

# POVERTY AND VULNERABILITY REDUCTION MAINSTREAMING TOOLKIT



# Table of Contents

Preface	4
What & Why Poverty and Vulnerability Mainstreaming (PVRM)	5
PVRM & Efforts to Reduce Poverty & Vulnerability in Indonesia	8
Policy & Legal Foundation	15
Development Strategies & Approaches	18
PVRM in Planning & Budgeting	22
Governance & Government Program Management	35
Partnership with Non-Governmental Stakeholders	38
Monitoring & Evaluation (M&E)	41

First Edition  
July 2013

This Poverty and Vulnerability Reduction Mainstreaming Toolkit has been prepared by The SMERU Research Institute with the cooperation of SEADI-USAID. The materials were collected from a variety of sources, including both published and unpublished materials, reports, and documents from a number of national and international institutions. The photographs used in this report are from The SMERU Research Institute collection. All materials in the Toolkit can be reproduced for the public interest.



## **SPECIAL ENVOY OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA FOR POVERTY REDUCTION**

### **Preface**

Although Indonesia has been independent for 68 years, poverty is still a major problem facing the country's population. Compared to the post-independence era, the proportion of people in poverty has decreased significantly. However, the poor population is still significant in size and widespread. In some cases, Indonesia's poverty characteristics are historic in nature, with differences in wealth largely a result of structural inequality; thus, poor families cannot meet their basic needs such as food, clothing, and housing. In other cases, the problem is more complex, characterized by a lack of productive assets and access to basic facilities such as education, nutrition, health, and proper infrastructure.

Besides poverty, increasing economic and social vulnerability is a growing concern. The economically vulnerable are those who live above the poverty line, but who are at risk of falling back into poverty. The socially vulnerable are those who, because of their beliefs, occupation, ethnicity, illnesses, physical disabilities, sexual preferences, and other conditions, are excluded from social interactions and have lost their basic rights as citizens. Current efforts to reduce vulnerability are very limited.

In an attempt to reduce poverty, several programs have been launched, including social assistance programs, empowerment programs, credit provision programs, and affordable housing programs. Aside from harmonizing these programs, the government has also strengthened the institutional capacity of the body that is responsible for coordinating poverty reduction. The establishment of this institution serves to ensure that different bodies both at the central and regional levels have a more integrated approach to poverty reduction. However, several reports have shown that this institution has not been able to function to its full capacity. The main reasons are (i) the sectoral nature of programs and (ii) the tendency to manage poverty reduction through a number of limited narrowly targeted programs. In addition, many other programs are not relevant to the needs of the poor and vulnerable groups.

A similar situation can also be seen in the non-government sector. Many companies, for example, feel that they are contributing to society through their corporate social responsibility (CSR) activities, where their employment regulations and business practices are in fact detrimental to the poor and vulnerable groups. The number of non-government organizations (NGOs) that are engaged in poverty reduction is also limited, while NGOs that are not involved in this area rarely give their voice. This shows that the poor and vulnerable groups tend to be seen as the government's problem, whereas in fact, all stakeholders in the society need to play a part.

In fact, all policies and programs can be designed to support poverty reduction: macro, fiscal and monetary, agrarian, trading and industrial policies, as well as sectoral and regional policies. Therefore, it is necessary to encourage both government and non-government institutions to mainstream poverty and vulnerability reduction into their policy and program implementation. The launch of this Poverty and Vulnerability Reduction Mainstreaming Toolkit is one way of assisting these institutions to adopt a more innovative approach to help improve the lives of the poor and vulnerable groups.

Jakarta, 8 June 2013

A handwritten signature in black ink, appearing to read 'H.S. Dillon', written over a light blue horizontal line.

H.S. Dillon

# What & Why: Poverty & Vulnerability Reduction Mainstreaming (PVRM)

The history of human civilization has recorded that poverty is one of the biggest tragedies of humankind. In this respect, vulnerability has increasingly become a major concern and an important factor in poverty reduction efforts. In addition to being a moral duty for humankind, poverty and vulnerability reduction efforts are very rational endeavor because they are beneficial to us all in that they can support economic growth and social stability, and provide other benefits.

Poverty and vulnerability reduction policies require a clear, comprehensive, and sustainable approach. Therefore, it is necessary to implement poverty and vulnerability reduction mainstreaming (PVRM) in all public policy by providing strong support for the interests, protection, and fulfillment of the basic rights of the poor and vulnerable groups.

Implementation of PVRM approach into all government and non-government policies, both in the socioeconomic sector as well as the political sector, is the first step to alleviating poverty and vulnerability in a systematic, integrated, and sustainable manner. PVRM is essential for poverty and vulnerability reduction efforts to work more effectively and efficiently because it forms an integral part of all policies and their implementation.

## What is PVRM?

- PVRM can be defined as a strategy that explicitly integrates poverty and vulnerability considerations into every stage of the development process and governance. This approach involves taking into account aspects of poverty and vulnerability in policy formulation, planning and budgeting, implementation, and monitoring and evaluation activities.
- PVRM is not a stand alone program that is separated from sectoral development activities. Instead, it is an approach that places greater emphasis on the benefits of government programs and activities for the poor and vulnerable groups. Consequently, all development programs/activities, whether carried out by government or non-government parties, have to benefit the poor and vulnerable groups.

- In practice, PVRM can be applied by “modifying” existing programs and policies to support poverty and vulnerability reduction efforts. This can be done by issuing local regulations (perda) on poverty reduction, or by modifying policy implementation and program procedures. As a result, PVRM does not always require large amounts of additional funding (Box 1).

### **Box 1. Practical Examples of PVRM**

- Capacity building for local work units (SKPD) that are not directly involved in poverty and vulnerability reduction programs so that they can relate their main responsibilities and functions to poverty and vulnerability reduction efforts.
- When a public works agency is planning to repair a *kecamatan* (subdistrict) road, the planning process should specifically consider the benefits of that road for the poor. For example, which regions should be prioritized and how much money could be saved by the poor and their children when they commute every day between home and work/school.
- Relocating public service facilities to a location that is more accessible for the poor and vulnerable groups.

## Why PVRM?

The rationale for PVRM: Today, poverty and vulnerability are no longer only associated with low income (Box 2) but also encompass a wider range of dimensions.

The amount of budget allocated by the government (central and regional) that directly targets poverty and vulnerability reduction programs is relatively small. If we consider that poverty and vulnerability are becoming more widespread and

### **Box 2. Definition of Multidimensional Poverty**

Previously, the concept of poverty only referred to the lack of basic needs (consumption poverty). Currently, as a result of a better understanding of the dynamics of society, definitions of poverty have become more multidimensional. Dimensions of poverty include among others:

- \* health, nutritional, and educational incapacities
- \* vulnerability
- \* powerlessness
- \* inequality
- \* social exclusion
- \* ‘voicelessness’

Therefore, poverty is no longer only a condition where there is a lack of basic needs, but it is also a condition where a standard of life that is considered proper by the community is not reached.

more dynamic, then it is clear that efforts to reduce them need to be mainstreamed.

Applying a PVRM framework means that policies and development programs that do not specifically target the poor and vulnerable groups, such as in education, health, housing, business, and the environment, **become as important as** poverty reduction programs that specifically target the poor, such as Raskin (Rice for the Poor), PKH (Family of Hope Program), and Jamkesmas (Health Insurance for the Poor).

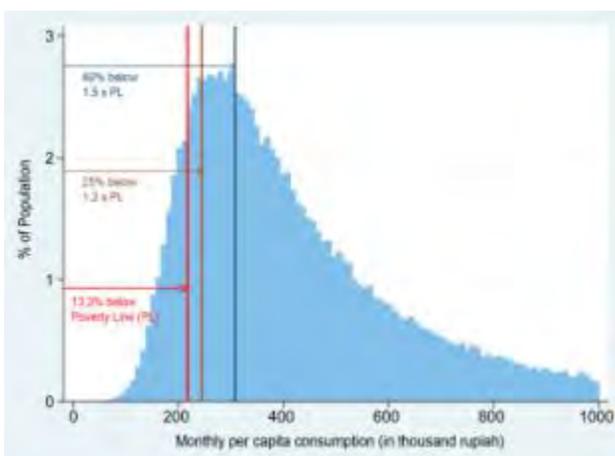
# PVRM & Efforts to Reduce Poverty & Vulnerability in Indonesia

## What is the relevance of PVRM for poverty reduction?

There are two major reasons why PVRM is relevant for poverty and vulnerability reduction in Indonesia today: firstly, the growing challenges and secondly, the opportunity to maximize poverty and vulnerability reduction, particularly at the regional level.

## Bigger challenges face poverty and vulnerability reduction in Indonesia today.

Over the last four decades, Indonesia has been able to significantly reduce the number of poor people (Box 3). However, there are still many unresolved problems, including among others: a large number of people still categorized as vulnerable, a widening welfare gap (between rural and urban areas, as well as between welfare groups), and the weak management of poverty and vulnerability reduction programs.



Source: Susenas (2010)

Figure 1. Distribution of Population by Level of Expenditure

**Vulnerability rate is still high.** In 2009–2010, for example, 17.2 million poor people climbed above the poverty line. However, during the same period, as many as 15.7 million people (who in 2009 had not been classified as poor) fell into poverty. Ninety-five percent of this group belonged to the near poor category. The main reasons they fell below the poverty line included: illnesses, lay-offs, the economic crisis, and the impacts of natural disasters (failed crops because of floods, droughts, etc.). In addition, it is important to note that:

- Many groups still suffer from other aspects of vulnerability such as social exclusion or

discrimination (Box 4). Currently, there is no national policy or strategy to reduce vulnerability. Where attempts are being made, the approach is still sporadic and sectoral.

### Box 3. Poverty Dynamic

- Before the 1997 economic crisis, Indonesia had significantly reduced poverty rate from 40.1% (1976) to 11.3% (1996), a decrease of around 1.44% a year. The sustained high economic growth during the period was an important reason for the reduction in the number of poor people. During this period Indonesia experienced the biggest episode of “pro-poor development” in its economic history because it succeeded in reducing the poverty rate by more than half. During the economic crisis (1997–1999), the number of poor people increased sharply (23.4% in 1999). Since the crisis to the present day (2012), economic growth has continued, but the reduction in the number of the poor people has slowed to an average of 0.55% a year. As of March 2012, the poverty rate stands at 12%.
- Of all poor people in Indonesia, 57% live in Java and Bali and 11% live in the eastern part of Indonesia. However, the proportion of poor people in the eastern provinces is, on average, higher than that in any other part of Indonesia. This shows that there is a big welfare gap between regions.
- More than 60% of the poor live in rural areas. Nevertheless, the proportion of the rural poor decreased from 81.55% in 1976 to 63.39% in 2009. On the contrary, during the same period, the proportion of the urban poor doubled from 18.45% (1976) to 36.61% (2009). These changes occurred largely because of the high rates of

- **Multidimensional poverty is worse in rural areas.** The 2009 Susenas data shows that the poor people in rural areas is worse on various aspects of multidimensional poverty (sanitation, access to clean water, education levels of the household heads, etc.) than the poor populations in urban areas.



Figure 2. Development of Gini index

- **The welfare gap is widening.** The welfare gap in Indonesia is currently the widest in its history. In 2011–2012, the Gini index reached a peak of 0.41, the second highest increase in the world (Figure 2). The widening gap can largely be attributed to the fact that the labor market tends to absorb mostly highly educated people, and the poor, who are generally less educated, tend to be excluded and left behind.

A study by Suryadarma et al. (2010) shows that the rate of poverty reduction is at its highest when the level of inequality in society is low. Therefore, the reduction of inequality should be one of the main priorities of poverty reduction efforts.

■ **The management of poverty and vulnerability reduction still needs to be improved.** Some of the major problems include:

■ **Strong sectoral ego and weak coordination:** At the present time, poverty and vulnerability reduction is largely being understood in a fragmented manner. Consequently, the efforts to reduce poverty and vulnerability tend to be sectoral and piecemeal in nature and hence less effective and efficient (Box 5).

■ **Leadership:** In many cases, the effectiveness of poverty and vulnerability reduction programs depends on the commitment and performance of regional leaders. However, many of the regional leaders and the heads of poverty reduction institutions do not have comprehensive knowledge on the issues and do not take their roles seriously.

■ **Management capacity and human resource:** The low capacity of human resources within the institutions that implementing poverty and vulnerability reduction. This affects the planning, implementation, and evaluation, as well as decision-making processes.

■ **Less than maximum role of non-government stakeholders:** This problem includes a lack of synergy and sustainable partnerships among stakeholders in poverty and vulnerability reduction efforts.

#### **Box 4. The Definition of Vulnerable Group**

A vulnerable group is a group that because of age, identity, beliefs, occupation, or other conditions, faces greater risks of falling into poverty, suffers from discrimination or violence, and faces difficulties in accessing basic services. Some of the groups that belong to the vulnerable category include:

- Children
- The disabled
- Female household heads
- Elderly people
- Commercial sex workers
- Migrant workers
- People suffering from certain chronic diseases (HIV/AIDS, leprosy)
- Refugees and victims of natural disasters
- Informal/illegal resident

### Box 5. Sectoral Ego in Poverty and Vulnerability Reduction

An example of the sectoral ego in poverty reduction is the view that poverty reduction is only the responsibility of a particular SKPD, such as Dinsos (social service agency), Bappeda (regional development planning agency), or BPM (community empowerment agency), and not the responsibility of other SKPD. In fact, many of the activities of other SKPD are actually very relevant and important to poverty and vulnerability reduction efforts. For example, the attempts of *Dinas Pasar* (market-place management office) to revitalize traditional markets can significantly affect small merchants, most of whom come from the poor and vulnerable groups.

The same can also be seen in the corporate sector, and amongst NGOs and civil society organizations (CSOs), etc. For example, in many companies, poverty and vulnerability reduction is solely the responsibility of the corporate social responsibility (CSR) department, while at the same time, managers of other departments in these companies generally do not consider that their business practices also have a significant impact on poverty and

There is an ample opportunity to maximize poverty and vulnerability reduction efforts.

Now is the right time to push for PVRM because of:

- **Regional Autonomy.** With decentralization and regional autonomy, regional governments have greater autonomy to plan, budget, and implement policy that is more suited to local needs. The localizing of public policy means that regional governments must have a more transparent and accountable governance processes.
- **Strong political legitimacy.** The direct election system means that the elected leaders today have stronger political legitimacy. Implementing pro-poor policies, including prioritizing poverty and vulnerability reduction, can become a relatively cheap

### Box 6. Regional Leadership and Political Career

In the age of democracy, openness, and direct elections, the actions and conduct of our leaders (from the president to the head of RT<sup>1</sup>) is constantly held up to public scrutiny. The people have the authority to choose their leaders and can determine whether or not to prolong their mandate, promote them to a higher level, or stop/take away their mandate. There are many examples of this; everything depends on the way leaders carry out the mandate bestowed upon them by the people. In short, if their policies and programs are progressive, full of initiative, and pro-people, they will be respected by the people and vice versa.

<sup>1</sup> RT or neighborhood unit is the smallest unit of local administration

form of “political investment”. It will make the politicians have a better chance of being re-elected or obtaining a higher political position (Box 6).

- **The central government’s strong commitment to poverty reduction efforts.** This can support poverty and vulnerability reduction efforts because:
  - poverty and vulnerability have become strategic issues and national priorities, and receive strong political support, which is reflected in the allocation of budgets;
  - a larger proportion of resources is now allocated directly to the regions; and
  - there are expanded efforts in strengthening poverty and vulnerability reduction policies and institutions.
- **Support from other stakeholders can also contribute to accelerate poverty and vulnerability reduction.** To be effective, efforts have to be made by all parties, both government and non-government.

## In what ways can PVRM be applied?

Things that can be carried out include:

- providing a legal foundation that supports PVRM, for example, through local regulations or other regulations that strengthen poverty reduction aspect in development (see the section on **Policy and Legal Foundation**);
- conducting an analysis of the impact of each program or policy on the poor and vulnerable groups during the planning and budgeting process (see the section on **PVRM in Planning & Budgeting**);
- modifying sectoral programs by introducing outreach mechanisms and extended services for the poor and vulnerable groups (see the section on **Governance & Government Program Management**);
- building sustainable partnerships with all stakeholders involved in poverty and vulnerability reduction efforts (see the section on **Partnerships with Non-Government Stake Holders**);
- building a strong monitoring and evaluation system for all policies and their implementation (see the section on **Monitoring & Evaluation**).

## Can PVRM be applied by all parties?

- The answer is yes. It is because PVRM is essentially a change of approach and mindset rather than a new program or initiative. For regional governments, policy innovation through the implementation of PVRM approach does not go against existing laws and regulations.
- The main objective of this approach is principally to maximize the benefits of all programs for the poor and vulnerable groups.
- It does not always require additional funds. The most important resource for PVRM is the commitment of the stakeholders, especially the leaders of various government sectors and non-government groups. For example, an empirical study has shown that it is not the amount of the regional budget (APBD) that contributes the most to poverty reduction but the quality of its governance (Box 7).

**Box 7. Data shows: it is not only the APBD that has a positive impact on the reduction of poverty rate but also good governance.**

Is it only regions that can afford to spend a large amount of money that can accelerate the rate of poverty reduction? The result of a SMERU study shows that this is not the case. The study, which used KPPOD (Committee for Monitoring the Implementation of Regional Autonomy) survey data from 90 regions, showed that the amount of APBD did not significantly affect the poverty reduction rate. The region with the most conducive bureaucratic culture had a poverty reduction rate that was 11.5% higher than the region with the least conducive bureaucratic culture. Therefore, the most important factor is commitment, not the amount of APBD (Sumarto et al., 2004).

## In what fields can PVRM be applied?

To be successful, PVRM has to be applied to all stages of the development process, starting from the establishment of legal foundation, planning, implementation, through to evaluation. This toolkit discusses the practical steps that can be taken at each stage.

**Table 1. Matrix of the PVRM Components, Main Issues, and Implementation Indicators**

Development Components	Main Issues	Implementation Indicators
<b>Policy and legal foundation</b>	The existence of a legal umbrella that forms a strong legal foundation for PVRM implementation	<ul style="list-style-type: none"> <li>• There is a legal foundation that supports PVRM.</li> </ul>
<b>Strategies and approaches for development</b>	Implementation of basic principles of PVRM in development	<ul style="list-style-type: none"> <li>• There are policy and governance principles that favor poor and vulnerable communities.</li> <li>• There is a corresponding poverty and vulnerability reduction agenda in development policies and programs.</li> </ul>
<b>Planning and Budgeting</b>	Implementation of planning and budgeting management that supports PVRM	<ul style="list-style-type: none"> <li>• Disaggregated poverty data that can be sorted according to needs is available.</li> <li>• Participation of the poor and vulnerable groups is guaranteed in the planning and budgeting process.</li> <li>• Poverty and vulnerability reduction is explicitly stated in the planning document.</li> <li>• High priority is placed on development activities that are related to the basic needs of the poor and vulnerable.</li> <li>• Benefits for the poor and vulnerable groups in every public spending are maximized</li> </ul>
<b>Good governance</b>	All development programs and public services benefitting and friendly to the poor and vulnerable groups	<ul style="list-style-type: none"> <li>• Access for the poor and vulnerable groups to the development process and outcomes is assured.</li> <li>• There is an outreach mechanism to engage the poor and vulnerable groups in development process and in using benefits from development</li> </ul>
<b>Partnership and participation of non-government stakeholders</b>	Maximizing the role of non-government stakeholders and opportunities for partnerships	<ul style="list-style-type: none"> <li>• There is synergy among stakeholders in encouraging PVRM.</li> </ul>
<b>Monitoring and evaluation</b>	Building an effective monitoring and evaluation system to support PVRM	<ul style="list-style-type: none"> <li>• An independent monitoring and evaluation system is available.</li> <li>• Active participation of the poor and vulnerable groups in the monitoring and evaluation process is encouraged and facilitated.</li> <li>• Results of monitoring and evaluation are accommodated in the next development cycle.</li> </ul>

# Policy & Legal Foundation

## MAIN MESSAGES

- PVRM implementation needs a strong foundation, both in the form of the commitment from leaders and a formal legal foundation (local regulations or other regulations).
- The commitment of leaders and the formal legal foundation has to include a number of elements, in particular: guarantees of participation, analysis of poverty impacts, beneficiary quotas, outreach mechanisms, and partnerships.

Every public policy requires a legal basis that regulates the authority, rights, and obligations across government agencies, and between the government and other stakeholders, both at the central and regional levels. The implementation of PVRM also needs support in the form of a firm commitment from leaders and a strong legal foundation (Box 8).

## The importance of a strong legal foundation

A strong legal foundation is very important for PVRM efforts because it can:

- Support and guarantee the implementation of PVRM approach at every stage of the development cycle.
- Support the sustainability of any reform made by regional leaders by “locking” it within the legal framework. At the central government level, the legal foundation of PVRM would take the form of a presidential regulation (*perpres*) or regulation of the minister of home affairs (*permendagri*), while at the regional level, the legal foundation would be in the form of a local regulation (*perda*) or a *bupati* (*kabupaten*/district head)/mayoral regulation, along with the implementation guidelines.

### **Box 8. Good Practice—Effective Poverty Reduction Policy: Street Vendor Management in Kota (City of) Solo**

The approach of the government and leadership in Kota Solo in 2008 has become an example of “good practice” that is often emulated by other regions. The Government of Kota Solo issued Local Regulation No. 3/2008 on the Management of Street Vendors. This regulation prohibited street vendors from selling in public places. However, as a solution, a new location was provided for them to sell their goods. The mayor emphasized that relocation should not be done recklessly: “Steps should only be taken after careful consideration and the municipal government cannot just prohibit people from vending, but it also has to provide a solution, a new location, so that they can still earn a living, especially, if it is done by force.”

Even though in the beginning the policy was rejected by the street vendors, with a flexible approach by the mayor meant that at the end, the street vendors could eventually be relocated and no one felt disadvantaged. At the same time, the Government of Kota Solo also revitalized the traditional markets. The street vendors that were willing to be relocated to the markets did not have to buy a kiosk, but instead they only had to rent them. The kota government also provided free business permit (SIUP) for the vendors.

Within five years, the Government of Kota Solo had succeeded in managing 5,817 street vendors as well as revitalizing 15 of the 37 traditional markets. It was highly praised and widely recognized. This policy has an impact on the increase of locally derived revenues (PAD). The market service charges (*retribusi*), which before only contributed an income of as much as Rp7.8 billion (2006), went up to Rp12.5 billion (2010). In 2011, the Government of Kota Solo targeted an income of around Rp20 billion from market service charges.

## What elements should be included in the legal foundation?

- **Assuring participation.** Participation means active involvement of all stakeholders, including the poor and vulnerable groups, at every stage of the development cycle.
- **Assuring transparency and accountability.**
- **Assuring resources (budget allocation).** This is required to ensure the availability of funding for PVRM implementation.
- **Strengthening partnerships with non-government stakeholders** (see Box 9).

- **Assuring the implementation of PVRM approach** in the development program management through:
  - a guarantee that every development program benefits the poor and vulnerable groups through impact and benefit analysis mechanisms,
  - a guarantee that there is an outreach mechanism and special service for the poor and vulnerable groups, and
  - a guarantee that there is a quota of beneficiaries from the poor and vulnerable groups.

### **Box 9. PVRM in Kabupaten Kebumen**

Kabupaten Kebumen was one of the pioneers in the implementation of participatory planning approach in Indonesia. Local Regulation No. 53/2004 on Community Participation in Public Policy Process became a strong foundation for building sustainable partnerships with the non-government sector through the formation of a CSR forum, a civil society forum (Formasi), and an SKPD forum, which acted as the means for coordinating development and poverty reduction efforts. In 2012, the Government of Kabupaten Kebumen issued Local Regulation No. 20/2012 on Poverty Reduction Acceleration.

Through these policies, the poverty rate in Kabupaten Kebumen decreased significantly from 32.4% (2006) to 22.7% (2010). During the same period, the poverty rate in the Province of Central Java only declined from 20.9% to 16.4 % and the national poverty rate declined from 17.8% to 13.3%. This means that the poverty rate in Kabupaten Kebumen decreased twice as much as the poverty rate at the provincial and national levels.

# Strategies & Development Approaches

## MAIN MESSAGES

- PVRM approach relies on coordination between stakeholders (government and non-government).
- All policies and programs have to have relevance to poverty and vulnerability reduction efforts, as well as the mechanism for increasing access and benefits for the poor and vulnerable groups.
- The direction of development policy should be aligned with poverty and vulnerability reduction efforts by taking into account environmental protection, participation, and sustainable access to livelihood resources for the poor and vulnerable groups.

## Focus on poverty & vulnerability reduction

PVRM approach aims to support the acceleration of national poverty reduction in two main areas:

- Comprehensive poverty reduction through four strategies: (i) a reduction in the burden of household expenses, (ii) strengthening and empowerment of communities, (iii) improvement of financial access and economic empowerment, and (iv) inclusive development.
- Strengthening coordination between stakeholders through poverty and vulnerability reduction coordinating institutions at all levels.

Poverty reduction has to be expanded to incorporate vulnerability reduction. Vulnerable groups are not always financially vulnerable, but they have a high risk of falling into poverty, alienation, and discrimination (see Box 10).

## PVRM principles in policy & governance

The most important role of the regional government is that of a facilitator, providing a strong basis for poverty and vulnerability reduction efforts. This facilitation is based on the following principles:

- **All programs and stakeholder activities should have a positive impact on the poor and vulnerable groups.** At the very least, programs and activities should not have a detrimental impact on the poor and vulnerable groups. If a program/policy has the potential to harm the poor and vulnerable groups, then a proper compensation mechanism should be implemented.
- **During the mitigation of disasters (natural, social), special attention should be paid to the specific needs of the affected groups;** for example, menstrual pads and underwear for women; toys for children; and trauma counseling. These needs are often overlooked.
- **There is a special outreach mechanism for the poor and vulnerable groups.** This is necessary because they face many barriers in accessing programs and services. This special treatment is justified for the poor and vulnerable groups because impartiality does not always mean the same treatment for all community groups.
- **A willingness and a capacity to reach out to and embrace all stakeholders.** Currently, government resources are inadequate for effective poverty reduction. Less than 10% of Indonesia's total GRDP (gross regional domestic product) comes from government income, while the biggest share comes from the non-governmental sector. Poverty

### Box 10. Paramitra's Mentoring Program for Prostitutes

The biggest risk for this group is the spread of HIV/AIDS, which could easily push them back into poverty. The awareness-raising approach to encourage the use of contraception (condoms) is seen as an example of good practice. The NGO Paramitra applied a comprehensive layered approach, starting with the parking attendants and becak (pedicab) drivers; the pimps, the complex caretaker, and the security officers; the commercial sex workers; and finally the customers. This vulnerability reduction program was supported by regional government policy in the form of a local regulation on HIV. In addition, they also pushed for the establishment of a health service center at community health centers (*puskesmas*) level to facilitate access for commercial sex workers. The intervention was considered a success. One of the indicators was an increase in the percentage of condom use from 30% (2003) to 83% (2007). At the same time, the prevalence of people suffering from sexually transmitted diseases (STD) dropped from 80% (2003) to 20% (2007). For

reduction strategies will be two to four times as effective if other stakeholders, including the private sector, can be involved (Widianto, 2013).

- **The presence of a functioning coordinating institution/forum for stakeholders involved in poverty and vulnerability reduction.**

## Harmonization of the development agenda & efforts to reduce poverty & vulnerability

- **Development policy has to carefully consider livelihood sustainability and risks for the poor and vulnerable groups in the long term.** Development efforts should not harm their livelihoods, both in physical terms (the environment) and in terms of access (unfair competition).
- **Development policy should consider strengthening the capacity of the poor and vulnerable groups.**

This can be conducted by:

- **Assuring that the poor get priority in economic empowerment programs.** In addition, economic empowerment programs have to be prioritized for the poorest regions (see the section on **PVRM in Planning & Budgeting**).
- **Assuring that the direction of policy and development does not have a negative impact on the livelihood of the poor and vulnerable groups.** For example, opening a palm plantation or a mine should not damage or reduce the area of arable land without benefits (compensation, job transfer mentoring) for the poor and vulnerable groups (Box 11).
- **Assuring that the poor and vulnerable groups receive a fair benefit from economic activities.** Effective efforts can be provided in the forms of support for market access, price information, and protection from harmful intermediaries or speculators (Box 12).

### Box 11. An Example of Unsustainable Development

A case study conducted by CIFOR (Center for International Forestry Research) in Kalimantan discovered that the provision of 100 ha of HPH (forest concession) had little impact, or even a negative impact on poverty. Weaknesses in the forest management institution lead to the lack of community groups' involvement in the forest area management process. This has resulted in a potential loss of access of the poor to their livelihood sources and induced conflicts that have had a detrimental effect on the livelihoods of the poor.

- **Guarantee the participation of the poor in the planning, decision-making, and complaints handling mechanism.** The ability of the poor to express their aspirations, influence the outcomes of development, and voice their complaints about substandard services must be guaranteed by strengthening the complaints handling and evaluation mechanisms (see the section on **Monitoring & Evaluation**).

### **Box 12. Principles of Small/Micro Enterprise Empowerment**

Economic empowerment of the poor and vulnerable groups should be based on:

- Improvement of access to formal financial institutions
- Implementation of regulations that do not impede small/micro enterprises
- Monitoring of illegal market service charges or discriminatory market practices
- Sustainable mentoring, especially in aspects of production, packaging, and management



SMERU

# PVRM in Planning & Budgeting

## MAIN MESSAGES

- Good data management and analysis are very important for poverty and vulnerability reduction. Disaggregated data analysis is very useful in the planning of policy and programs.
- Do not assume that the poor and vulnerable groups will automatically be included in existing participatory planning systems. There should be a special mechanism to guarantee access and the active participation of the poor and vulnerable groups in participatory planning
- In planning a policy or program, a social impact analysis should be carried out, especially to determine whether the program/policy supports or hinders poverty and vulnerability reduction efforts
- Budgeting in PVRM has to accommodate outreach mechanisms and larger quotas to reach out to and accommodate the need of the poor and vulnerable groups.

## Management & Analysis of Poverty & Vulnerability Data

PVRM in planning and budgeting begins with preparing poverty and vulnerability data. This data can be sourced from the government (BPS, or Statistics Indonesia), and non-government agencies (program implementers, NGOs, community groups). It is advisable to use existing sources of data—the government already has a unified database that contains information on 40% of the population that is poor and vulnerable. If there is a need for information that is not met by this data, other data sources can be used to complement it. With poverty and vulnerability data, it is important to take into consideration the following:

- There is a need to expand poverty data by including vulnerability indicators in all data collection activities. Currently available vulnerability data is still limited to economic vulnerability and does not yet include data on community groups that suffer from exclusion and discrimination (see Box 4).
- The benefits of good poverty and vulnerability data management for PVRM:
  - It provides a more in-depth and detailed picture of poverty and vulnerability that facilitates analysis, planning, and budgeting.
  - It identifies special regions, groups, and sectors that need to be given priority or more attention.
- The criteria for good poverty and vulnerability data. Data can be beneficial if it is objective, timely, and relevant.
  - **Objective:** obtained using correct data collection and analysis procedures and unaffected by any “interest”.
  - **Timely:** gathered and updated periodically so that the latest data is used.
  - **Relevant:** includes indicators of multidimensional poverty and vulnerability, and is disaggregated by gender, age, occupation, and spatial distribution.
- Steps for good data management in an effort to support PVRM:
  - **Conduct inventory of poverty and vulnerability data (working together with regional offices of Statistics Indonesia).**

This could take the form of a poverty and vulnerability data center in Bappeda that acts as a service for all stakeholders that require assistance and information about poverty and vulnerability data.
  - Conduct disaggregated poverty and vulnerability data analysis that, at the very least, can answer the following questions: “How many poor and vulnerable people are there, who are they, and where do they live?”.

The Regional Poverty Reduction Guide produced by TNP2K (National Team for the Acceleration of Poverty Reduction) provides a more technical guide to data analysis: (<http://tnp2k.go.id/download/buku-panduan-penanggulangan-kemiskinan-1/?ref=data>).

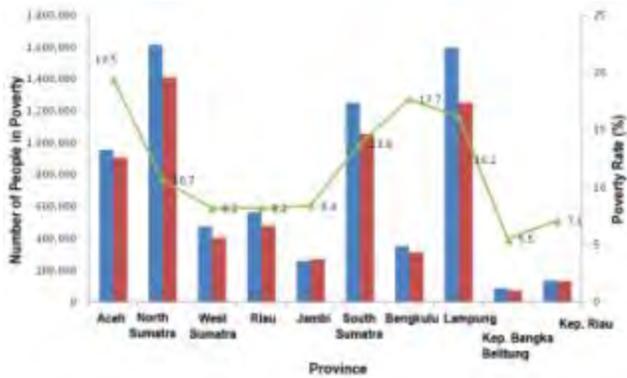


Figure 3. The number of the poor people and poverty rates in each province of Sumatra, 2008 and 2012

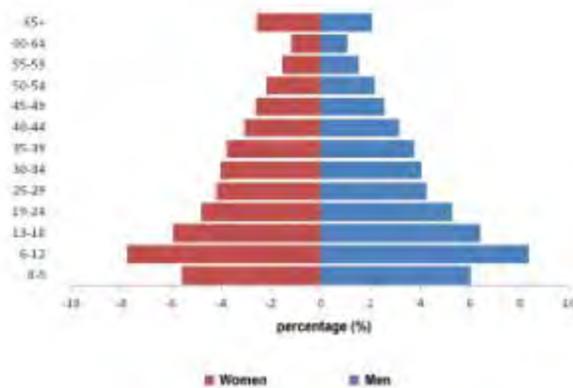


Figure 4. Poverty data analysis based on gender and age

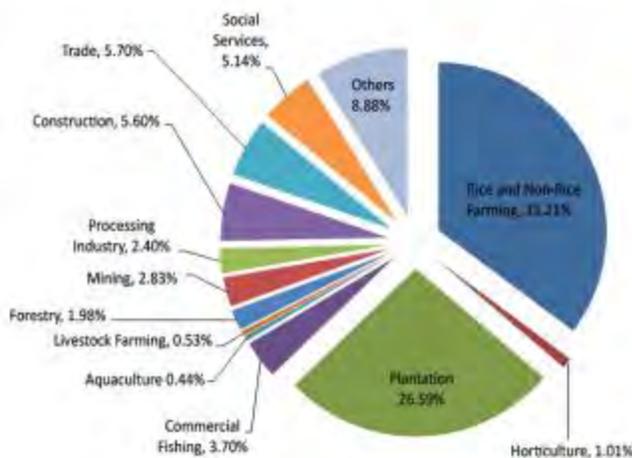


Figure 5. Main livelihood sectors for poor and vulnerable people, 2011

■ **How many are there?** An analysis of poverty and vulnerability data must show the number of poor and vulnerable people and the proportion in each area (*kabupaten/kecamatan/village*). The data analysis should also be able to show changes over time to highlight trends (see Figure 3).

■ **Who are they?** Poverty and vulnerability data must be able to show the number of poor and vulnerable people categorized by gender, occupation, and asset ownership.

■ **Where are they?** An analysis of poverty and vulnerability data must also be able to show, through poverty mapping, where poor and vulnerable people live. This type of mapping can be carried out by processing census and household survey data. Simple poverty mapping can at the very least identify the situation at the *kecamatan* level or, even better, down to the village level so that it can be used to prepare SKPD work plans and decide where to carry out activities.

A national poverty map for Indonesia was developed by SMERU in 2005. More information can be found on the SMERU website ([www.smeru.or.id](http://www.smeru.or.id)).

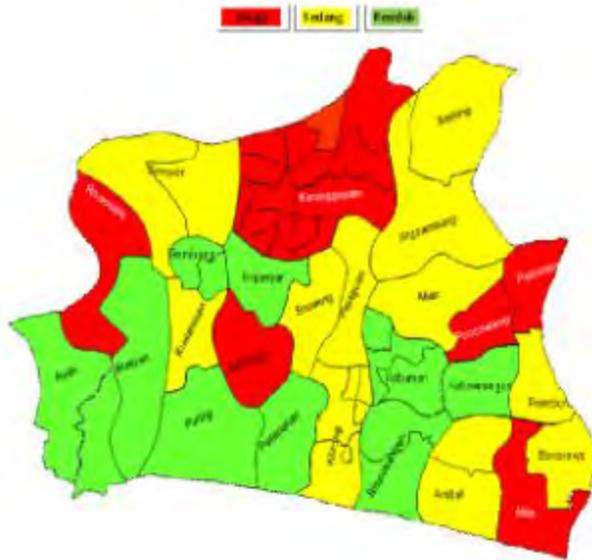


Figure 6. Poverty distribution map for Kabupaten Kebumen

In Solo, an NGO created a similar map, specifically for the region. More information can be found on their website (<http://solokotakita.org/>).

- Good data is always updated at regular intervals. Because updating data via surveys or censuses requires considerable expenses, alternative mechanisms need to be considered. One of them is through participatory village/kelurahan (urban village) deliberation meetings. This data updating mechanism has been officially adopted by the TNP2K to update the 2009 Data Collection for Social Protection Programs (PPLS) data. In the village/kelurahan deliberation meetings, participants consisting of various elements of community remove names that do not meet the criteria of poor/vulnerable and add alternate names that are deemed to meet the criteria.

More technical guidance about the mechanics of these deliberation meetings can be found at: <http://www.tnp2k.go.id/program/kartu-perlindungan-sosial/mekanisme-distribusi-dan-pemutakhiran-kps/>.

- Data, both national (PPLS, Susenas, and sectoral data, etc.) and regional, must be accessible to stakeholders. Thus, it is important to raise awareness of data availability and ways of obtaining it, as well as guaranteeing access to the data.

- Efforts should be made to develop strong partnerships and cooperation with Statistics Indonesia at the national and regional levels, universities, and research institutes. This can be conducted by:
  - **establishing a forum for communication/discussion among all stakeholders that routinely discusses issues around data collection.** Topics for discussion could include issues about regional poverty level measurement, regional poverty indicators, priority group selection, and regional poverty reduction strategies;
  - increasing cooperation with relevant stakeholders, especially for collecting data on vulnerable groups that are hard to reach (for example, commercial sex workers, transgender groups, and HIV/AIDS patients); and
  - initiating a capacity-building program for poverty and vulnerability data processing and analysis through cooperation with relevant stakeholders.

### **Box 13. Constraints on the Participation of the Poor and Vulnerable Groups**

There have been many efforts to improve the participation of the poor, especially through community empowerment programs. However, numerous studies have revealed that the level and the quality of their participation remain low. A study conducted by SMERU, for example, discovered that the following constraints hinder the participation of poor and vulnerable people in planning activities:

1. Economic constraints—they are busy working;
2. Time constraints—both because of a lack of free time to attend meetings and because meetings do not fit in with their work schedule;
3. Distance constraints—especially for those living far from government centers, where meetings are usually held. Related to this is the cost of attending meetings;
4. Psychosocial constraints—they often feel inferior, unimportant, and incapable, and are afraid to speak up; and
5. Sociocultural constraints—because of the stigma of their occupation (commercial sex workers), religion/belief.

## PVRM in the implementation of participatory planning mechanisms

- Participatory planning is a potential mechanism that can facilitate pro-poor development. However, because of many constraints, poor people rarely participate in planning activities (Box 13). Even if they attend, they are usually unable or unwilling to voice their aspirations. Therefore, it is necessary to provide greater support for the participation of the poor in the planning process.
- The following steps can be taken to support the participation of the poor and vulnerable groups:
  - **Separate consultations with the poor and vulnerable groups.** Consultations must be adjusted to suit the characteristics of the target group (do not always formal; can be conducted in several stages; and in cooperation with relevant stakeholders as facilitators). In this respect, consultations can be conducted in a way that can be easily understood by the poor and vulnerable groups.
  - **Stipulated quotas on the results of the consultation with the poor and vulnerable groups to be directly accommodated in the decision being made during development planning deliberation meetings (*musrenbang*).** The suggested quota can be determined by the proportion of poor and vulnerable people in the respective region (Box 14).
  - **Assuring the poor and vulnerable groups' representation in further deliberations.**

### Box 14. Special Consultation with a Women's Group

The National Program for Community Empowerment (PNPM) stipulates that during the brainstorming stage for formulating a village activity plan, there must be a special consultation with a women's group at the *dusun*<sup>2</sup> level. The development proposal resulting from this consultation automatically becomes one of the three proposals brought up to the village level. At the village level, there is a further discussion on which proposals should be forwarded on to the *kecamatan* level. One of the three proposals has to come from the women's group. This kind of separate consultation should also be held for the poor and vulnerable groups during the development planning process.

<sup>2</sup> A *dusun* is an administrative area within a village,

## PVRM in Policy Planning & Program Development

- Planning has to involve a cost and benefit analysis for the poor and vulnerable groups. This can be conducted by creating a cost and benefit analysis matrix based on welfare group. The relevance of

all policy and development programs to and their potential impact on poverty and vulnerability reduction should be clearly illustrated (Box 15 and Table 2).

- In particular, planning should:
  - pay more attention to regions with a larger number of poor and vulnerable people. Based on the poverty analysis and mapping, a decision can be made on which regions to prioritize;
  - pay more attention to the poor and vulnerable groups. This can be conducted by determining a quota for poor and vulnerable participants or service beneficiaries in the government work plans; and
  - pay more attention to sectors that are accessed by the poor and vulnerable groups, especially, but not limited to, basic services.
- All government programs, policies, and activities have to be measured in terms of output, result, and impact, which as far as possible should be quantified to facilitate effective monitoring and evaluation.

### **Box 15. Impact Analysis Model for Poverty Policy/Program**

The World Bank has developed an analysis model, called the Poverty and Social Impact analysis, to determine the impact of policy on poverty and income distribution. This analysis is conducted with an ex ante analysis model, in other words, a predictive model of the possible impacts that could occur if a policy measure is implemented. Many methods, such as econometrics, can be applied by incorporating household survey data, the results of stakeholder analysis, institutional analysis, etc. The simplest model is the participatory model, which involves all parties from the government, the NGO sector, and community representatives, and examines the possible impacts of a particular policy. This model is best applied through the use of focus group discussions (FGDs) which are limited to the use of simple tools, such as the policy/program cost and benefit analysis matrix shown in Table 2. Together, participants explore whether a policy or program plan will generate benefit or burden, or will be neutral, for the poor and vulnerable groups, based on regional category. If in a particular region, the population has not been categorized based on welfare groups, then agreement must be reached first on who is to be categorized as poor and vulnerable in order for the policy to be analyzed.

**Table 2. Policy/Program Cost and Benefit Analysis Matrix**

This analysis can involve the coordinating team for poverty reduction, NGOs, and regional academic institutions			
	Beneficial	Neutral	Burdening
Preparation/Planning Stage			
RTSM (very poor household)			
RTM (poor household)			
Women			
People with disabilities			
Homeless people			
Elderly people			
Children			
Implementation Stage			
Utilization Stage			

Note: For the implementation and utilization stages, follow the same steps as the preparation stage.

## Example of the Inclusion of PVRM in Regional Government Planning Documents

In order to provide a sound basis for policy development, PVRM needs to be explicitly mentioned in the development planning document. An important step would be to add an PVRM element in the “Development Strategies” section of the Medium-Term Development Plan (RPJM) document (Sample: Box 16).

To explain how it is implemented in program planning and execution, a PVRM element can also be inserted in the “General Policies” section (Sample: Box 17).

### **Box 16. Development Strategies in the Regional Medium Term Development Plan (RPJMD) of District A**

1. Synchronizing and formulating regulation;
2. Developing public facilities and infrastructure;
3. Developing public administration service system;
4. Facilitating capacity improvement of community resources;
5. Facilitating the development of cooperation networks between regions both at the national and international levels;
6. Developing cooperation with a third party to improve regional financial capacity; and

~~7. Mainstreaming poverty and vulnerability reduction in regional policy and program development.~~

PVRM element addition

### **Box 17. General Policies of Economic Sector Development**

1. Further arrangement of the street vendors' trading place;
2. Development and further improvement of micro, small, medium, and cooperative (UMKMK) enterprises to optimize the growth of regional potential;
3. Establishment and development of community-owned enterprises (BUMM);
4. Facilitation of partnerships between big and middle enterprises to develop UMKMK;
5. Development and further improvement of traditional market merchants;
6. Creation and development of new entrepreneurs;
7. Improvement of investment in order to expand and increase work force absorption, and to develop cooperation with a third party for regional financial capacity; and
8. Improvement of access for the poor and vulnerable groups through quota provision and special outreach mechanisms in economic sector development programs.

PVRM element addition

The general policies above are already in line with PVRM principles. However, the policies can be modified to strengthen PVRM implementation by:

- explicitly adding “**improvement of access and services for the poor and vulnerable groups** in all economic sector development programs”; or
- more specifically stating “**a minimum of (a number) % of program recipients for economic sector development should come from the poor and vulnerable groups**”.

Even though the example above is for economic sector development, PVRM “modification” should also be incorporated in the general policies of other sectors.

The implementation of PVRM in the regional government work plan (RKPD) can be incorporated into the “Program Plan and Regional Priorities” section (Sample: Box 18).

## **Box 18. Cooperatives and Small & Medium Enterprises**

### **Problems**

Lack of innovation by micro, small, and medium enterprises (UMKM) that affects the competitive advantage and business sustainability of these enterprises.

### **Targets**

1. Expansion of the market of UMKM products, **especially those from the micro enterprises of the poor and vulnerable groups**, in domestic as well as international markets;
2. Improvement in access to business capital for UMKM and **the poor and vulnerable groups’ enterprises**, growth of the number of UMKM establishments, and increased the quantity of UMKM products;
3. Availability of more skilled workers with the technical and managerial capacity for running UMKM, **especially young entrepreneurs from the poor and vulnerable groups**;
4. Higher competitive advantage of UMKM products, in the face of the ACFTA (ASEAN-China Free Trade Agreement);
5. Improvement in the quality of cooperatives’ institutional management; and
6. **Expansion of economic empowerment for the poor and vulnerable groups through favorable quotas and outreach mechanisms in all programs for cooperatives and small and medium enterprises.**

### **Programs and Activities**

Programs and activities for Cooperatives and UMKM for 2013 include:

1. Program for the creation of a conducive business climate for small and medium enterprises, which is focused on the planning, coordination, and development of small and medium enterprises, facilitation of the development of small and medium enterprises, and development of the infrastructure of small and medium enterprises.

PVRM can be implemented by modifying SKPD work and budget plans (RKA) (Sample is provided in Table 4).

**Table 4. An Example of PVRM in the SKPD Work and Budget Plan (RKA) Document for the Market Office of District A, Budget Year 2013**

Code	Explanation	Location	Performance target (quantitative)	Quantity
<b>1.15.xxx. 16</b>	<b>Development of Entrepreneurship and Competitive Advantage for Small and Medium Enterprise Programs</b>			
<b>1.15. xxx .16.03</b>	Facilitation of UMKM partnerships	The Agency for Cooperatives, Small and Medium Enterprises, and Marketplaces	1 package	xxx
<b>1. 15. xxx .16.06</b>	Conducting entrepreneurship training	<b>Kecamatan A and Kecamatan B (the poorest kecamatan)</b>	30 participants <b>(minimum of 10 poor/vulnerable participants)</b>	xxx
<b>1.15. xxx .16.11</b>	Entrepreneurship training for cooperatives	<b>Kecamatan A and Kecamatan B (the poorest kecamatan)</b>	50 participants <b>(minimum of 15 poor/vulnerable participants)</b>	xxx
<b>1.15. xxx .16.12</b>	Cooperative accounting training	<b>Kecamatan A and Kecamatan B (the poorest kecamatan)</b>	40 participants <b>(minimum 15 poor/vulnerable participants)</b>	xxx
<b>1.15. xxx .16.13</b>	Productive business skills training	<b>Kecamatan A and Kecamatan B (the poorest kecamatan)</b>	20 participants <b>(10 poor/vulnerable participants)</b>	xxx
<b>1. 15.xxx. 16.14</b>	Raising awareness and evaluation of the establishment, alterations, and dissolution of cooperatives	Kabupaten A	60 participants <b>(minimum 20 poor/ vulnerable participants)</b>	xxx
<b>1.15 . xxx. xx.xx</b>	<b>Raising awareness and outreach for program beneficiaries from the poor and vulnerable groups</b>	<b>Kabupaten A</b>	<b>x participants</b>	<b>xxx</b>

Note: The texts printed in red are examples of PVRM.

The PVRM modification of the RKA document above covers the following elements:

- **Location:** activities such as entrepreneurship training **can be held in the village/kecamatan with the highest poverty rate or with the largest number of poor residents.** Relocation of activities can facilitate access for the poor and vulnerable groups.
- **Performance targets:** A quota of around **20%–30% of program beneficiaries can be specially chosen from the poor and vulnerable groups.** The selection of beneficiaries from the poor and vulnerable groups can be based on poverty data using names and addresses from the Unified Database (BDT).
- To ensure that programs engage these groups, it is necessary to allocate a budget for awareness-raising and outreach activities to the poor and vulnerable groups. Outreach mechanisms can take the form of:
  - Active registration—direct registration of program beneficiaries through home visits to the poor and vulnerable groups using cadres, college students, government task forces, NGOs, or other volunteers.
  - When registration takes place in an office, an outreach program can provide transport or travel reimbursements, or other incentives for program beneficiaries from the poor and vulnerable groups.



## How is PVRM implemented in Budgeting?

- Implementing PVRM approach in budgeting is carried out by preparing a budget that is favorable to the poor and vulnerable groups. Budgeting for poverty and vulnerability reduction efforts does not have to be expensive, but preference should be clear.
- Some general principles for pro-poor budgeting include:
  - Transparency and clarity, especially for the poor and vulnerable groups. It is important to publicize a summary of the budget through easily accessible media, such as posters. In many cases, partnership and cooperation with non-government institutions are very effective for guaranteeing wide dissemination.
  - Accommodating participation of the poor and vulnerable groups through special consultation mechanisms.
  - Clearly identifying the target location and beneficiaries—a clear statement of how many beneficiaries are from the poor and vulnerable groups and where they are located.
  - Measurable performance indicators.
- By adopting PVRM approach, every program has to allocate a special budget for outreach activities to the poor and vulnerable groups. Even though it requires additional spending, it is very important for ensuring that the poor and vulnerable groups benefit from development outcomes.

# Governance & Government Program Management

## MAIN MESSAGES

- Effective and easy access to public services is one of the keys to poverty and vulnerability reduction.
- There are more impediments for the poor and vulnerable groups in accessing services and programs, so locally targeted outreach mechanisms are required. Do not assume that the poor and vulnerable groups are willing to go to government offices to access programs or to look for information.
- The poor and vulnerable groups are very sensitive to poor quality services. Therefore, quality service delivery is very important to ensure that the poor and vulnerable groups receive the full benefits of programs and services

## PVRM principles of pro-poor basic service management

- Basic services are one of the key aspects of poverty and vulnerability reduction. PVRM plays a significant role in the basic service sector, especially for the poor and vulnerable groups. The main principles of PVRM in basic service management are as follows:
- **Good governance in basic services is a key prerequisite for poverty and vulnerability reduction.** The poor and vulnerable groups are the most affected by low quality basic service management and governance (see Box 19).
- **Increasing the participation of the poor and vulnerable groups** is necessary to guarantee accountability and ensure the quality of basic services.
- **It is necessary to strengthen basic services by implementing penalty and reward mechanisms.**

- **Basic service performance improvement needs an effective reporting and complaints handling mechanism.** The design of the mechanism must be as simple as possible and accessible to service users, especially the poor and vulnerable groups.

### **Box 19. Impact of Substandard Services on Poverty and vulnerability Reduction**

A World Bank study revealed that the poor are very sensitive to substandard services (Voice of the Poor, 2006). An extreme example of this was a family planning contraception “service”. All married women with children were rounded up and put on a truck and taken to a “service” center where they were inserted with a contraceptive coil. Afterwards, many of the service recipients experienced a lot of pain and suffered from bleeding, with the result that their children were then afraid to use contraception. A more recent example involves the many cases of low quality service experienced by Jamkesmas card holders or other free health service card holders. This had a detrimental impact on future service expansion because of the negative experience of the poor and vulnerable service users.

## The Objectives of Implementing PVRM in basic services

- **Facilitating better access to basic services for the poor and vulnerable groups.** This can be carried out through:
  - **The provision of mobile service facilities.** The main constraints for the poor and vulnerable groups to accessing basic services are time and transportation costs. Therefore, providing mobile services, such as rotating services in different *kecamatan* offices, mobile health facilities, and mobile banking services, are important for expanding access for the poor and vulnerable groups.
  - **Outreach mechanism to identify and raise awareness of information and services.** Disseminating information is essential for the poor and vulnerable groups. This can be conducted by putting up publicity material on announcement boards and in public facilities, as well as through cadres/volunteers who have been trained in raising awareness amongst the poor and vulnerable groups.
  - **Special service mechanisms for the poor and vulnerable groups in basic services.** Effective, high quality services are the key to developing the trust of the poor and vulnerable groups to encourage them to be more active in accessing services. Therefore, special service mechanisms,

such as information desks, training for service officers, and additional incentives for services which target the poor and vulnerable groups, are essential.

- **Waiving basic service fees.**
- **Partnerships with stakeholders to expand access to information and services.** In addition, partnerships can also be developed with NGOs that have experience of working with hard-to-reach poor and vulnerable groups.
- **Strengthening public service accountability**
  - **The establishment of a simple and responsive complaints handling system.** Partnerships with non-government stakeholders, such as NGOs and businesses, can help implement effective and sustainable complaint systems; for example, handing over the management of a call center to a third party.
  - **The establishment of a stakeholders' forum** can strengthen public participation, especially of the poor and vulnerable groups, in conducting monitoring and reporting. This forum can include NGOs, the private sector, academics, and the mass media.
  - **Incorporating discussions on basic facilities in the participatory planning forum that specifically involves the poor and vulnerable groups.**



SMERU

# Partnerships with Non-Government Stakeholders

## MAIN MESSAGES

- Sustainable coordination between stakeholders needs to be based on trust and commitment.
- Effective partnerships between government and non-government stakeholders are necessary to support service expansion, as well as poverty and vulnerability reduction, especially for hard-to-reach poor and vulnerable groups.

## Principles of stakeholder partnerships for supporting PVRM

- **Sustainable partnerships.** Partnerships are sustainable when (i) there is a mutual trust among stakeholders; (ii) there is an organized forum for discussion; (iii) they are bound by clear regulations; (iv) there are regular meetings; and (v) they involve joint activities.
- **A legal foundation and commitment from leaders.** Effective and strategic partnerships must start with the establishment of a clear legal foundation and a strong commitment from leaders.

Major non-government stakeholders that are important for PVRM include:

1. NGOs,
2. Academic institutions (universities),
3. Corporate sector organizations (private and state-owned/regional-owned),
4. The mass media, and
5. Community organizations and groups.

## Steps for building partnerships with non-government stakeholders

- **Recognize the contribution of non-government stakeholders.** Non-government parties play a strategic role in PVRM because they can improve service capacity and quality for the poor and vulnerable groups, especially groups that are hard to reach (migrant workers, commercial sex workers, people living with HIV/AIDS, etc.).
- **Establish a communication and coordination forum.** This can be on an informal or formal basis. As well as a cross-sector stakeholder forum, it is also necessary to establish a forum of stakeholders from the same sector (SKPD forum, NGO forum, CSR forum, etc.).
- **Encourage the active participation of non-government stakeholders in poverty reduction coordinating institutions** (see the section on **Development Strategies & Approaches**). Coordinating institutions should provide the means for all non-government stakeholders to advocate strategies for poverty and vulnerability reduction.
- **Provide a simple and effective information system.** Basic information on regions that have high poverty rates, regions that have difficulty in accessing basic services, and vulnerable groups must be available and widely publicized amongst non-government stakeholders.
- **Encourage the use of information technology.** Maximize the use of the internet and social media to increase participation and access to information for all stakeholders.

The internet is a very useful source of information. Basic information about concepts, good practices, reference books, as well as other sources of information can be found through search engines such as [www.google.com](http://www.google.com) or [www.yahoo.com](http://www.yahoo.com).

## The role of stakeholders in PVRM

PVRM is not only the responsibility of the government but also the responsibility of non-government stakeholders.

- **General roles of non-government stakeholders**
  - Advocate regulations which are relevant to poverty and vulnerability reduction
  - Advocate the inclusion of pro-poor policy in planning and budgeting documents; and

- Provide services and mentoring for the poor and vulnerable groups

- **Specific roles of different non-government stakeholders**

- NGOs: Advocate and mentor groups that are alienated and suffer from discrimination.
- Academic institutions: Conduct relevant research on poverty and vulnerability reduction efforts; conduct capacity-building activities for other stakeholders.
- The corporate sector: Apply PVRM approach to all corporate management processes, especially in CSR management.
- The mass media: Report poverty and vulnerability reduction initiatives; provide space for readers to voice their opinions, in support of complaints handling mechanisms.
- Community sector organizations: Help foster the development of community movements to raise awareness of the life of the poor and vulnerable groups.

# Monitoring & Evaluation (M&E)

## MAIN MESSAGES

- Is monitoring and evaluation (M&E) supported by competent management and staff?
- To obtain an objective M&E report, M&E institutions must be independent from the institutions they monitor and evaluate.

M&E aims to provide objective and comprehensive information about the performance of policy, program, and project execution, as well as to identify the reasons for its successes and failures.

The value of M&E lies in its use as a tool for assisting decision-makers to improve policies, programs, and projects, as well as the efficiency of policy formulation, planning, budgeting, and activity implementation.

Monitoring is the process of scrutinizing the progress of development implementation, and identifying and anticipating problems that arise and/or will arise so that pre-emptive measures can be taken as early as possible.

Evaluation involves a series of activities that compares actual inputs, outputs, and outcomes with planned indicators (Box 20).

## Box 20. Types and Examples of Indicator

1. Input Indicator  
Measures financial, physical or human resources that are used in a process. For example: money spent to build a new classroom in an elementary school.
2. Output indicator  
Measures the product and service resulting from the inputs. For example: a new classroom that has been successfully built for an elementary school.
3. Outcome indicator  
Measures output achievements. For example: the number of students that can be accommodated.
4. Impact (Effect/benefit) indicator  
Measures individual welfare dimensions targeted by public policy. For example: level of attendance at an elementary school.

M&E in the development management cycle oversees the implementation of policies, programs, and projects. The results of M&E serve as a basis for preparing, planning, and budgeting for future activities.

Pro-poor development requires that PVRM be an integral part of all stages of the development management cycle: policy formulation, planning and budgeting, implementation, and M&E.

In the development cycle, the role of M&E is equally as important as the role of the other three processes.

It is necessary to have rigorous, comprehensive, and clear M&E regulations for all institutions. The regulations have to adhere to the principles of transparency, participation, and accountability. The following are important for effective M&E:

- A clear definition of M&E as well as program inputs, outputs, outcomes, and impacts, including each of their indicators (see Box 20, Box 21, Table 5, and Table 6).
- The M&E process must take into account the position and needs of the poor and vulnerable groups and must be implemented consistently from the central to the regional level.
- The establishment and development of an independent M&E institution.
- The management quality and capacity of the leaders and staff of M&E institutions must be equal to those of other institutions they work with.
- M&E work is about “researching/exploring”, not “investigating”.
- Feedback mechanisms must ensure that organizations respond to feedback from employees and community members.
- The M&E budget in the national budget (APBN) and APBD is separate from the program budget.

**Table 5. Criteria for Selecting Indicator**

Indicator Selection Criteria	Correct Examples
1. <b>Measurable:</b> It can be quantified and measured.	The percentage of people who take part in a general election
2. <b>Practical:</b> Data can be collected over a certain period and at an affordable cost.	The percentage of the target population that understands their voting rights (representative sample from a voting survey)
3. <b>Reliable:</b> It can be used by many people, a number of times, without inaccuracies or discrepancies.	The number of people who have taken an HIV test at their work place over the last 12 months
4. <b>Relevant:</b> It is related to the program being monitored.	Farm produce of a <i>kabupaten/kota</i> that is implementing a land reform program (for example)
5. <b>Useful for management:</b> Information gathered from indicators is useful for decision-making.	The types of resources utilized; the types of organization systems that are fully operational
6. <b>Direct:</b> Information can provide direct observable results.	Yields of certain plants provide a direct measurement of policies to diversify agricultural production
7. <b>Sensitive:</b> It acts as an early warning of changing conditions.	The amount of rice consumption for each household per year
8. <b>Responsive:</b> It can be changed to adapt program activities.	Percentage of junior high school students who graduated with a score of over 60%
9. <b>Objective:</b> It is unambiguous.	The number of parents' associations or teachers' associations that experienced an increase in membership of at least 5% a year
10. <b>Disaggregated:</b> Data can be sorted based on gender, age, location, or other categories.	Gender, age, location, ethnic groups

Sumber: Gorgens dan Kusek (2009).

## **Box 21. Eight Things that Must be Avoided when Formulating Indicators**

1. Losing objectivity;
2. Setting unachievable targets;
3. Choosing too many indicators;
4. Choosing indicators that are too narrow and that focus more on activities (input and output) rather than results (outcome and impact);
5. Choosing too many indicators that belong only to the countable types;
6. Choosing indicators that are uncountable or that are not sensitive;
7. Choosing impractical indicators that require complicated measurement procedures or take up too much time to process, and
8. Assuming that data is always available.



SMERU

**Table 6. Variables and Indicators for Budget Performance Evaluation**

Variables and Indicators	Values
<b>A. Budget Planning</b>	
1. Quality of Budget Preparation	
a. Consistent with planning documents (Renstra <sup>3</sup> , RKP/D4, Renja K/L/D <sup>5</sup> , RKA K/L/D <sup>6</sup> , DIPA <sup>7</sup> );	
b. Focus on performance results;	
c. The amount of blocked fund;	
d. Formulation of special standard costing (SBK); and e. Number of revisions.	
e. Number of revisions.	
2. Quality of Expenditure	
a. Relevance to poverty and vulnerability reduction strategies;	
b. Appropriateness and efficiency (cost effective and cost efficient) and	
c. Compliance with accountancy principles.	
<b>B. Budget Implementation</b>	
1. Budget Absorption	
a. Comparison between budget ceiling and budget absorption; and	
b. Quantity of optimization result.	
2. Performance Results	
a. Comparison between performance targets and actual results;	
b. Consistency between performance results and specified indicators;	
c. Comparison between state revenue (tax and PNB <sup>8</sup> ) targets of ministries/agencies regional income and the achievements; and	
d. Quality of financial reports of ministries/institutes/regions when connected with opinion of BPK.	
<b>Value Total</b>	

Source: The Monitoring and Evaluation Section of the Budgeting System Directorate of the Ministry of Finance, 2011.

Indicators should be periodically reviewed in order to:

- avoid having too many of them;
- clarify their formulation in order to produce more accurate measurements; and
- include indicators provided by other professional organizations, such as Statistics Indonesia, the Audit Board of the Republic of Indonesia (BPK), and independent survey institutions.

A requirement to write a lot of reports, without the necessary resources and infrastructure and with a limited number of qualified personnel (who are often burdened with other routine work) will result in poor quality reports or a failure to submit them on time.

Regional autonomy, which devolves authority to the *kabupaten/kota* level, should not mean that *kabupaten/kota* offices/agencies are no longer obliged to report to higher level offices/agencies.

Online reporting system or e-monitoring makes the process easier and more efficient, compared to conventional methods (particularly if the report has to be sent as a hard copy). Using e-monitoring, program managers can update progress reports at any time when needed. (The Monitoring and Evaluation Section of the Planning Bureau of Cipta Karya Directorate-General Secretariat, the Ministry of Public Works, has made good use of e-monitoring. For more information, contact: Monitoring Call Center at 021-722-1083 or 0852-8022-2241/3, or visit [http://emonitoring.pu.go.id/.](http://emonitoring.pu.go.id/))

---

<sup>3</sup> Renstra = strategic plans.

<sup>4</sup> RKP/D = regional government work plans.

<sup>5</sup> Renja K/L/D = work plans of ministries/agencies/regions.

<sup>6</sup> RKA K/L/D = work and budget plans of ministries/agencies/regions.

<sup>7</sup> DIPA = budget implementation registration forms.

<sup>8</sup> PNPB = Non-Tax State Revenue.

## REFERENCES

- Gorgens, Marelize and Jody Zall Kusek (2009) "Making Monitoring and Evaluation Systems Work: A capacity Development Toolkit." Washington: The International Bank for Reconstruction and Development/The World Bank.
- Monitoring and Evaluation Section of Budgeting System Directorate of Ministry of Finance (2011) 'Variabel dan Indikator Evaluasi Kinerja Penganggaran' [Variables and Indicators for Budget Performance Evaluation]. Jakarta: Monitoring and Evaluation Section of Budgeting System Directorate of Ministry of Finance.
- Sumarto, Sudarno, Asep Suryahadi, dan Alex Arifianto (2004) 'Governance and Poverty Reduction: Evidence from Newly Decentralized Indonesia.' SMERU Working Paper. Jakarta: The SMERU Research Institute.
- Suryadarma, Daniel, Rima Prama Artha, Asep Suryahadi, dan Sudarno Sumarto (2010) 'A Reassessment of Inequality and Its Role in Poverty Reduction in Indonesia.' SMERU Working Paper. Jakarta: The SMERU Research Institute.
- Widianto, Bambang (2013) 'CSR Initiative and Targeting Improvement for An Effective and Efficient Poverty Alleviation Program.' Makalah dipresentasikan pada CSR Conference, Indonesia Business Links, Jakarta, 14 Maret 2013, tidak dipublikasikan.

# POVERTY AND VULNERABILITY REDUCTION MAINSTREAMING TOOLKIT



LEMBAGA PENELITIAN  
**SMERU**  
RESEARCH INSTITUTE



**USAID**  
FROM THE AMERICAN PEOPLE

**SEADI**  
SUPPORT FOR ECONOMIC ANALYSIS  
DEVELOPMENT IN INDONESIA