

TOWARD AN IMPROVED  
PDP INFORMATION SYSTEM

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## INTRODUCTION

This report addresses the problems associated with the PDP monitoring and evaluation system. It arises from a need recognized by a wide number of agencies involved in PDP, all of which have expressed a desire for more relevant and accurate information both regarding the implementation of individual PDP projects and the impact of the whole program.\* The importance of an appropriate information system cannot be overemphasized. The significance of the PDP program as a process, and the importance of individual PDP projects, lies largely in its experimental nature. An innovative activity, however, is only useful to the extent that it can be studied and used as a source of learning for future planning. To achieve this, a system of reporting, monitoring and evaluation which can deliver timely, accurate and relevant information is essential.

The recommendations contained in this report, however, are not sufficient to ensure that the potential benefits of PDP are fully exploited. An information system can supply required data, but this must be joined with an appropriate planning system which creates an effective demand for data and makes good use of it. A recurring theme of this report is the importance of reviewing the present PDP planning process so that the data produced by an improved information system will be used effectively to improve the quality of the PDP program.

Although the crucial importance of the planning system has been recognized in this report, no attempt has been made to examine the planning system in detail or to make recommendations about possible ways to improve it. Such considerations were beyond the mandate of the Team and would require considerably more time than was available. Therefore this report constitutes an important part of plans for an improved PDP program but does not provide a complete answer.

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\* In this report, 'project' refers to the activities of an individual DUP/DIP, usually called subprojects in the terminology of USAID. The term 'program' designates composite PDP activities at the provincial and national level.

In trying to formulate this report, the Team has felt that the primary need is to determine the kind of information needed by various agencies at different levels of government and how these are related to the planning process. Clarification of these issues is necessary before the details of operationalizing an information system can be determined. Therefore, this report concentrates on identifying key issues and offering recommendations on basic approaches. Specific recommendations on technical issues such as indicators of socio-economic impact or possible revisions in reporting forms are seen as secondary matters which can only be taken up once agreement is reached on more fundamental points.

To identify these key issues, the report begins with an examination of the present planning system and the information needs at each level. (Section I: Analysis of the Present PDP Information System). From this general analysis, the report moves to a more detailed examination of ways in which the present reporting, monitoring and evaluation system could be improved to meet the information needs identified (Section II: Information and Planning in PDP). The implications of these changes are discussed in the following section (Section III: A Monitoring and Evaluation System for PDP). Finally, the recommended steps for each agency involved in PDP are summarized in Section IV.

A number of Appendices discuss in greater detail some interesting efforts in various provinces to establish a more satisfactory information system. One of these (Appendix A) offers suggestions for a national workshop on reporting, monitoring and evaluation. It is the hope of the Team that changes in the present system will be based on a full discussion with provincial staff. Many have given thought to these problems and all will be affected by how they are resolved.

Finally, the Team would like to express its gratitude to all those who assisted us in our work. Staff of the Directorate-General of Regional Development in Jakarta were generous with their time and assistance, as were staff from USAID. Martin Sirait and Firman Aji of

USAID assisted in data collection and interviews, and the Team would like to acknowledge specifically their help in compiling this report. BAPPEDA and Dinas staff, as well as consultants, in the four provinces visited by the Team (Kalimantan Selatan, Jawa Timur, Jawa Tengah, and Aceh) were exceedingly forthcoming and helpful. We are grateful for the time they took amidst their many other commitments to meet with us. Of course, the views and opinions expressed in this report are entirely the responsibility of the Team and are not necessarily those of any individual or agency interviewed.

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I. ANALYSIS OF THE PRESENT PDP INFORMATION SYSTEM

This section is concerned with the character of the present information system. While not providing a detailed account of how information is generated at each level and is transferred to other levels, it attempts to analyze what the system does, and what it does not do. From this follows a discussion of the kinds of needs which the Team has identified which are not presently being met, and an indication of ways in which a clearer identification of appropriate information needs can lead to a more coherent PDP program.

For Government of Indonesia agencies, the monitoring and reporting requirements for all PDP projects are contained in the annual Instruksi Menteri (INMEN) which prescribes the forms which must be completed at each stage of planning, budgeting, implementing monitoring and completing PDP projects. While some provinces have initiated interesting experiments to supplement the information contained in these forms, the INMEN contains the basic core of reporting currently undertaken with regard to PDP projects, and thus the basic information available at each level of government.

The INMEN reporting requirements place overwhelming stress on two factors: financial disbursements and attainment of physical targets. The primary functions which these reports fulfill are auditing and financial control, with the ultimate consumer of this information being the Department of Finance. Relatively little is required in the way of overall planning statements, provincial strategies or other indications of the context in which a project is to be assessed in terms of broader PDP goals. Indeed, consideration of the frequently mentioned goals of the PDP program (for example, building institutional capacity at lower levels of government; devolving planning responsibility; experimenting with innovative approaches to reach the rural poor) are never specifically addressed in any of the INMEN reporting requirements.

For USAID, the primary reporting requirement is the provision of a quarterly report by the provincial planning consultant. These reports are intended to provide information on all projects within the province and necessitate field visits by consultants and BAPPEDA staff to determine the status of projects. In addition to quarterly reports, USAID staff participate in inspection visits to project sites to determine whether or not the project will be accepted for reimbursement. In general, USAID reporting requirements, like those of the INMEN, are oriented towards financial disbursements and the attainment of physical targets. As with INMEN requirements, the primary functions appear to be auditing and control of finances, with relatively little attention given to program planning or provincial strategies. Finally, as with INMEN reporting, USAID attention is focused on individual projects rather than on sectors or areas of activity, and overall goals of the PDP program are inadequately considered.

To further identify the weaknesses and inadequacies of this apparent information system, it is useful to analyze the kinds of decisions appropriately made at each level of government involved in PDP. The purpose of this analysis is to distinguish between the various agencies involved in PDP and to indicate ways in which they are concerned with different kinds of activities. These distinct kinds of activities, in turn, will require different kinds of information. An effective and useful information system must be designed to serve this diversity of needs.

The following table distinguishes between the various agencies involved in planning, implementing, monitoring and evaluating PDP projects. Kecamatan and kabupaten agencies have been grouped together because the various PDP provinces have not advanced at a uniform pace in their efforts to devolve project responsibility from the provincial to the kabupaten and finally the kecamatan level. However, despite these differences, the table is useful in distinguishing the kinds of activities (and hence the information requirements) appropriate to various agencies.

<u>AGENCY</u>	<u>ACTIVITY</u>	<u>DECISION</u>	<u>INFORMATION NEED</u>
Camat/Bupati and BAPPEDA II	<ol style="list-style-type: none"> <li>1. identify project needs</li> <li>2. develop draft plans</li> <li>3. monitor implementation</li> <li>4. complete or review financial reports</li> </ol>	<ol style="list-style-type: none"> <li>1. select appropriate responses</li> <li>2. decide on requirements</li> <li>3. assess progress achieved</li> <li>4. determine expenditures</li> </ol>	<ol style="list-style-type: none"> <li>1. local conditions/needs</li> <li>2. technical plans</li> <li>3. field reports</li> <li>4. financial reports</li> </ol>
Dinas II	<ol style="list-style-type: none"> <li>1. advise on technical feasibility of plans</li> <li>2. implement projects</li> <li>3. complete financial reports</li> </ol>	<ol style="list-style-type: none"> <li>1. determine requirements</li> <li>2. draft workplan</li> <li>3. determine expenditures</li> </ol>	<ol style="list-style-type: none"> <li>1. local conditions</li> <li>2. resource availability</li> <li>3. financial reports</li> </ol>
Governor and BAPPEDA I	<ol style="list-style-type: none"> <li>1. develop long-term strategy and annual plans</li> <li>2. review project proposals</li> <li>3. monitor implementation</li> <li>4. review financial reports</li> <li>5. evaluate impact</li> </ol>	<ol style="list-style-type: none"> <li>1. determine appropriate project interventions</li> <li>2. determine relevance to strategy and review technical feasibility</li> <li>3. determine progress achieved</li> <li>4. determine acceptability of reported expenditures</li> <li>5. determine success or failure of intervention and reasons</li> </ol>	<ol style="list-style-type: none"> <li>1. local conditions and PDP program goals</li> <li>2. project proposals</li> <li>3. progress reports</li> <li>4. financial reports</li> <li>5. regular and special evaluations of projects</li> </ol>
Dinas I	<ol style="list-style-type: none"> <li>1. advise on technical feasibility</li> <li>2. monitor implementation</li> <li>3. review financial reports</li> <li>4. develop sectoral strategies</li> </ol>	<ol style="list-style-type: none"> <li>1. determine appropriateness of project plans</li> <li>2. assess progress achieved</li> <li>3. determine acceptability of reported expenditures</li> <li>4. select options</li> </ol>	<ol style="list-style-type: none"> <li>1. project proposals</li> <li>2. progress reports</li> <li>3. financial reports</li> <li>4. evaluation of options</li> </ol>
BANGDA	<ol style="list-style-type: none"> <li>1. determine overall policy framework</li> <li>2. review provincial strategy</li> <li>3. assess impact of program</li> <li>4. review financial reports</li> </ol>	<ol style="list-style-type: none"> <li>1. decide on goals for PDP</li> <li>2. determine appropriateness of strategy within PDP context</li> <li>3. determine effectiveness</li> <li>4. determine acceptability</li> </ol>	<ol style="list-style-type: none"> <li>1. options and priorities</li> <li>2. strategy statement</li> <li>3. evaluations</li> <li>4. financial reports</li> </ol>
USAID	<ol style="list-style-type: none"> <li>1. review program goals</li> <li>2. review provincial strategy</li> <li>3. assess program impact</li> </ol>	<ol style="list-style-type: none"> <li>1. determine complementarity</li> <li>2. determine appropriateness</li> <li>3. determine effectiveness</li> </ol>	<ol style="list-style-type: none"> <li>1. BANGDA program goal statements</li> <li>2. strategy statement</li> <li>3. evaluation of selected projects</li> </ol>

In general, it can be seen that there is a significant shift in the nature of appropriate activity, and in consequent information needs, as one moves from the lowest level of government to the highest. Technical information on specific projects is most urgently required by implementing agencies (generally the Dinas) at the lowest level. This information becomes increasingly less useful as one moves up the hierarchy, and serves no useful purpose at the national level, where there is little or no capacity to assess the information or to act upon it.

Similarly, long range strategies for area development are of little use at the lowest level of technical agencies charged with project implementation. However, these are of crucial importance at higher levels, and agencies such as BAPPEDA I or BANGDA cannot properly fulfill their functions without them. An information system which provides technical information to all levels, therefore, is misusing valuable resources of time, manpower and money. Furthermore, a system which fails to provide the highest level with information required to formulate broad strategies makes it impossible to assess the priorities which should be given to competing project proposals.

In general, the weakness of the present PDP information system as established by the INMEN is that it fails to make this distinction between different needs at various levels of government. The same kind of information is made available at all levels of government, whether or not it is needed and appropriate. One consequence is that BANGDA has information on financial disbursement and attainment of physical targets for individual projects, but little information which will allow it to assess the provincial development strategies and determine the impact of the PDP program. In the opinion of the team, the scarce manpower resources of BANGDA staff should be directed to assisting provinces develop long-term plans and to assess the achievements of past programs and experimental efforts. In order to accomplish this, however, a different kind of information system will be required.

USAID reporting requirements for consultants also fail to distinguish between distinct needs at various levels and result in a dissipation of scarce resources. At present these reports are comprised of detailed information on individual projects. They are compiled at a considerable costs in terms of the allocation of consultants' time. We understand that these reports are used by USAID staff to help BANGDA identify difficulties or delays in the implementation of individual projects. However, in the opinion of the Team, USAID staff (like BANGDA staff) should be concerned with provincial strategies and long-term development plans, the general direction and content of annual plans, and with helping BANGDA to determine the extent to which PDP program goals are being met. The problems of individual projects are best left to the technical agencies responsible for their implementation (Dinas) and those formally charged with monitoring their program (BAPPEDA I and/or BAPPEDA II). Central level agencies are in general not equipped to assess technical problems or to determine the best way of overcoming them. By focusing on such issues USAID has great deal of information which it does not need, and little of the information which it does need. Broader issues of strategy are either neglected or languish for want of the appropriate kind of information.

It is the view of the Team that the reimbursement system presently in force has been a major factor in determining the character of the present information system. Because of the project-specific reimbursement system, all levels of the Government of Indonesia understandably emphasize inspection of physical achievements of individual projects rather than assessment of overall program achievements, many of which are of a non-physical nature. The reimbursement system also deflects the attention of USAID staff from assisting both BANGDA and provincial BAPPEDAs with the development and assessment of experimental projects, and places them in the role of inspectors of financial records and physical achievements. Because of this, the Team recommends that the present approach to reimbursement be replaced by a funding and reporting system which will help focus

attention on overall PDP objectives. This calls for changes in the criteria used for central review so that these criteria are more relevant to the stated goals of the program.

In moving toward the development of an improved system which more adequately meets the need of the PDP program as a whole, it may be useful to make use of what has been called the principle of 'optimal ignorance'. This is, the flow of information should be restricted to what is necessary for informed and rational decision-making at various levels. This does not mean that the information should never be accessible to other levels, but that it should not routinely be fed into the flow of documents and reports from one level to another. In this way, decision-makers will not be overwhelmed or distracted by irrelevant or inappropriate information. While they may be ignorant of some facets of the program, this is an asset rather than liability.

The principle of optimal ignorance, then, suggests that some kinds of information should remain at the kecamatan or kabupaten level. This would include feasibility studies, technical plans, designs and frequent reports of a technical nature such as bi-weekly reports from PPLs or their equivalent. Information which should remain at the provincial level would include monitoring reports on the progress of individual project implementation.

Information which is required at higher levels of government (BAPPEDA I, BANGDA) is that which is useful in mapping strategies, determining policies and assessing achievements. It is unlikely that these broader concerns can be served by the 'raw' information produced by the lowest level concerning individual projects. As one moves up the hierarchy, 'raw' information has to be accumulated, examined, assessed and used to formulate future policies. In this process, data from the lowest level is used not to determine the present status of individual projects, but to understand the significance of that status in the context of a broader strategy. This is not simply a matter of filling in forms but one of analyzing the information the forms contain to see what lessons can be

learned or impacts can be discerned in consequence of adopting a particular strategy. There is necessarily an evaluative function in the use of information at higher levels, and an improved PDP information system should recognize the importance of this in designing reporting requirements.

(The one partial exception to this general picture of restricting, interpreting and analyzing data as it flows up the various levels of government is the requirement for periodic financial reports. Present government procedures demands that this raw data on all activities funded under one DIP be passed directly up the system for auditing and financial control purposes. It is important to recognize, however, that this direct transmission of 'raw' data is not sufficient for the broader policy concerns of provincial and central level agencies.)

The BAPPEDA I is the key agency in this process of assessing and interpreting 'raw' data from lower levels and determining its significance in light of an overall development strategy for the province. It is at the BAPPEDA I where broad policies are formulated, and it is at this level that there is an opportunity to monitor the progress achieved and to assess the significance of this in the context of provincial plans and targets. It is this agency which has the capacity to bridge the sectoral boundaries of implementing agencies and thereby gain a broader appreciation of what is being achieved through the implementation of various individual projects. (As will be discussed in Section II, this will require a number of important changes in the framework within which individual DUPs are presented and discussed at the provincial level.) It is also at this level that evaluation efforts will have to be coordinated, and will be of the greatest use in helping to share future programs.

For this reason, the establishment of an information system for PDP must give primary consideration to the BAPPEDA I. The implementation plan must take account of the manpower and training constraints at this level, as well as seeking to build upon the potential strengths of these

institutions. In time, it may be that the focus should move to the BAPPEDA II, but for the moment these are in general still new and weak institutions heavily dependent upon guidance and support from the BAPPEDA I.

Given this analysis of the kinds of information required at various levels of government, the need to restrict the flow of information as it flows upward, and the importance of the BAPPEDA I in transforming 'raw' data into strategically significant information, the following sections will discuss in greater detail the relationship of information to planning and a recommended information system relevant to the needs of various agencies at various levels.

## II. INFORMATION AND PLANNING IN PDP

The purpose of this chapter is to consider the linkages between information and planning in PDP. Potentially, this is a two-way linkage. That is, the planning process should specify indicators for measuring achievement of program and project goals, and evaluative information should, in turn, undergird both strategic and project planning.

There is a requirement for a significantly improved planning process within PDP, including the generation of provincial strategies, and possibly the clustering of projects into themes and priorities. If a revised and integrated planning process were in place, a monitoring and evaluation system could feed directly into improvements in PDP strategy and projects.\*

Since, as noted in Section I, each level of the GOI involved in PDP planning has particular decision responsibilities, then each level becomes both a provider and user of PDP information. However, the Team's findings indicate that much information now generated is not used and much information needed is not provided. In other words, the linkages between information and planning in PDP remain weak and provide an opportunity for significant institutional development.

As described above, the INMEN itself is a manifestation of this problem. Even where the INMEN does specify certain evaluative questions as in the case of Form XII (a project completion report sent to Jakarta) this information is often not provided and, if provided, is not analyzed or used as a planning input.

For routine reporting by local project leaders, the INMEN specifies Form V which requires only financial and physical completion data. East

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\* See Appendix B for one example of a suggested strategic framework for a provincial PDP program.

Java and Kalimantan Selatan have developed their own forms to supplement Form V reporting from project leaders.\* It is too early to compare different approaches or to judge how effectively the information generated will be used. But these innovations do represent a commendable effort to refocus the attention of the local information system on a more relevant set of planning criteria, even in the absence of central direction.

Most PDP provinces are also attempting to broaden the scope of the DUP (Form I a), the basic descriptive planning document in the INMEN system. In some cases, this effort includes use of the logical framework matrix, introduced through the PDE course. The point is to specify indicators for measuring not only financial and physical completion (inputs and outputs), but also project purpose and indicators of goal achievement. However, since the formal system does not define accountability in terms of these latter yardsticks, they have not generally been used by either project leaders or by monitoring teams as bases for measurement on reporting.

At the strategic level, the INMEN's focus on project reporting provides little on no basis for developing or assessing broader provincial PDP strategies. Each province does have a strategy of sorts which was conceived at the beginning of its PDP program and based on advance provincial profiles and feasibility studies. These strategies specify areas of both geographical and sectoral focus and also identify target populations. However, while providing a framework for each Province's PDP program, these plans neither express experimental criteria nor call for testing of their underlying hypotheses. As time passes, they function as little more than definitions of boundaries for project activities.

Each year's 'operational plans' thus tend to become the sum of their component project parts rather than statement of guiding principles

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\* See Appendix C for a description of these forms.

subject to reformulation based on prior experience. For an avowedly experimental program, this is a critical weakness. The weakness derives in large part, we think, from the focus of the INMEN on routine project monitoring rather than broader strategic issues at either project or program level.

The problem is reinforced by USAID monitoring and information demands. Both reimbursement monitoring as historically conducted in PDP and the requirement for quarterly project monitoring status reports from consultants skew the information system toward disaggregated detail rather than broader strategy. As argued in section I, this exacts an enormous toll in terms of both USAID staff and consultant time.

The overall influence of the INMEN plus past USAID reimbursement procedures cannot be over emphasized. They represent the operative bureaucratic engines which have drive the system. They have largely defined what information is "demanded" even though different information may be needed or wanted. In both BANGDA and USAID there is a substantial apparent difference between what high level managers say they want to know and the kind of information their systems are providing. As a corollary, much of what is collected is neither analyzed nor used. And the judgmental character of the monitoring system is intrinsically threatening, diminishing the prospects that active learning will take place.

There is, to be sure, considerable evidence that, at the project level, technical and administrative plans have been adjusted from year to year due to what has been learned from prior experience. The primary channels for such learning are informal, that is, meetings, conversations, or individual initiatives of consultants. These are valid channels but they work largely in spite of, not because of, the formal information system. Little is documented and much depends on the personalities involved.

The problems described above are manifested in many ways. For example:

- . In Kalimantan Selatan, reports of monitoring and evaluation teams are not circulated to Dinases or kabupaten BAPPEDAs where primary project planning responsibility resides. Nor are evaluation team members generally present at subsequent DUP (planning) reviews thus further reducing the chance for evaluation input into the planning process.
- . In Jawa Timur, provincial files on PDP projects are organized under several headings and are in the possession of several different BAPPEDA staff. The absence of a master file or organized retrieval system constrains access by monitoring and evaluation teams to planning documents and information about past implementation problems.
- . In Jawa Timur and Kalimantan Selatan, DUPs contain criteria for project success (through use of the Log Frame) but these criteria are generally neither reviewed nor used by monitoring and evaluation teams.
- . In Jawa Tengah, the annual 'operational plan' is generally prepared after all DUPs have been written and reviewed at kecamatan, kabupaten, and provincial levels. That is, it does not serve as a framework for planning.
- . In Aceh, results of field visits are seldom written down and so no record is left of what problems were identified or project impacts measured.
- . In several provinces, universities have been commissioned to undertake evaluations of PDP activities. However, in general, no clear scope of work is developed with BAPPEDAs or relevant Dinases; no specific purpose for the evaluation is agreed upon; and little or no use can be made of the findings.
- . In BANGDA, operational staff define their information needs only in terms of timely and accurate Forms X (quarterly budget and physical completion reports) and XII (project completion reports) and need to be encouraged to seek information which would serve broader program assessment.
- . Since the outset of PDP, USAID has not clearly articulated what information it needs or for what purposes it needs it. There is a limited connection between what the mission says it needs and what, by contrast, its information systems (field monitoring and consultants' reports) deliver.

- . In general, there is little attention in PDP to downward flow of information (as distinct from instructions or guidelines). That is, even in those cases where information is fed to a higher level for some sort of aggregation or analysis, the results are often not fed back down into the system. For example, in many instances, Dinases do not receive BAPPEDA-processed information about projects for which they have implementation responsibility.

The implications of these comments for the PDP planning process include the following:

1. The INMEN

The INMEN should be substantially revised so as to give emphasis to guidelines for:

- . Preparation of multi-year strategic program plans.
- . Preparation of the annual provincial strategy statement in the context of the multi-year plan.
- . Annual reporting on achievement of provincial strategic goals based on criteria specified in the annual statement.
- . Specification of evaluation criteria in each DUP keyed not only to administrative plans but also to the achievement of project purposes.
- . Periodic reports using these criteria as a means to link planning both to project reporting and to subsequent evaluation.
- . Aggregation of project data at the provincial BAPPEDA level to provide analytical reports on sectoral on broader issues to the Center.

2. Central Monitoring

Central monitoring should be based on a review of information assembled at the provincial level with more qualitative and intensive spot checks of a limited sample of projects. The focus should be on achievement of provincial strategic goals as articulated in the provincial plan. If a reimbursement system is continued, it should be

based on evidence of adherence to plan (as evidenced by the focus of effort and resources) and learning (as indicated by improvements in planning and evaluative information) as well as overall achievement of project purposes (as measured by indicators specified in the respective DUPs).

### 3. Provincial Strategy

Each province should prepare an annual strategy statement in the context of its multi-year plan. Both the annual strategy and longer-term provincial PDP plan should demonstrate learning from past PDP experience and suggest indicators for measuring goal achievement in the future (see section III). The central focus of the annual planning review by the center should be the strategy statement, not projects. Individual DUPs should be assessed only in terms of how well they support the provincial strategy. Technical and administrative details of project plans should be a matter for review by provincial BAPPEDAs.

As a corollary, each province should conduct a year-end strategic review (based largely on ongoing reports and evaluation) which would test the hypotheses underlying the annual strategy. This kind of report is now being produced in East Java, for example, with analysis by sector and by kabupaten.

### 4. USAID and Consultants

Consultants' reports to USAID should not contain project status information. To the extent consultants generate project information based on field visits or other analysis, this should be provided to BAPPEDAs and relevant Dinases to assist their planning, management, and reporting roles. Except for focused technical inputs, USAID staff should concern themselves with broad strategic issues and not project implementation details.

5. Project Planning and Reporting

Every project plan (DUP) should contain criteria for measuring purpose achievement. These criteria should be used by all subsequent monitoring or evaluation teams. Additionally, the reporting forms used by project leaders or field teams should require relevant information based on these same criteria. Corrective action spurred by such reports should be the responsibility of the provincial (or kabupaten) BAPPEDA or relevant Dinas and each should receive copies of them. Reference to the information should be required in subsequent DUPs for similar projects.

The following section discusses key issues in implementing these changes.

### III. A MONITORING AND EVALUATION SYSTEM FOR PDP

#### Introduction

The purpose of this section is to present a possible solution to the information needs identified in the preceding chapters. The information system proposed is illustrative. It shows what might be designed and implemented over the course of the next four years. The focus is on monitoring and evaluation, since that was the assignment of the Team. There is also a major requirement for an improved planning process, which would use the output of the information system, but that new planning process, however important, is not specified in this report.

There are four components of the proposed system:

- . Program description and strategy evaluation, which looks at overall progress within the PDP program;
- . Improved reporting on the implementation of projects in the field, including suggestions for revisions in Form V and Form X;
- . Regular and special evaluations of program and project impact, suggesting how systems might be designed to extract more useful evaluations from field visits, as well as how special evaluations could be undertaken on a sample of PDP projects; and
- . Documentation and retrieval of information, to allow for effective use of reporting which is conducted on PDP.

In each of the following sections, a summary will be presented of the system components, and more detailed examples considered. The actual generation of indicators, forms, and standards of comparison will require a significant amount of time and technical assistance, and should be left for detailed discussion at a later date.

A. Program Description and Strategy Evaluation

PDP has several major objectives--goals which the overall program is seeking to accomplish. It is important for policymakers to have information which allows them to judge how PDP is progressing toward those major goals and objectives. This is information useful to each provincial BAPPEDA to allow a reshaping of its strategy for the coming years. For BANGDA it is useful in determining its allocation of the budget provided for the overall program. In turn, the funders--Ministry of Finance, BAPPENAS, USAID--need this information to establish budget priorities among their many competing programs.

To be able to evaluate PDP strategy, it is necessary to describe the goals of the program in ways that all key decision-makers agree. Both BANGDA and USAID use the following concepts to characterize PDP goals:

- . developing bottom-up planning;
- . building institutional capacity;
- . increasing local participation;
- . experimenting with projects and programs;
- . increasing the income of the rural poor; and
- . filling gaps in existing GOI development programs.

There may be many more, or these listed may be inappropriate, but some list of goals can be established to represent and describe the objectives of PDP. The first step is to agree on such a list.

The second step is to determine how it is possible to know whether PDP is moving toward the stated objectives. This calls for a definition of a continuum with clear points indicating more and less preferred outcomes. For example, a continuum used to measure progress toward the development of bottom-up planning might be stated as follows:

A. The national level plans all projects (the low end);

B. The desa/kecamatan plans all projects (the high end);

Somewhere between those two extremes lie the eight PDP provinces, with Central Java now devoting 50 percent of its budget to kecamatan projects, other provinces devoting less. If "lower is better" in bottom-up planning, then an indicator can be developed which will measure how all provinces score on the location of their planning, and that score can be used to determine if the overall objective of bottom-up planning is being achieved. Over the next four years, all provinces might strive to have at least 50 percent of their projects planned (not just having the DUP written) at increasing lower levels, such as the kecamatan.

Experimenting with projects and programs is yet another objective which could be "operationalized" and made into an indicator to show progress in accomplishing PDP objectives. Experimental projects would be those attempting new approaches or new techniques which have not yet been proven to be effective. The "proof" will be when the projects are evaluated and found to be successful (or unsuccessful) and the reasons for the differences determined. On the basis of this information changes could be made in the next cycle of planning and implementing projects.

Experimenting with different approaches implies that the PDP program is itself experimental, and must be shown to be achieving its goals if it is to qualify for expansion, replication or imitation. Three indicators of acceptance of PDP approaches might be:

- . The GOI significantly increases PDP funding, allowing more coverage (more provinces, more kabupatens, kecamatans, etc.);
- . The GOI accepts PDP processes for use in major development programs which are not funded by PDP;
- . The GOI funds special projects developed by PDP to enlarge those activities (such as the BKK program in Central Java);

Utilizing these indicators, it would be possible to determine how PDP is becoming institutionalized within the GOI, and is having an impact on other GOI development programs and projects.

Increasing the income of the rural poor might also be defined and measured as evidence of achieving a PDP objective. There might be three indicators. The first would be whether the projects are reaching those which it planned to reach: do the actual beneficiaries match those who were planned? The second indicator might be the income status of actual beneficiaries in relation to some larger unit, for example, a desa or sub-desa. Beneficiaries should be known by the villagers to be in the bottom, middle or upper portion of the income strata. Projects should identify which strata are targets for assistance (the planning target) and then determine which strata actually received the benefits (the implementation result).

One of the most important, and certainly the most difficult aspect of any assessment of progress in achieving a program objective is to determine income increases (direct and indirect) to the beneficiaries. There are several options for capturing an estimate of overall income benefits. All will require field design and testing before they can be used as evaluative techniques.

The first is simply direct measurement of the net income benefits from a PDP project. For example, the extra income from two goats, minus the costs of keeping the goats, will give such a measure. Such detailed information is only likely to be obtained through surveys conducted under the heading special evaluations, described below. Special evaluations will be able to sample only a small percentage of total direct beneficiaries but, through the use of indicators, estimations of total benefits may be possible. Assume that within the category of goat recipients, there are those who have high income (plentiful food available, good market for young goats), medium income (food must be purchased, average market for young goats) and low income (food is scarce, poor market for young goats). If such indicators (or others to

be defined in the field) are available, then each recipient need not be interviewed. Instead, the regular evaluation at the end of project can determine which of three categories characterize the local area, and provide an estimate of income benefits from that particular project.

A second possibility is to attempt to capture the income level of each beneficiary before the project, after the project, and then to calculate income changes. This effort is part of the experimental monitoring and reporting system under design for Central Java.\*

A third possibility is to attempt to capture income levels in an area (such as a desa) and to trace changes during the PDP. This method is also being tested in Central Java.

The PDP program should determine how best to measure income benefits to obtain useful information. Field reviews, data collection and analysis may all be involved. This effort will consume technical assistance resources, described in sections below.

Indicators of the number of direct beneficiaries, and the cost per beneficiary help to better understand the nature of the PDP program. This is descriptive information, since it is not obvious that a higher cost per participant is necessarily better -- that must be determined by evaluating the project and determining the benefits to each recipient. It may turn out that some low cost-per-beneficiary projects (rice production assistance, for example) are far better than some high cost-per-beneficiary projects (livestock grants, for example).

By utilizing indicators of the progress toward the goals of PDP, it should be possible both to describe the program and its development over time. It should also be possible to undertake some general evaluation of the achievement of broad program objectives. This could be done for all major goals of PDP, but cannot be accomplished quickly or just from

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\* This system is described in Appendix D.

Jakarta. Indicators must be specified with data points collected in the field and standardized. Training will be required for those who fill out planning and evaluation forms in order to insure that comparable information is being collected.

Data could be assembled from planning documents (attachments to the DUPs) for each project. It could be collected by an evaluation team from BANGDA, BAPPEDA, USAID and other interested parties during the project completion review, which combines the present USAID reimbursement trip and BANGDA's Form XII. Data could be analyzed at each provincial BAPPEDA, and passed to BANGDA, which would aggregate it for use by funders and donor agencies.

Technical assistance in the generation of this system is discussed below.

B. Improved Reporting on the Implementation of Projects

As mentioned previously existing Form V (monthly submission from the Pimpro) and Form X (quarterly submission from BAPPEDA to BANGDA) contain financial disbursement and physical completion data. An early warning system can easily be added and help improve project implementation.

While the suggestions of South Kalimantan and East Java have been mentioned previously, yet another system is used for some types of projects to encourage more complete reporting by field staff. If applied to all PDP projects this system would call for the provincial BAPPEDA to determine the percentage completion expected for each quarter of project implementation, along with concomitant financial disbursements. The form with this information would be sent quarterly to each Pimpro, who could quickly fill in the spaces which compare actual against target expenditures and completion, and then note problems which need attention from either a Dinas or BAPPEDA. This reporting may include indicators of beneficiaries reached, achievement of production targets, credit repayment,

animal health. Project monitors in the provincial BAPPEDA could then take action to overcome problems, and return the project to its original implementation schedule, or revise the DUPs and DIPs.

The quarterly reports from the Pimpro would be aggregated at each provincial BAPPEDA to provide the necessary data on financial and physical project completion. The early warning data would remain at the BAPPEDA for resolution of local difficulties. Rather than submit a full listing of projects, it would appear that the Rupiah value of completion could be forwarded to BANGDA from the BAPPEDA. The team did not find any use for Form X except financial reporting submitted by BANGDA to Ministry of Finance, which suggests that Form X requirement might be eliminated, and replaced with aggregate expenditure data.

### C. Regular and Special Evaluations of Program and Project Impact

An evaluation is a "stocktaking", a point in time when the goals of the program and project are reviewed, and progress toward those goals estimated, measured and judged. The PDP program contains two types of evaluation, regular and special. Regular evaluations are conducted during scheduled visits to fulfill reporting requirements. Special evaluations are efforts which specifically focus on one or more issues within the program.

#### Regular Evaluations

Regular evaluations may take place when a field team visits a project, or when the BAPPEDA spends time in PDP kabupatens reviewing the overall program and conducting field investigations of project results. Evaluations are also possible when the planning documents are submitted. This is an opportunity to revise planning documents to add additional data on project beneficiaries and cost; on the participation of beneficiaries in the planning process; on the experimental nature of the project; or on its role in filling gaps in standard GOI programs.

Within the field activities of PDP staff and consultants, there are many opportunities for obtaining information which will allow evaluation to take place.

One of the most likely opportunities would be an expanded and improved end-of-project review, with a team from USAID, BANGDA and the BAPPEDA (perhaps also the appropriate Dinas) taking part in a field evaluation of individual projects. If the planning documents indicated the objectives of the project, and how those objectives might be measured, the end-of-project evaluation team could make judgments about project impact, including the process of planning and implementation, as well as other factors which might have influenced the impact of the project.

Rather than the team examining individual projects, a grouping of projects in a cluster -- those necessary to support one project -- would be very useful. There might be four projects needed to improve goat production: one which distributes goats; one which provides pens and fences; one which plants lamtoro trees for fodder; and one which provides veterinarian supplies and services. All four should be evaluated at one time, to be able to determine the impact of the goat production thrust on local beneficiaries. At the same time, the evaluation team would be able to examine the income status of beneficiaries, the spread effect of the second-stage goat distribution (if any) and other important indirect benefits of the project.

To accomplish these regular field evaluations, an evaluation system must be designed which takes account of many different kinds of projects, and allows standardization of methods of judgment, estimation and comparison. Training would be required after a manual based upon field knowledge has been produced. Technical assistance would be necessary, as explained below. The benefits of this evaluation effort would need to be fed directly into the planning of the next cycle's strategy and projects.

### Special Evaluations

Besides the regular evaluations conducted within the PDP program, there is a need for special evaluations on topics of high interest to PDP, and to the provincial BAPPEDA's. This agency might not be able to learn enough from regular evaluations of goat production, for example, and call for a special evaluation of all projects which relate to this local development thrust. A special evaluation would devote resources to asking in detail (perhaps through statistical sampling methods), the results (impact) of the project, the method of intervention in the planning and implementaton process; and those intervening variables (local conditions, weather, extra costs) which influenced project impact. This evaluation must be able to specifically answer the Why question, so that the results, good or bad, high or low, can be used by planners to improve the program and projects in the future.

The BAPPEDA might be asked to define questions of special importance to their program and strategy and launch up to four special evaluations each year. Only a small portion of the total PDP projects would be evaluated in any one year, but through sampling techniques which allow generalization while reducing costs of interviews, a great deal of knowledge about the program would be generated in a few years' time.

There may be a role for participation by staff and students of local universities in designing and conducting special evaluations. This effort would require technical assistance, and how that assistance might be provided for this, as well as the preceeding components of the information system is described below.

#### D. Documentation and Retrieval of Information

A particular problem at present is the lack of documentation and retrieval system within each BAPPEDA, which can store and then provide information on projects, or the overall provincial program. If each

field visit may result in information and an evaluation of components of the program, then a method of filing by project and a system of finding the past reports must be generated. Using the consultant's files (as is frequently done at present) is the easy way out, and does not build into the PDP system the capacity to be self-sustaining in this important information area.

Files, filing systems, and file clerks should be available at each provincial BAPPEDA, and technical assistance provided in the generation of a system which would allow each project to have its own working files. All documentation and reporting should be placed in that file. This will provide a "memory" which can be used to review and track the progress of PDP over time. This is particularly important because individual staff members of the BAPPEDA are often transferred without leaving records of their knowledge.

E. Technical Assistance for the Monitoring and Evaluation System of PDP.

One suggestion is to provide funds for the establishment of a monitoring and evaluation Task Force within BANGDA, composed of a BANGDA staff member, the expatriate advisor assigned this responsibility, and perhaps six Indonesian experts who agree to join together with BANGDA for a multi-year effort in upgrading the PDP information system. This Task Force would work together to:

- . define indicators of overall program effectiveness (strategy evaluation); go to the field and obtain measurements of the indicators which could be standardized; and provide training to field users of the system in data collection and analysis;
- . define how regular visits and reporting could be used to evaluate program and project effectiveness; develop the questions to be included in initial planning documents, which would later allow for a field evaluation of impact; provide standardized impact and success measures for different types of projects; provide manuals and training for extending this knowledge to all those who might be part of the field data collection effort;

- . provide the model for, and conduct training in how to undertake special evaluations, including the sampling techniques, questionnaire design, statistical analysis and use of the conclusions in the future planning;
- . provide assistance in the establishment of documentation centers at each provincial BAPPEDA, where all project and program records are maintained.

The Task Force should agree to a multi-year contract, so that the knowledge it holds can be improved by experience, and used to benefit the PDP program. The Indonesian consultants on this Task Force are likely to have other assignments within the government or universities, and thus be available only part-time.

#### F. A Summary of the Information System

The proposed monitoring and evaluation system for strategy and programs, for project implementation, for regular and special evaluations, and for improved documentation storage and retrieval can be accomplished by PDP, assisted by a BANGDA-level Task Force of specialists, with the support and guidance of policy makers from funding, donor agencies and BANGDA. It could provide highly useful information on program effectiveness, and on specific project impact, which would allow each year's projects and program to be improved significantly over the previous year. Special evaluations on a subset of all PDP projects, strategies and clusters of projects, would provide statistical evidence of impact, with recommendations for project improvement. This would provide a check on the routine evaluations provided by the regular reporting system, and some "hard data" for those who wish to examine in depth certain components or elements within the PDP program.

#### IV. SUMMARY OF RECOMMENDATIONS FOR FURTHER ACTION

This section recommends specific steps for various agencies in PDP to take in order to achieve an improved information system as outlined in the previous three sections of this report. As indicated in the first section, the primary focus of these changes is the BAPPEDA I, although many of the recommended steps will have to be taken at a higher level. It is hoped that the planned workshop to discuss the monitoring and evaluation system for PDP will offer ample opportunity for BAPPEDA I representatives to examine these recommendations and offer their comments on them.

##### A. BANGDA

1. BANGDA should seek to clearly articulate the objectives of PDP so that indicators can be generated and data collected to show progress toward the achievement of the strategic goals of the program. This would include clarification of such concepts as bottom-up planning, building local institutional capacity, increasing the income of the rural poor, filling the gaps of other Government of Indonesia programs, etc. It would also be useful to rank these objectives in terms of the priorities which should be given to their achievement.

2. BANGDA should consider the extent to which PDP as a process ought to be viewed as a model to be replicated gradually in other Government of Indonesia programs. An improved information system, as recommended in this report, will allow for systematic learning from the PDP experience. However, it will also be necessary to decide what additional steps are required to enable relevant agencies to study PDP and integrate the PDP process into other development programs.

3. An improved monitoring and evaluation system must be seen in the context of the PDP planning system. Detailed consideration of how the planning system for PDP might be improved is outside the Team's terms of

reference, although this is recognized as an area which requires close and immediate attention from both BANGDA and USAID. Therefore, the Team recommends that both BANGDA and USAID develop clear understandings of what is to be required from provincial agencies in terms of multi-year plans, annual operating strategies, and project justifications. Training requirements need to be identified for central and provincial level staff to ensure that these understandings become an integral part of the planning process. Without such improvement in the present planning process, the recommendations contained here regarding an improved information system will be of limited usefulness.

4. BANGDA should place a high priority on designing a monitoring and evaluation system which provides data on: a) overall success in achieving major PDP objectives; b) improving implementation of projects; and c) assessing project results through regular and special evaluations. BANGDA should establish the provincial BAPPEDAs as the focus for such an information system, but allow flexibility in system design to allow each province to make adaptations appropriate to local needs.

5. BANGDA should as soon as possible revise the INMEN, or issue supplementary instructions to the INMEN, to provide for greatly expanded monitoring and evaluation systems, supported by new planning, monitoring and evaluation reporting from local staff. In addition, a manual on the PDP management cycle (including planning, implementation, monitoring and evaluation) should be prepared.

6. BANGDA should provide sufficient funds for six Indonesian experts to assist BANGDA staff and expatriate consultants in monitoring and evaluation in conjunction with improved planning efforts. Together they should constitute a Task Force which will provide overall guidance in the detailed design of an improved information system, in preparing training manuals and overseeing training of staff at local levels for improved data collection, and analysis of the results. This should include funds for: a) salaries for the Indonesian specialists, their in-country transportation costs and per diem; b) special evaluations to be conducted

in each province every year; c) innovative and experimental approaches to monitoring and evaluation; and d) training requirements at local levels. This should be coordinated with BANGDA efforts to improve the planning process as discussed in point 3 above.

7. One consequence of the recommendations made in this report is that BANGDA will need to revise its system for recording information on the PDP program, placing a greater emphasis on the importance of provincial strategies rather than individual projects. This information should be used to assess the progress of each province in achieving its stated goals.

B. BAPPEDA I

1. The primary function of the BAPPEDA I should be the preparation of multi-year plans, annual operating strategies, and evaluation of the effectiveness of those plans and strategies in meeting their specified goals. The implications of this focus are:

- a) formulation of annual operating strategies indicating how the proposed plan builds upon the experience of the past and is consistent with multi-year plans;
- b) revision of project planning documents to ensure that individual projects are assessed in light of provincial plans and strategies. Such documents should include information which will allow the project to be evaluated after completion. This will require information on project objectives, planned recipients, expected impact, and the means of measuring the impact. Where projects are proposed because they are experimental in nature, planning documents should state what it is that is being tested, and how it can be determined that the experiment has succeeded or failed;

- c) establishment of BAPPEDA responsibility for evaluation of the overall provincial PDP program, with adequate funds made available for end-of-project evaluations. The results of these evaluations should be required part of the planning process for the next cycle of PDP projects;
- d) establishment of BAPPEDA I responsibility for coordinating the flow of information on provincial PDP projects, and establishing an efficient information retrieval system with separate files on each project. The BAPPEDA I should both ensure that relevant information flows downward and laterally to implementing agencies, and that strategic information is made available on a regular basis to BANGDA.

2. Both BAPPEDA I and BANGDA should consider the extent to which planning, monitoring and evaluation of PDP projects should serve as a model for other government development programs, and ways in which the information system could be integrated into ongoing provincial programs funded from other sources.

### C. PIMPRO

1. Pimpros should be required to specify indicators for measuring achievement of project purposes. Such indicators should be an integral part of the project planning documentation attached to DUPs, and should be used as a basis for periodic reporting to the BAPPEDA.

2. Reporting requirements placed upon the Pimpros should therefore give emphasis to an 'early warning system' which will provide information on problems encountered in project implementation and what is necessary to overcome them. This will require changes in (or supplements to) Form V reports in order to facilitate the flow of this information.

3. In order to achieve the above mentioned objectives, Pimpros will require training in project planning and monitoring. This training should be arranged by the BAPPEDA with technical assistance and guidance from a BANGDA team.

D. USAID

1. USAID should concentrate on the development of a clear PDP strategy, and multi-year planning and institutional development within the Government of Indonesia to carry out the PDP program, eventually without dependence on outside consultants or donor agency funding. The present emphasis on implementation of projects should be eliminated, and replaced by a concern for program results.

2. The present reimbursement system, keyed to individual projects, should be replaced by a funding system based on assessment of planning, implementation and learning at the provincial level. We prefer a system of front-end funding to reimbursement, but the crucial point is to alter radically the criteria used in determining the acceptability of PDP activities for USAID funding.

3. USAID should eliminate the requirement for quarterly reporting from field consultants on individual projects. Instead, USAID should insist on reporting which shows the consultants' efforts to assist the Government of Indonesia in improving planning, monitoring and evaluation capability, and in achieving overall strategic objectives of the program.

4. Consultants should have primary responsibility to their Government of Indonesia counterparts and not to USAID. They should not provide project status monitoring reports to USAID, but should assist Government of Indonesia channels to improve their own reporting. Planning advisors should address strategic program concerns and not implementation details.

5. In its training and advisory roles, USAID should invest resources and time to develop usable criteria for measuring movement toward strategic PDP goals such as institutional capability, impact on the rural poor and experimentation. Training in tools such as Applied Statistical Methods should not be undertaken in the absence of improved understanding of the purposes of data collection, appropriate methods of analysis, and the uses of results by decision-makers.

APPENDIX A  
LOKAKARYA ON PDP MONITORING AND EVALUATION

Introduction

Through a series of interrelated activities, BANGDA and USAID are presently responding to need for improvement in PDP monitoring and evaluation at all levels of the program.

The work summarized in this report is one aspect of this response. Another important initiative is the planned lokakarya on PDP monitoring and evaluation to be conducted in the coming months. This lokakarya will bring together participants in PDP management from both the central and provincial levels. It represents a very significant opportunity for follow-up to the recommendations of this report.

Purpose

The lokakarya should be used as a participatory forum to deal very specifically with the information problems highlighted in this report. It should be oriented to real issues and thereby become a means by which key people in the PDP planning and management system take action on their own problems. For this reason, we feel the substance of the lokakarya should not be general reports from the provinces but rather carefully planned and structured task-oriented exercises which facilitate joint problem-solving. Outcomes from these exercises might include consensus on improved, reporting formats, guidelines for preparing annual strategic plans, improved criteria for measuring PDP purpose achievement, and guidelines for BANGDA in the preparation of future INMENS or supplementary monitoring and evaluation manuals.

## Procedure

Although the specific content of the lokakarya should be worked out by BANGDA and USAID based, in part, on this report, certain possible topics are suggested here. These include:

- . What are the different information needs at each planning level of PDP and what are the implications of these needs for information collection and reporting?
- . What is the experience to date with special forms for project reporting as, for example, in Kalimantan Selatan and Jawa Timur?
- . How can the value of field monitoring trips to project sites be enhanced? What is the best use of limited time (for example, sampling procedures) and what kind of reports should be prepared?
- . How can the feedback loop between evaluative information and planning be structurally improved to facilitate the flow of useful information?
- . What are the critical constraints to effective monitoring and evaluation? How can these be overcome?
- . What is the proper role for consultants in supporting improved information collection and use in PDP?
- . What are effective ways to aggregate and organize information from project reports into provincial-level analyses useful for future planning?
- . What training will support the effective carrying-out of agreed monitoring and evaluation activities?

The above examples are meant to be illustrative, not comprehensive. Perhaps individual provinces could be assigned advance responsibility for organizing discussion of certain topics. Or a list of possible topics could be presented to participants to choose those of most interest to them. Small group discussions or "mini-workshops" may help participants

deal in more depth with the large number of potential issues and tasks. But the entire group should agree at the outset on the goals of the lokakarya and the results or 'products' expected.

#### Participants and Timing

We suggest that the lokakarya be limited to three persons from each province (2 BAPPEDA and 1 consultant) plus three or four each from BANGDA and USAID. This would result in a group of about thirty persons, about the maximum for effective participation. A minimum of three full working days should be allowed. In order for adequate preparation to take place, and due to the coming Ramadan period, we suggest that the lokakarya be held in early August.

## APPENDIX B

### A STRATEGIC FRAMEWORK FOR PROVINCIAL PLANNING

#### Introduction

During the Team's initial interviews, Douglas Tinsler, the RDO for USAID/Jakarta, proposed a planning system for PDP projects which would facilitate more effective management and improved evaluation. Since the suggestions seemed reasonable to the Team, all field locations were questioned as to why such a system had not been adopted in the past, and the constraints to possible adoption in the future. This appendix reviews the proposed system and responses to the idea from the field.

#### The Proposed System

The PDP program has identified many individual projects in past years. For example, 101 were begun in Aceh in the first two years, with 64 more added in the third year of the program. With four staff officers in the PDP portion of the provincial BAPPEDA, monitoring the progress of a total of 165 projects is a challenge. Making necessary alterations in projects under implementation from the BAPPEDA is likely to be impossible, and meaningful evaluation of so many autonomous activities is simply out of the question.

To allow for rational management, and to make evaluation a tool for improved planning, there needs to be a grouping or clustering of projects around central themes. One possibility might be as follows:

- . divide the budget into a portion for local project generation for each province--perhaps 25-50 percent-- and generate one large DUP/DIP which covers all kecamatan-generated (or desa-generated) local development activities;

- . specify 3-5 themes or local strategies for each province, and insist that all provincial or kabupaten-generated projects fit within those themes;
- . unify both activities (the local development initiatives from kecamatan and desa, and the kabupaten and provincial projects) with a provincial strategy which has a multi-year and integrated focus. Projects which fall outside this focus, and are neither locally-planned or supportive of a few specified themes, would not be acceptable for PDP funding.

This system might generate 20 projects rather than as many as 75 per year, and allow evaluation to be conducted on: 1) the clustered local development initiatives as sampled each year, and 2) success in providing development assistance to the few thematic priorities. Actual project planning and selection would be directed by the provincial strategy.

To understand this planning suggestion, it is necessary to visualize meeting with local participants in PDP projects--the beneficiaries who will receive goods and services. They might generate a priority list of their first-level needs, and find that those needs are not included in the limited set of priorities to be supported by PDP this year (unless such needs can be accommodated by the portion of the budget designated for local development initiatives). If the first priority cannot be met, these are two options: 1) negotiate with the local participants to determine needs which do exist which can be met by the PDP priorities; or 2) move to another local area, where their first priority can be supported by the PDP program. Restricting the number of priority thematic concerns of PDP does not eliminate the potential for bottom-up and participatory local planning. It should not be seen as a requirement that PDP support each and every priority need identified by the rural residents in Indonesia.

The Responses from the Field

There were two basic responses to the suggestion for clustering local development projects, and limiting all others to a defined few priorities. The first concerned the administrative system of the Government of Indonesia. A project (sub-project in the terminology of USAID) must have a location and project officer who is responsible for financial disbursement and physical completion. Generating one large DUP which incorporates many sub-activities which cross both hierarchy boundaries (a provincial Pimpro who is actually providing funding for kecamatan activities) or sectoral boundaries (a Pimpro who provides money for several different Dinas activities) becomes far more complex than independent project administration.

There may be a way around this problem, but none was apparent to those who met with the team. It seems the designation of the Pimpro is often critical to the success of implementation, and at least in some provinces, the lower the location (kabupaten rather than province) the better and faster the implementation.

The second issue concerns the operation of the PDP program, and the attainment of goals as described. One concern is that in combination with bottom-up planning, bottom administration is an important component of developing local institutions. This view argues that the Camat, and perhaps over time the Lurah, should not only be the focus for planning, but be responsible for the administration of the project under implementation.

A related concern is that a push toward increasingly local planning, as in Central Java, calls for area development concepts. Rather than focus on a few themes, the localities should be allowed to select projects which work within their natural resources and opportunities. If

this is done with 50 percent of the budget slated for local development (kecamatan or lower), these projects will generate needs for support and assistance from kabupaten levels which could not be met if a limited number of themes and priorities were set in advance. Thus, the concept of area development argues against a restriction of the scope of projects which are planned at higher levels of government in each province.

#### Prospects for Solutions

The administrative difficulties of project planning and administration could be overcome if all projects which support one dominant theme are clustered to form one activity. In a goat project, for example, that might include goat distribution, pens, fodder, and veterinarian supplies. The team would recommend these constitute one DUP, but if that is not administratively possible, at least the four should be grouped together, and explained together as part of the provincial/kabupaten strategy to increase animal production. In Aceh, for example, the following projects were planned for Aceh Besar for the period 1981-82:

- . multipurpose Agriculture Training Center, Balai Benih Samahani
- . young farmer training
- . fertilizer trials
  
- . water users development
- . improvement of village irrigation
- . repair and efficient use of irrigation pumps
  
- . direct seeding of unirrigated paddy
- . expansion of fruit orchards
- . demonstration of modern paddy methods
- . development of extension seed multipliers
- . post harvest technology assistance

- . handicrafts marketing study
- . development assistance for village industry credit
- . village crafts training and development
  
- . training in drying and preserving fish
- . grading up local chicken
- . training of poultry vaccinators
- . duck distribution
- . increasing the efficiency of animal marketing
  
- . development of small holder coffee
- . training of coffee small holders
  
- . small holder sugar development
  
- . implementation and coordination of PDP Aceh Besar

It would appear, by the titles, that some natural groupings exist, which might reduce the number of individual projects from 23 to 7 or 8. The BAPPEDA in Aceh reported that some of the projects, in spite of similar names, were from different Dinas's, which made clustering difficult. They also reported that in the project reviews conducted by BANGDA, large projects were singled out for special attention and concern, and that a large number of small projects seemed to make the approval process easier. They reported no push from BANGDA for a reduction in the number of projects, or in grouping and clustering projects around local themes and priorities.

The team recommends that BANGDA, the BAPPEDA and the planning consultants consider how to implement a planning process which is integrated, multi-year, and clustered to form identifiable themes and priority concentrations, particularly at kabupaten levels. How to accomplish this administratively is the question which must be resolved. The benefits to project monitoring, project correction under implementation, project evaluation and feedback in next cycle's planning are obvious.

## APPENDIX C

### PROJECT REPORTING IN EAST JAVA AND SOUTH KALIMANTAN

#### EAST JAVA

Based on its experience in PDP implementation, the provincial BAPPEDA of East Java has concluded that Form V from project leaders is an inadequate means of obtaining information about project implementation. The kind of information needed for effective management goes considerably beyond the physical completion and budget information included in Form V.

In response to this problem, the provincial government designed a new series of sector-specific forms and instituted their use by an instruction of the Governor issued 30 January, 1982. Each form is in two parts: the first part requests information on certain specified indicators and the second (identical for all sectors) asks for information on problems and their resolution.

The types of information requested include project location, the number and economic status of recipients, production data (if appropriate), and general information regarding implementation problems.

Although originally designed for monthly reporting, the expectation is now that these forms will be submitted quarterly. The first set of forms had just been collected in kabupaten Bangkalan for submission to the provincial BAPPEDA at the time of the team's visit.

It is planned to aggregate the reported information at the provincial level and to prepare analytical reports to be returned to each BAPPEDA. The forms also provide the physical and financial information needed for preparation of Form X to the center.

SOUTH KALIMANTAN

As in East Java, provincial officials in South Kalimantan have determined that Form V is an inadequate basis for regular reporting by project leaders. To supplement Form V reporting, the provincial government has recently designed a Form Khusus (special form) to be used along with Form V for monthly reporting by project leaders.

In contrast to East Java, South Kalimantan uses same Form Khusus for all projects. It requests information on project administration, participants, and accomplishments, as well as any problems encountered. It does not provide information for Form X, data for which will continue to be drawn from Form V.

Experience will be the best judge of the quality and usefulness of information provided by the new forms in East Java and South Kalimantan. In each case, local initiative is filling a gap by providing information needed by the BAPPEDA which is neither requested by the Center nor covered in the INMEN.

At first glance, it appears that both formats might be strengthened if criteria were more directly drawn from project plans (DUPs). In this way, the planning-evaluation link would be more firmly established. The East Java forms move in this direction in that the sector specific points of measurement were derived from general review of project plans in each respective sector.

The team recommends that these two formats be discussed at the future monitoring/evaluation seminar to both present the idea to other provinces and to gain comment from other PDP personnel who have considered ways to improve field reporting.

APPENDIX D  
THE EXPERIMENTAL MONITORING AND REPORTING SYSTEM  
FOR CENTRAL JAVA

Introduction

Central Java and Aceh were the first two provinces selected for PDP. The program is now in its fourth cycle in these provinces and a significant amount of experimentation and learning has taken place in monitoring and reporting on PDP. The original concept, conceived very easily in the formation of PDP, was to enlist the resources of two local universities in generating "base line" data which could be useful as a starting point for measuring changes brought about by PDP. This effort proved not to be useful, both because of the nebulous concept of baseline data (which has not proven to be a successful contributor to the measurement of development impact in other countries) and because of the problems inherent in directing a universities' attention to non-academic concerns.

The second thrust was embodied in two linked seminars -- six week assignments by Indonesian and expatriate specialists working with officials in Central Java to better understand the objectives and the implementation of the PDP program. This "training" course was designed to provide instruction for provincial-level officials to be able to train kabupaten-level officials, who, in turn, would train kecamatan-level PDP workers. As a follow-on of this effort, the same team returned to help design an improved monitoring and evaluation system for the PDP program in Central Java, and spent six weeks exploring the prospects and possibilities for changes in the existing system. Their recommendations were for a series of tests to determine the reporting capacity of field workers who were the action arm of PDP in rural areas.

Dr. Mochtar Buchori, presently Deputy Chairman of LIPI for the Social Science and Humanities, was a member of both teams, and gained valuable insights into the PDP program, and the needs of an improved reporting system at that time. In 1981, Dr. Buchori was granted a special contract to design and test a monitoring and reporting system in Central Java, working with the provincial BAPPEDA. Two other team members living in Semarang assist Dr. Buchori in completing the field assignments.

The system which has evolved to date is still under review, and should not be considered final. Dr. Buchori and his staff have worked with the BAPPEDA to attempt to capture the explicit objectives of PDP: increasing the income of beneficiaries of PDP projects, and building institutional capacity. In addition, he has accepted an implicit objective: promoting area development, to be considered at the desa level.

The data collection system involves information from:

- . project recipients;
- . the community which immediately surrounds the project;
- . the area in which the project is being carried out;
- . the institutions involved in project implementation; and
- . the project leaders.

In addition to changes in economic status of recipients and the area of project activity, Dr. Buchori's system also attempts to build into reporting early warning and early reaction potential, to help improve projects under implementation, and an "emergency calling" system, for problems which need special attention.

The experiment is sophisticated and complex. Much time has gone into field testing questionnaires, including six basic "cards", forms which are used as data collection guides with detailed explanations on how to obtain the information and how to code the answers. With few exception, the data is being prepared for analysis by computer, although it can also be processed by hand at each level--from the field worker to kecamatan, kabupaten, and province.

Income change, one of the most difficult variables to capture by questionnaire, is to be determined by changes in indicators of wealth--housing location and materials/construction, luxury items, consumables, etc. As with any indicator system, errors in estimation may overwhelm any changes in actual income status, so that there needs to be great accuracy in the interview, and consistency in the analysis. Knowing how to rate one household which gains a bicycle and loses a radio, for example, will not be immediately obvious. The project recipient is to be initially interviewed by a field worker, in the company of the lurah, to obtain basic data on status and assets. The system than calls for a re-interview to seek changes in status/income every quarter. This is far too often, which is recognized by the project designers, but they are attempting to fulfill the INMEN requirement for quarterly reporting. Annual re-interviews would be more likely to find changes which could be measured and ascribed to some improvement in income.

Determining area income increases as a result of PDP, when there are many different GOI projects, is yet another serious problem which few other methodologies have been able to overcome. Perhaps the best that can be said is that PDP would be part of the reason why area development is taking place--unless it is the only operative GOI program which has entered the area in the recent past.

However, methodology is not likely to be the largest problem in making the system operational. Rather, there are three issues which appear critical to the Team, as it reviewed this interesting experimental project:

1. The sheer weight of paper may simply overcome any ability to process the data. PDP in Central Java, in five kabupatens, has distributed 21,000 goats, and served tens of thousands of other recipients with credit or project goods or services. The Buchori system is designed as a census not a sample--that is, all recipients are slated for interviewing. The numbers become large very quickly, and would appear to be unmanageable unless only new projects were to be considered.

2. The analysis of the data has not received the same attention as data collection, and it is not clear how or where the analysis takes place. If each level aggregates, then all the individual detail is lost, and the explanation of benefit, attributed to its various potential causes, will be lost. Averages simply do not allow for powerful methods of analysis. Yet if the data is not aggregated, into each kabupaten and then to the provincial BAPPEDA will come an enormous shipment of forms. The location and level of analysis will need the same attention which has been directed to the construction of the questionnaires.

3. The use of the data for decision-making is not at all clear, that is, the process by which data is turned into information, which is fed into decision-making is not specified in the work to date. The team is fearful that much of the information, however, valuable it might be for some purposes, will not be used to improve the PDP program.

In conclusion, the Buchori Monitoring and Reporting System for Central Java is doing what PDP should do--it has defined a critical need and is experimenting with solutions to fill that need. The resulting

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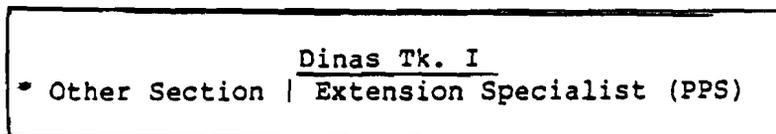
system is only now in the testing stage, and cannot be judged or evaluated at this time. The Team is concerned about information overload, too much data which cannot be analyzed or used, and would recommend that Dr. Buchori examine his present experiment to consider these issues.

APPENDIX E  
PLANNING PROCESS AND MONITORING SYSTEM IN AGRICULTURE SECTOR  
IN THE PROVINCE OF ACEH

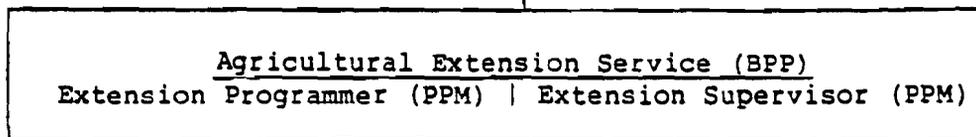
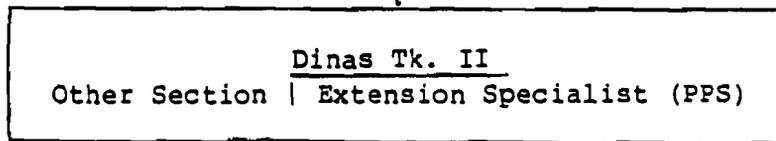
Compared to the PDP project, the Agricultural Dinas in Aceh has a better monitoring system and apparatus. The Dinas has more complete information and the monitoring is more frequent. They spot what the problems are, discuss these problems and look for immediate solutions. In the Dinas, monitoring is directly related to implementation. This Appendix describes the system used in Aceh.

Agriculture is the biggest sector in the Indonesian economy and the Agricultural Dinas has the most extensive sectoral field organization. The Agricultural Dinas for food crops for example, has an organizational hierarchy as follows:

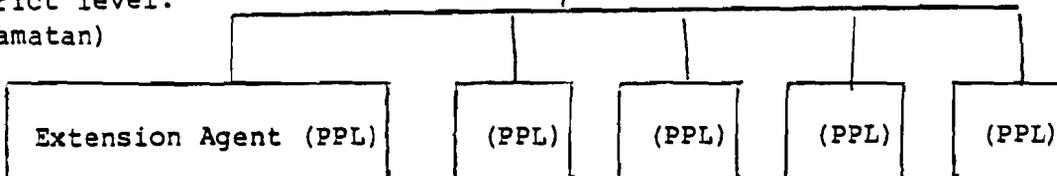
Provincial level:



Regency level:  
(kabupaten)



District level:  
(kecamatan)



At the provincial level there are the Dinas Tk. I for food crops, as well as Dinases for other commodities such as Plantations, Fisheries, Livestock and Forestry which all belong to the Ministry of Agriculture. At the Regency level there is the Dinas Tk.II for food crops, and other Dinases for the different subsectors. Below the Dinas Tk.II are the BPP's, each of which covers 2, 3 or 4 Districts (kecamatan). Each BPP supervises approximately 10 PPLs. Each PPL is responsible for give extension services to about 12 farmer's groups.

For the PDP area, each PPL only covers between 4 to 8 farmer's groups and each PPL covers about 400 farmers. The PPL has to visit each farmer's group every two weeks. Four days in a week he is in the field, talking with the farmers individually and in groups. In each day's visit, he covers two adjacent farmers groups . During the visit, he observes the condition of the farmers crops, evaluates the crop's progress and discusses any problems mentioned by the farmers or as seen by himself. Every PPL has a standard form diary. In this diary, he writes the timetable of his visits, the condition of the crops as observed,, and the kinds of discussions held with the farmers. The last includes problems and suggestions to overcome or mitigate these problems. For the last two weekdays, the agent has to attend a meeting at the BPP. All PPL's of the same BPP will be at the meeting, which is headed by a PPM. They discuss the condition of crops in each PPL and the problems noted during the PPL's visits. Some part of the meeting may include briefings or training in new technologies given by either the PPM or the PPS. The PPL's and the PPM also work together to prepare a bi-monthly report to the Dinas Tk.II. The bi-monthly report covers issues like conditions of the crops and problems noted in each PPL area.

As in most other provinces, the Dinas has conducted a baseline survey for the whole area. Every BPP has a monography of hectarage and annual production of food crops in its area. Planning for next year project

could come from Dinas Tk. I or Dinas Tk. II. Dinas Tk. I does the planning if the project is large or it covers more than one Regency, Dinas Tk. II does smaller projects. For PDP, all is conducted by Dinas Tk. II except for training.

The typical questions in planning are to what new areas are successful treatments to be expanded and how is a new technology adopted by farmers in a certain area. Most of the annual planning for the agricultural Dinas is continuation of previous activities. If a disease or other obstacles appear in a certain area which can not be handled by routine budget, a program to tackle the problems could be submitted for next year budget. But there are no comprehensive criteria for choosing specific projects; it is mostly intuitive.

Planning for the PDP program is somewhat different from ordinary sectoral projects. For PDP projects, the Dinas Tk. II has to arrange a meeting with community leaders, mainly hearing or asking for their demands. If the demands are not technically feasible, they have to explain it to the community leaders. Usually they gear the meeting so as to request project ideas which are in line with the Dinas program. After a certain project has been agreed upon, the Dinas has to submit a DUP to the Bupati (or BAPPEDA Tingkat II). Here the DUP is checked, and sent to BAPPEDA Tingkat I. Here, once again, the DUP is rechecked and if the budget ceiling is already exceeded, some DUPs must be cancelled. BAPPEDA Tingkat I then sends the DUP to BANGDA for PDP projects, or the Ministry of Agriculture for ordinary projects. After the DUPs have been approved by the Minister they have to fill out a DIP. A DIP is to be approved by the Governor and copies of the approval are sent to Jakarta. The Minister then distributes the money through government banks or the government office of treasury. The head of the Dinas or Project Officer has to prepare a Project Operational plan, that is, a plan to handle the implementation of the project. For PDP projects, when the implementation

of has been begun the project officer has to submit a monthly report (Form V) about the progress of the project in terms of physical implementation and budget disbursement. For ordinary projects the Head of the Dinas has also to submit three reports during the construction or implementation of the project besides the regular monitoring system. The first report is prepared several weeks after the implementation; the second is at the middle of the report; the third is after the project has been completed. Additionally, special problems may be reported by the PPL through DPP channels.

Dinas Tingkat I Aceh has printed an annual report of the hectarage and production of all food crops, for each farmers group, BPP, and kabupaten. It also mentions absorption capacity for new technology for each farmers group. The data was collected in 1981 and they plan to make such reports annually. In this annual report, they can classify areas with regard to their progressiveness. For each farmer's group the area is classified into how many hectares are under BIMAS, INMAS, INSUS and non intensified cultivation. The larger the proportion under BIMAS, INMAS and INSUS the more progressive that area is considered to be. These data, when posted for several years, represent an evaluation of sorts. But no special evaluation has been conducted with regard to the impact of individual projects, at least in a report form. They do evaluate by interviewing selected farmers during their field visits, but this is not done systematically and the results are not written in a special report.

APPENDIX F

SPECIAL EVALUATION REPORT ON THE PDP PROGRAM IN ACEH

An evaluation report on the PDP program in Aceh was submitted to the PDP Regional Directory Board (Team Pembina PPW) by the Evaluation Section of the BAPPEDA PDP Team in, June 1981. The respondents of the evaluation were mainly credit recipients. The evaluation involved contact with 22 credit groups (the total number of groups in the program was not mentioned in the report). According to their plan, the evaluation team hoped to interview the group leader and 3 members of each group. It is not clear how the respondents were chosen. The report mentions the following results:

a. Rice Farmers

The number of respondents was 48. Most of them also had secondary jobs, such as small business, home industry or fishing. When asked which was more beneficial, credit or other project assistance, 82% answered credit. The amount of credit they had received was found to be adequate by 60% of the respondents. 74% of respondents mentioned that they received the credit on time. The impact of the credit (and other projects as a whole) was reported in terms the increase in farmer's production.

Average Production

1978 (before PDP)	1541 kg
1979	2741 kg
1980	4927 kg

b. Fisherman

Number of respondents: 22.

Average Production

1978 (before PDP)	2331 kg
1979	3466 kg
1980	4239 kg

The average increase in production was 22% annually.

c. Home Industry: Salt

Number of respondents: 2.

Average production

1978 (before PDP)	1300 kg
1979	1300 kg
1980	4000 kg

d. Blacksmith

Number of respondents: 2.

Average Productions

1978 (before PDP)	1 unit/period
1979	2 units/period
1980	2 units/period

e. Home Industry: Coconut Husk

Number of respondents: 4.

Average Production

1978 (before PDP)	20 units/period
1979	25 units/period
1980	30 units/period

This evaluation is notable in that it represents a BAPPEDA initiated effort to assess PDP impacts by means of direct interviews with a sample of project beneficiaries. Based on these interviews, various income benefit were attributed to PDP credit interventions in several project sectors.

It is not clear exactly how the initiative for this study developed. The team members who visited Aceh had been previously informed about the existence of the study. Surprisingly, it was difficult to find anyone in the BAPPEDA during the visit who was aware it had been done or could find the report. It is not clear to what extent the BAPPEDA sees this study as a significant part of its evaluation strategy nor have the results had any apparent impact on planning.

These institutional realities are disturbing, as is the plan to contract future special evaluation responsibility to the local university. This latter step will further remove BAPPEDA itself from involvement with information collection that should be closely linked to its planning responsibilities.

Obviously the report also raises methodological problems, particularly with regard to sampling procedure and the reliability of responses to questions about production. However, these questions are less critical at this point than questions about the priority given by the BAPPEDA to the need to understand program impacts as a basis for future planning.