and evaluation, poverty reduction targets and the main indicators **should be set in the initial program design**.

3) *Monitoring* can help us observe implementation continually and to identify trends and problems in order to adjust or revise the management plan or process in a timely manner.

4) If linked to a strong monitoring system, *evaluation* will not only identify poverty alleviation program outcomes, but it can also provide information on when, why, and how implementation of the program diverted from the original plan and present recommendations on how to avoid problems in the future.

5) However, monitoring and evaluation not only aim to identify and solve problems. Monitoring and evaluation are also important to **record findings, innovations, outcomes, and best practices** to be published and used by other parties and regions and also as a basis to determine success. **Additionally, participatory monitoring and evaluation can be an effective vehicle to involve beneficiaries if carried out properly.**

There are several laws and government regulations on monitoring and evaluation in effect. Among these are:

- Basic *Law Number 32 of 2004 on Regional Government.*
- *Government Regulation Number 3 of 2007 on Reporting on Implementation of Regional Government to the Government, Reporting of the Head of District ac to the District Representative Assembly, and Reporting of the District Government to the Public.*
- Basic *Law Number 25 of 2004 on the System of National Development Planning.*

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9 Despite several similarities and links between monitoring and evaluation, by concept these should be understood, designed and implemented separately. Therefore, the term "monev" should be avoided as it distorts two different things. Applying the term "monitoring " and "evaluation" separately will help reduce the gaps in application of these functions.

- Republic of Indonesia Government Regulation Number 8 of 2008 on Phases, Drafting Procedures, Control, and Evaluation on the Implementation of Regional Development.

However, in general the monitoring referred to in these regulations (and the usual monitoring carried out) is focused more on monitoring physical implementation and the disbursement of funds. **This Handbook focuses on monitoring related to measurement of outputs and outcomes enjoyed by the target groups**. These two monitoring types are complementary.

Conventional Monitoring and Evaluation, Participatory Monitoring and Evaluation

The current monitoring and evaluation (the "conventional" approach) **is targeted to fulfill administrative requirements and internal accountability**, as seen from the perspective of the "program owners". In this approach, program design and implementation arrangements are determined by the implementing agency. Evaluation is usually contracted to a external evaluator. Findings and recommendations may be available to the public after several months and the information is rarely conveyed to the targeted beneficiaries of the program in easily understood terms.

Participatory monitoring and evaluation has been considered **more effective** for programs to achieve social development and reduce poverty. In a participatory approach, the poor (the expected beneficiaries) have a stronger role in program formulation, monitoring and evaluation, often assisted by facilitators (project staff / field officers). The beneficiaries can select indicators of success, while monitoring and evaluation can be done using various techniques and simple methods in line with the local cultural norms. In this way, the public can immediately obtain the results and conclusions of monitoring and evaluation. Most importantly, through the **participatory approach, the beneficiaries are empowered to supervise and revise implementation of the**

program and activities. Guidance and training on implementing participatory evaluation is available on the DVD accompanying this Handbook.

With decentralization, there is a need and opportunity for regional governments to develop monitoring and evaluation systems and techniques to improve the impact of poverty alleviation programs.

7.2 Design Monitoring and Evaluation Prior to Implementation

Monitoring and evaluation is an essential component of a Pro-Poor Planning and Budgeting process, and we need to formulate these systems during the program design phase or at the latest during the implementation management planning phase (see Chapter 6 above). Experience shows that if the monitoring and evaluation system is designed *after* program implementation has begun, we may encounter problems due to:

• Vaguely formulated targets and outcomes (not clearly stating what will be done and what will be the results);
• Unclear, inconsistent and changing targets;
• Unclear initial benchmarks and setting of implementation steps, thus difficulty will be encountered to trace progress and achievements;
• Inaccurate indicators (measuring the wrong items, or only measure input and quantity, not output and quality);
• Difficulty collecting data or inconsistent data in terms of time series, therefore we will be unable to measure real outcomes or compare similar items over time;
• Non-participation of beneficiaries and other stakeholders in the monitoring and evaluation process.

As mentioned in Chapter 6 on finalizing program design and the implementation management plan, we should note five main priorities:

1) Setting a realistic and measurable set of outputs and outcomes;
2) Setting solid indicators, targets, and database;
3) Preparation and implementation of a monitoring system;
4) Formulation, distribution, and implementation of an evaluation frame and design;
5) Participation by the poor, civil society organizations, and other parties in planning and implementing monitoring and evaluation.

There could be resistance towards the formulation of a monitoring and evaluation system and its implementation. To avoid or reduce possible resistance, all parties must be involved and clearly understand the benefits of monitoring and evaluation.

Monitoring and evaluation functions (except internal monitoring) **should not be under the responsibility of the program manager**. The poverty reduction program is one of the main government tasks and uses public funds. Monitoring and evaluation of program implementation and outcome is a joint responsibility of the government, the executing agency, beneficiaries, the community and representatives of universities and civil society organizations.

BOX 7.1

Poverty Alleviation Pprogram: Monitoring and Evaluation Elements.

1 - Inputs	• Estimated human resources, financing, material and equipment needed during a certain time period
2 - Activities	• Items carried out to produce outcomes, according to the implementation schedule and management plan
3 - Outputs	• The produced goods and services - quantity and quality
4 - Outcomes / benefits	• The effect of outcomes to beneficiary and the impacts

Monitoring focuses on elements 1, 2, and 3, while evaluation focuses on elements 3 and 4.

7.3 Monitoring: Main elements and Steps

Box 7.1 above shows the elements necessary for design of poverty alleviation programs: setting inputs, activities, outputs, and outcome /benefit. Monitoring focuses on tracking and reporting these inputs, activities, and outputs, while evaluation focuses more on outcomes and especially on benefits and impacts.

More details, the monitoring plan should include the following **steps**:

Step 1: Determine the main activities and outcomes to be monitored
For example in the health sector, monitoring can focus on items such as improved facilities, where the facility improvement is carried out, which poor community receives services and /or what free medication or service is available, for whom and which diseases. Bear in mind that we do not need to monitor *all* aspects. Most importantly, **we monitor what has been done, the produced outcome, where, when, by whom, for whom**. Then, the monitoring result is compared to the original plan, any gap between plan and result is reported, and where possible, the causes are identified.

The procedure for maintaining data is also important to produce an accurate and timely report. Whenever possible, use the collected data routinely. Create a simple reporting format, with partial results displayed visually, using graphics.

Step 2: Determine which parties will carry out monitoring, and when.
To ensure impartial monitoring, the monitoring team should not be the program manager. With participatory principles, **representatives of the beneficiaries of the program /activity** should be a part of the monitoring effort. With regard to the frequency of monitoring, this should be done at least every six months for a medium or long term program.

> Monitoring focuses on tracking and reporting these inputs, activities, and outputs, while evaluation focuses more on outcomes and especially on benefits and impacts

Step 3: Discuss the findings of monitoring reports

The monitoring results should be distributed to the district government (representatives of the executive and legislative branches), as well as the implementation team, central government institutions and representives from the beneficiary group and civil society organizations. Schedule a periodic meeting with stakeholders to review the level of progress, obtain feedback and decide if the implementation plan needs adjustment.

7.4 Evaluations: Main elements and steps

We need to consider two types of evaluation for poverty alleviation programs:

1) **Evaluations of Process**: This evaluation type of evaluation focuses **on what has been done, how it was done, who are the beneficiaries, and what were their responses to program activities.** For example: in an education service improvement program: which schools participate, what activities have been undertaken by the schools, and to what extend have the students from po   or households received benefits compared to students from non-poor households?

   This evaluation is based on monitoring reports and review of program documents, interviews, and field visits. This evaluation is relatively easy to do and very useful if the field monitoring reports or feed back is not delivered on time, if expenses exceed the budget, if there are complaints from beneficiaries or problems in program management.

2) **Impact Evaluations**: This type of evaluation attempts to identify who has actually benefited from the program and the scope of benefits. In other words, **to what extent have the expected outcomes /benefits (and impacts) been achieved**. For example:

in a program to improve education services, we not only report what has been done and how many poor students were involved, but also to what extent they received the free education and the quality of the education provided, whether the drop-out rate was reduced, and whether the quality of their results are better as compared to poor students learning in schools which did not participate in the program to improve education services.

This evaluation can be expensive if the target group is large or if we have to make comparisons with for example, community groups outside the program. Obviously, we should design the evaluation according to our resources, while using adequate respondent sample numbers, in order to find out how far the program has successfully created job opportunities, increased income, improved health or education status, or other benefits accrueing to the target area or the targeted community groups.

Reassessments should be made based these two evaluation types of the basic program assumptions and design (not often done). The fact is that some programs /activities (and policies) fail to achieve the expected results due to erroneous basic assumptions and program design.

To evaluate poverty alleviation programs, we must take the following **steps**:

Step 1: Set work plans, agree on (a) **what will be evaluated** (based on the set of outcomes / benefits in the program plan and using the indicators and key targets); (b) **the database to be used**, and (c) **the timing of the evaluation** (usually after the program has been operating for 2-3 years);

Step 2: **Select an independent and objective evaluator** (not familiar with the program managers). If the evaluation is to be carried out by a government agency, select an organizational unit outside the agency responsible for program implementation. Another option would be a capable independent institution (such as a university or civil society organization). Agree on the methodology to be used (not too

”

Many local governments have not developed the necessary capacity, skills, institutional arrangements and resources to design and implement a monitoring and evaluation system for poverty alleviation programs

“

complex). Meet the beneficiary group representatives and several civil society organizations to jointly design and implement the evaluation.

Step 3: **Discuss the report of the evaluation results with the evaluator.** If the report is considered complete and final, **distribute it to obtain feed back**, then arrange meetings with the program executor and other stakeholders to discuss the results of the evaluation and **determine steps to make any necessary program revisions.**

Several important notes:

- To measure performance, we obviously need an actual and detailed description of the initial situation and baseline data.
- The best evaluation method uses a combination of **quantitative and qualitative techniques.**
- When analyzing, we must be **cautious in concluding** that the comprehensive change in a condition (or indicator) recorded is the result or impact of the evaluated program. Perhaps there are other factors. For example, increases in the average incomes of the beneficiary group may not entirely be due to the program. Experienced evaluation experts have techniques to differentiate the impacts caused by a program or activity against impacts caused by other factors.

7.5 Institutional Capacity Building for Monitoring and Evaluation

Many local governments have not developed the necessary capacity, skills, institutional arrangements and resources to design and implement a monitoring and evaluation system for poverty alleviation programs. Also, many local governments have not allocated sufficient funding to finance an institution (or task unit) specifically to conduct monitoring and evaluation.

Therefore, we should start with capacity building at a small scale and then gradually increase the scale. The following are some considerations to keep in mind:

1) Monitoring and evaluation activity should initially focus on the relatively larger poverty alleviation programs /projects, with an operational duration of 2–4 years.

2) A process should be created that delivers monitoring and evaluation results directly to the main decision makers, so that necessary changes in a program /project can be done early on. In other words, the monitoring and evaluation results should not be delivered to lower levels in the government structure.

3) Planning institutions (especially the District Development Planning Board and the Financial Agency) should be given sufficient authority and have the necessary skills to deliver technical assistance or direction to the District Agencies, to ensure that all poverty reduction programs not only have clear targets and indicators, but also have an implementation management plan, including plans for monitoring and evaluation. The planning agency should also help ensure that the monitoring and evaluation process is objective and transparent.

4) With technical assistance, for example from the central government or from a university, **capacity building on monitoring and evaluation should be carried out for managers and implementation team for poverty alleviation programs**. The list of Resources /References presented below presents relevant material to be used in building capacity.

5) For the monitoring and evaluation database, as far as possible **the available data (collected periodically) should be utilized**. Efforts to collect supplemental data should be limited to that which is absolutely necessary. This will reduce costs, accelerate the process while the supplemental data can be used by other poverty reduction programs in the future.

6) **Participatory techniques in monitoring and evaluation should be used** to obtain input and feedback from the targeted poor, as well as to ensure objectivity and maximize use of local skills and knowledge (see also the section on capacity building, Chapter 8 below.).

Chapter 8

Applying the Handbook to Reduce Poverty

Chapter 8

8.1 Application of the Pro-Poor Planning and Budgeting Framework

The chapters in this handbook have presented the basic concepts commonly used in building understanding of poverty and its root causes. Tools and instruments that can be used to measure poverty and to support pro-poor planning and budgeting have also been presented. The series of basic elements as described in Chart 8.1. should be fully understood and used as the framework to identify steps to prepare plans and budgets to reduce poverty. This framework also presents the important position of community participation, especially the participation of the poor, to ensure that all plans are in line with their perceptions and needs. Chart 8.1. identifies chapters of this handbook as they relate to the pro-poor planning and budgeting framework.
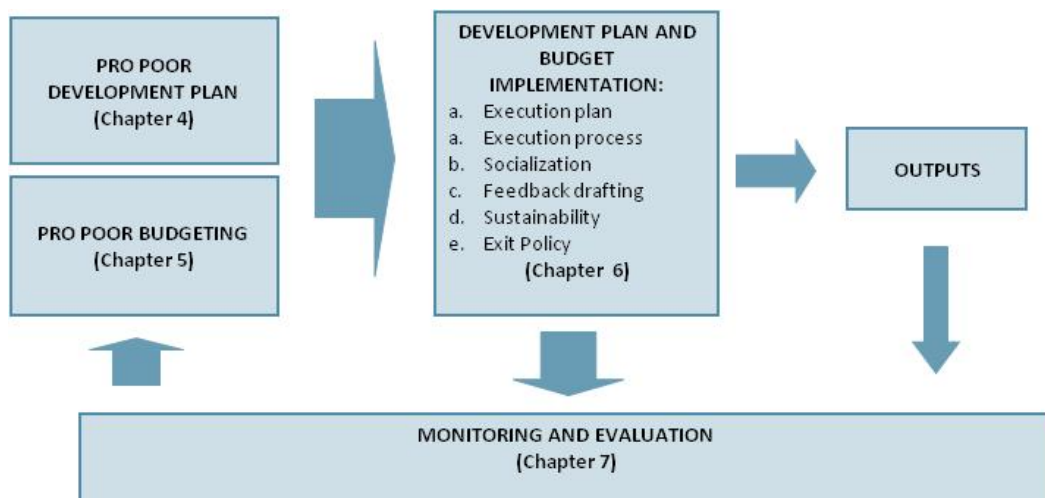
Chart 8.1.

The Framework of Pro-Poor Planning and Budgeting for Effective Poverty Reduction
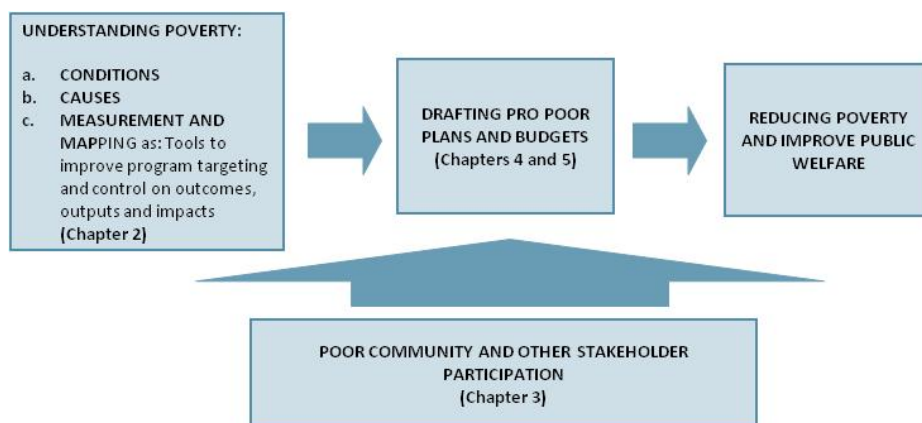
Of equal importance is the preparation of detailed implementation plans for poverty reduction programs. In preparing a detailed implementation plan, attention should be givern to program socialization, preparation of a mechanism for feedback from the community, preparations to ensure the sustainability of the program, and an exit strategy for these programs. (Chart 8.2).

Chart 8.2.

The Sequence of Pro-Poor Development Planning and Budgeting

The framework of pro-poor planning and budgeting is presented in Chart 8.1. and Chart 8.2. with references to the chapters in this handbook. If all program officers concerned with poverty reduction follow the process presented in this handbook, it is hoped that the quality of community-based planning and budgeting will be improved and our efforts to reduce poverty will be more successful.

While these practices and steps are being adopted by all those concerned with poverty reduction, other initiatives should be carried out, including **building capacity for pro-poor planning and budgeting among the staff of those agencies participating in programs to reduce poverty**. (Chart 8.3.).

Chart 8.3.

Important Relationships in the Application of Pro-Poor Planning and Budgeting
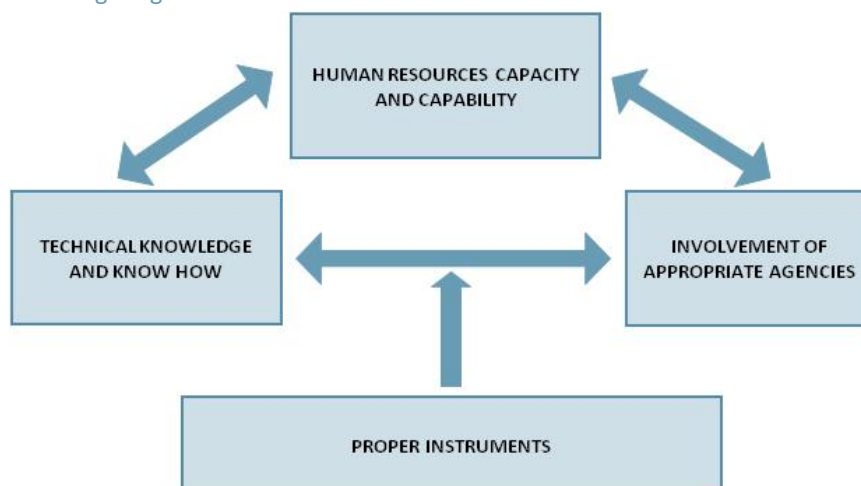
8.2. Develop the Knowledge, Know-How, Human Resource Capacity and Capability of All those Involved in Implementing Pro-Poor Planning and Budgeting

Improving the perfomance of those concerned with pro-poor planning and budgeting requires that **the capacity of key stakeholders** from the executive and legislative branches of government as well as from non-government organizations be increased. Capacity building should be continuous following a comprehensive strategy and supported by sufficient funding. Although, even without completing the capacity building strategy, various activities and steps can be initiated according to local priorities, opportunities and available resources.

8.2.1. Knowledge, Skills, and Attitudes Required to Apply Pro-Poor Planning and Budgeting

International experience shows that if each actor possesses the knowledge, skill / tools, and attitude summarized below, performance in implementing pro-poor planning and budgeting will improve:

Knowledge / Information

Aside from technical knowledge (including conventional planning techniques), the "pro-poor" approach requires other knowledge and information, including:

- **social knowledge**, related to community composition, the roles of men and women, population dynamics (such as migration patterns, growth pattern, etc.), local community priorities / livelihoods, communication habits, leadership patterns, local poverty measurements, etc.
- **knowledge on poverty** with all its dimensions and causes (including the link between poverty and natural resources / the environment).

Skills

Aside from technical / conventional skills and planning instruments (including spatial planning tools), other types of "soft" skills are necessary, among them :

- **skills to communicate with the poor community** as an equal, so that communication is transparent and benefits all parties (see Chapter 3);
- **skills to communicate with the media and the public** to inform them about the planning output ("communication" includes both verbal and written communication, including the skill to use electronic media such as the internet) (see Chapter 3);
- **skills to facilitate deliberation and decision making** to ensure that everyone's input is considered, all interests expressed, and fair decisions are reached based on sound data and arguments (see Chapter 4);
- **skills to analyze data, quality and quantity** (including critical testing on its validity), possess the skill to analyze and express

variations and not merely fix on average numbers; also the skill to identify trends and not only examine current conditions;

- **skills to analyze or assess poverty** that can reveal the "faces" of poverty as experienced and understood by the poor themselves, also the cause factors (see Chapter 2);
- **skills to integrate "technical" planning with community-based planning** (Chapter 4);
- **skills to analyze budgets** to measure how far the budget is actually pro-poor (Chapter 5);
- **managerial skills** (Chapter 6); and
- **skills to communicate with other stakeholders** (see Chapter 3).

Attitude

Attitudes that can help to improve the quality of pro-poor planning consist of the following :

- **understand that the poor are human beings that possess dignity and rights** equal to others, who need to be heard and have basic needs, including access to natural resources, markets, institutions and social justice;
- **modest and have empathy** towards the poor and attempt to understand external factors that impede the poor in their livelihoods;
- **desire to continually learn** from any source (among them from the poor) including to learn from past mistakes;
- **appreciate local knowledge** and non-scientific (traditional) mind sets while also understanding that formal / scientific knowledge and mind sets are insufficient to solve every problem, therefore there needs to be integration of formal and non scientific / traditional / local knowledge;
- **understand that one of the government's main roles is as facilitator** and not as dictator of all affairs, or as the only valid source of information / knowledge;
- **transparent and generous**;
- **respect human and society diversity**.

8.2.2. Steps to draft and apply capacity building strategies:

- Determine parties to take the initiative for this issue (for example, BAPPEDA, Head of Poverty Alleviation Coordination Team, the District Secretary).
- Determine the parties / agencies (BAPPEDA, district technical agencies, district assemblies, non-governmental organizations, etc.) that are the focus of this activity.
- Determine parties that will carry out an analysis of needs. This needs analysis can be done internally, however preferably a more competent external party implements it. This requires a clear Terms of Reference. To select those to assess needs, government training agencies (such as, the provincial training agency), local universities (if they have appropriate skills), NGOs with relevant experience, management education institutions, consultants, etc, or a combination of these parties can participate.
- The results of the analysis will then be jointly discussed and developed by the stakeholders.
- Based on the analysis of results, create a capacity building strategy and plan. This plan covers the medium/ long term needs and short term / contingency needs. Capacity building activities consists of formal education, skill training, education /training in the classroom and in the community as well as in the work place (in the form of coaching or assistance or apprenticeships). The education / training activity types must be directly linked to the needs of the participants of the program and their job descriptions, as well as support practical / applicable learning tasks.
- Capacity building strategy / plan (and / or each activity) must determine the expected outcomes and outputs, clearly and in detail, specifying the output monitoring and evaluation plan.
- Generally, each education / training activity where possible should involve participants from various agencies (sectoral, legislative, NGOs) to develop mutual understanding and to increase team building and networking. The training results can

be utilized optimally. (Capacity building participants must be ensured they will not be transferred within a certain period of time).

- Ensure available sufficient funding, routinely and annually, to finance planning capacity building activities (including monitoring and evaluation costs).

Three important items to note :

- Short trainings are relatively ineffective if they are not a component of an overall capacity building strategy, and followed up with assistance / coaching in the work place until the training participant becomes skilled and can apply their learning. This approach will require fundamental changes in the current conventional training procurement system.
- Sporadic training activities will produce an impact, but more important is the **capacity building effort for training service providers / human resource development agencies** (such as education and training agencies, universities, research institutions, etc). With capacity building for training service providers, the training / human resource development functions will be more sustainable and this function can be carried out more effectively and routinely / periodically according to needs.
- **sufficient funding must be available every year** to support development of human resources.

8.3. Institutional Development

Human resource capacity building, as elaborated above, is often not optimal if not accompanied by institutional reform. Institutional building can be in the form of **organized structural reform, downsizing, or merging, new institution procurement** (or eliminating an existing institution). An example that is currently popular is the forming of integrated service units. An example of organizational downsizing / merging is the case of Jembrana District in Bali. In many districts, agencies have too many officials / staff while field officers or those that provide direct services to the community are extremely limited. Of course this does not necessarily support the improvement of public services.

"

Sporadic training activities will produce an impact, but more important is the capacity building effort for training service providers / human resource development agencies

"

Institutional capacity building also includes improving standard operational procedures — fixed procedures (protap), minimum service standards, the career development system, staff recruitment practices, inter-agency relationships, financing, performance measurement systems, etc. These items are important and must be noted, but it is not further elaborated in this handbook.

Institutional capacity building (and human resource capacity building), **the sub-district level must be noted considering their role as facilitator and monitor of development at the village level**. Sub-district government authorities, as one of the district agencies, should be granted funds in the form of block grants to implement development activities not manageable by a single village (for example, improving an inter-village road connecting several villages).

8.4. Proper instruments

The various concepts, strategies, and steps above are presented as references obtained from a review of existing materials and experience on pro-poor planning and budgeting during the past two years. This handbook is supplemented with other **references recorded in the accompanying DVD and includes notes about other supplemental references.** It is hoped that this handbook will be sufficient to be used as a reference for implementing pro-poor planning and budgeting and preparing various training "packages". In the future it is planned that this handbook will be refined and up-dated as a reference to in programming to reduce poverty.

"

Institutional building can be in the form of organized structural reform, downsizing, or merging, new institution procurement (or eliminating an existing institution)

"

Appendix

Useful Resources / References

Chapter II.

Official Website of **the Coordinating Team for Poverty Reduction**: www.tkpkri.org.

Pro-Poor Planning and Budgeting Program Website: p3b.bappenas.go.id (bilingual)

The **SMERU Research Institute** website contains many updated analysis on poverty, including evaluations of poverty reduction programs: **www.smeru.or.id**.

Indonesia Society Anti Poverty Movement / GAPRI (*Gerakan Antipemiskinan Rakyat Indonesia*) website containing vision, approach, and information about poverty reduction from the perspective of several experienced Non-Governmental Organizations / NGO: **www.gapri.org.**

Regulations on planning, implementation, and evaluation systems as well as the division of tasks between central and regional governments can be obtained on the BAPPENAS website : www.bappenas.go.id.

Four World Bank reports which are recommended reading because they present updated research results on poverty conditions in Indonesia, especially as perceived by the poor themselves. This report can be accessed through the menu at www.worldbank.org/indonesia. Publications and reports are in the right hand column: The most popular of these reports are also available in this Handbook's accompanying DVD.

Era Baru dalam Pengentasan Kemiskinan di Indonesia: Ikhtisar. Jakarta 2007.

Membuat Pelayanan Bermanfaat bagi Masyarakat Miskin di Indonesia: Titik Fokus untuk Mencapai Keberhasilan di Lapangan. Jakarta 2006.

Mukherjee, Nilanjana, Suara Masyarakat Miskin: *Mengefektifkan Pelayanan bagi Masyarakat Miskin di Indonesia*, Jakarta 2006.

Inovasi Pelayanan Pro-Miskin: Sembilan Studi Kasus di Indonesia. Jakarta 2006.

General understanding about poverty and its alleviation is illustrated in *Paket Informasi Dasar: Penanggulangan Kemiskinan. Badan Koordinasi Penanggulangan Kemiskinan dan Lembaga Penelitian SMERU*, Jakarta 2001.

To understand the **Sustainable Livelihoods** approach, which is useful in analyzing poverty and create a comprehensive poverty alleviation plan, browse www.livelihoods.org/info/info_distancelearning.html. Specifically on analysis instruments or tools, download at: **www.livelihoods.org/info/info_toolbox.html**.

Comprehensive training package (in Indonesian) on Sustainable Livelihoods approach is also presented in out DVD:
Penghidupan Berkelanjutan: Paket Pelatihan, *Badan Diklat NAD kerjasama UNDP dan CIDA,* Banda Aceh, 2007.

For **Participatory Poverty Assessment** and **Poverty Analysis**, there are several resources:
Cahyat, A., Gönner, C., dan Haug, M., *Mengkaji Kemiskinan dan Kese¬jahteraan Rumah Tangga: Sebuah Panduan dengan Contoh dari Ku¬tai Barat*, Indonesia. Bogor: CIFOR, 2007.(including developing local poverty indicators, developing a poverty index, data collection through survey, statistical data processing, and mapping).

Relevancy between gender and poverty, see Module 2, 3, and 4 in *Modul Pelatihan Advokasi Penganggaran Berbasis Kinerja Responsif Jender*. Jakarta: Pattiro, 2006.

Further on **targeting**: *Sistem Data dan Penentuan Sasaran* (Targeting) dalam Penanggulangan Kemiskinan. BAPPENAS, Jakarta 2003.

About **Millenium Development Goals (MDGs)**: *Contoh Kartu Penilaian Pengentasan Kemiskinan Kabupaten Banjarnegara Tahun 2006*. P3B/BAPPENAS, Jakarta, 2008.

Laporan Pencapaian Millennium Development Goals Indonesia 2007. BAPPENAS, Jakarta 2007.

About **poverty mapping:** *Modul Dasar GIS* (www.esri.com)

Chapter III.

Almost all competent NGOs have the skill, instruments, and guideline on various methods to develop consultancy and participation with various parties. Two guideline related to this topic is provided in the DVD supplementing this guideline:

Panduan Operasional Penyusunan Strategi dan Rencana Tindak Pengurangan Kemiskinan. Departemen Dalam Negeri/P2TPD, Jakarta 2006.
Specifically on various consultancy forms, see Appendix 4 of this guideline, titled "Panduan Umum Pelaksanaan Forum Diskusi Multi-Stakeholders dalam Rangka Penyusunan SRTPK".

Teknik Fasilitasi Partisipatif Pendampingan Masyarakat, BAPPENAS/UNDP/Tim Partnerships for e-Prosperity for The Poor (Pe-PP), Jakarta 2007.

Specifically on **media** and their involvement:
Peranan Media dalam Perencanaan Pembangunan Daerah. LGSP/USAID, Jakarta 2007.

Further on the role, task and other relevant materials from **Regional Poverty Alleciation Coordination Team**, see the website **www.tkpkri.go.id**.

Chapter IV.

Government regulation Number 8 of 2008 on regional Development Plan Execution Phase, Composing Method, Control, and Evalution.

Law number 25 of 2004 on National Development Planning System.

Specifically for **RPJMD** document, our review will be supported by: *Pedoman Penilaian Dokumen Perencanaan Pembangunan Daerah (Rencana Pembangunan Jangka Menengah Daerah/RPJMD)*. KepMendagri No. 050-188/Kep/Bangda/2007.

Specifically on **Musrenbang** kabupaten/kota process performance, one useful guideline is *Pedoman Penilaian dan Evaluasi Pelaksanaan Penyelenggaraan Musyawarah Perencanaan Pembangunan (Musrenbang).* KepMendagri No. 050-187/Kep/Bangda/2007. This guideline also describes the ideal terms of a facilitator.

Regarding **composing RKPD**: *Pedoman Penyusunan Rencana Kerja Pemerintah Daerah (RKPD). Surat Edaran Menteri Dalam Negeri* Nomor 050/200/II/BANGDA/2008.

Bahan Pelatihan dan Pendampingan Penyusunan Rencana Pemba¬ngunan Daerah bagi Eksekutif, Legislatif, dan Organisasi Masyarakat Sipil. LGSP/USAID, Jakarta 2007 (consisting of 6 chapters, related to RPJPD, RPJMD, Renstra SKPD, RKPD, Renja SKPD, and KUA, PPAS, RKA SKPD. This training package is supplemented with:
Panduan Pelatihan: Bahan Pelatihan Fasilitator Forum SKPD dan Musrenbang Rencana Kerja Pemerintah Daerah (RKPD). LGSP/USAID. Jakarta 2007.

To compose **regional poverty alleviation strategy (SPKD):** *Panduan Operasional Penyusunan Strategi dan Rencana Tindak Pengurangan Kemiskinan.* Departemen Dalam Negeri/P2TPD, Jakarta 2006.

Panduan Penyusunan Strategi Penanggulangan Kemiskinan Daerah (SPKD). Tim Koordinasi Penanggulangan Kemiskinan, Kantor Menko Kesra, Jakarta (tanpa tanggal)

Advokasi Strategi Penanggulangan Kemiskinan Daerah (Buku Panduan). GAPRI/OXFAM, Jakarta 2003 (also a comprehensive reference source on poverty, especially in Indonesia).

Professional facilitator main source consisting of various local and national NGOs. The recommendable facilitator training guideline among them are: ***Teknik Fasilitasi Partisipatif Pendampingan Masyarakat***, BAPPENAS/UNDP/Tim Partnerships for e-Prosperity for The Poor (Pe-PP), Jakarta 2007.

Specifically on **participatory planning** at village/kecamatan level, training packages for NGOs are available. An example of training package for composing a village medium term development plan is available in this DVD. One instrument described is **methods to determine priority:** *Pelatihan* RPJMDes, FORMASI.

About **PNPM** program, its integration with down up planning system, including participatory planning and implementation at village and kecamatan level: ***Pedoman Umum Program Nasional Pemberdayaan Masyarakat (PNPM) Mandiri. Menko Kesra***, Jakarta 2007.

Chapter V.

Panduan Analisa dan Advokasi Anggaran Pemerintah Daerah di Indonesia. Jakarta: Asia Foundation and Asian Development Bank, 2006.

Modul Pelatihan Advokasi Penganggaran Berbasis Kinerja Responsif Gender. Jakarta: PATTIRO, 2006.

Susana Dewi R., ***Tips & Trik Mengkritisi APBD: Panduan Praktis untuk Analisa ABPD.*** PATTIRO, Jakarta 2006.

Pelatihan Membaca Anggaran. P3B/FITRA 2007.

Bahan Pelatihan dan Pendampingan Penyusunan Rencana Pembangunan Daerah bagi Eksekutif, Legislatif, dan Organisasi Masyarakat Sipil. LGSP/USAID, Jakarta 2007 (specifically Module 6 on KUA, PPAS, RKA SKPD).

Chapter VI.

"*Strategi Mengakhiri Program: Pengalaman Program Penanggulangan Kemiskinan di Indonesia*". SMERU Newsletter No. 23, 2007.

Implementasi Mekanisme Komplain terhadap Pelayanan Publik Berbasis Partisipasi Masyarakat. PATTIRO (Pusat Telaah dan Informasi Regional), Jakarta 2007.

Membuat Pelayanan Bermanfaat bagi Masyarakat Miskin di Indonesia: Titik Fokus untuk Mencapai Keberhasilan di Lapangan. Bank Dunia, Jakarta 2006.

Inovasi Pelayanan Pro-Miskin: Sembilan Studi Kasus di Indonesia. Bank Dunia, Jakarta 2006.

Chapter VII.

If we need technical assistance in terms of monitoring and/or evaluation, we can communicate with the **Office of the Development Performance Evalution Deputy** at BAPPENAS.

Several well known independent institutions experienced in monitoring and evaluation of poverty reduction programs include the following:

Lembaga Penelitian SMERU
Jl. Pandeglang No. 30, Jakarta 10310
Tel: 021-31936336 Fax: 021-31930850
Email: smeru@smeru.or.id; Website: www.smeru.or.id

LP3ES - Lembaga Penelitian, Pendidikan, dan Penerangan Ekonomi dan Sosial
Jl. S. Parman No. 81, Slipi, Jakarta 11420
Tel: 021 5674211 Fax: 021 5683785
Email: lp3es@lp3es.or.id; Website: www.lp3es.or.id

LPEM - UI (Lembaga Penyelidikan Ekonomi dan Masyarakat)
Jl Salemba Raya No. 4, Jakarta 10430
Tel: 021-3143177 Fax: 021-334310
Email: lpem@lpem-feui.org; Website: www.lpem.org

Not many books or training packages on monitoring and evaluation are available in Indonesian. In the DVD attached to this guideline, several reference materials are illustrated as follows:

Kumpulan Bahan Latihan Pemantauan dan Evaluasi Program-program Penanggulangan Kemiskinan, BAPPENAS/ADB TA P3B, Jakarta, Januari 2008.

"**Results of a Review and Evaluation on Pro-Poor Programs in Indonesia: A Summary**". Basic document for workshop "Using Evaluation Results: Methods to Improve Pro-Poor Programs". BAPPENAS/ADB TA P3B, February 2008.

Inovasi Pelayanan Pro-Miskin: Sembilan Studi Kasus di Indonesia, Bank Dunia (Indopov), Jakarta 2006.

Specifically on participatory monitoring and evaluation:
Pelatihan Civic Report Card. *Forum Pengembangan Partisipasi Masyarakat*, Bandung 2008.
Evaluasi Dampak Berbasis Masyarakat: Sebuah Panduan untuk Fasilitator. ACCESS, Bali, 2007.
Cerita Perubahan yang Mendasar: Sebuah Panduan untuk Fasilitator. ACCESS, Bali, 2007.

Chapter VIII.

Several types of human resource capacity building / training tried out by several regional governments were considered sufficiently useful to have been mentioned in previous chapters. Also, the DVD presents two current relevant articles:

Peningkatan Kapasitas Pemerintah Daerah dalam Penanggulangan Kemiskinan Melalui Analisa Kemiskinan Partisipatoris (AKP). SMERU, Jakarta 2006.

Kapasitas Kelembagaan Penanggulangan Kemiskinan di Daerah. SMERU: Newsletter No. 21, Jan-Mar 2007.

Ministry of National Development Planning/
National Development Planning Agency

2008