

**THE PRO-POOR PLANNING AND BUDGETING PROJECT**

**Working Paper No. 4**

**Improving Local Government Planning  
for  
Enhanced Poverty Reduction**

**Cases from  
Central Java, South Sumatra and East Nusa Tenggara**

**HICKLING**

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**Timothy Babcock, the Local Government Capacity Development Specialist with the Pro-Poor Planning and Budgeting Project, was the lead author for this Working Paper.** The field research was conducted by research teams from local universities and non government organizations in the provinces of East Nusa Tenggara, Central Java and South Sumatra.

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**The complete list of Working Papers produced by the Pro-Poor Planning and Budgeting Project is as follows:**

1. Pengentasan Kemiskinan melalui Pembangunan Usaha Mikro, Kecil dan Menengah (Poverty Reduction through Developing Micro, Small and Medium Enterprises)
2. Towards a National Poverty Reduction Action Plan
3. Review and Evaluation of Pro-Poor Programs in Indonesia – A Summary Overview
4. Improving Local Government Planning for Enhanced Poverty Reduction
5. Program Keluarga Harapan – PKH: Two Case Studies on Implementing the Indonesian Conditional Cash Transfer Program
6. Perencanaan dan Penganggaran yang Berpihak pada Masyarakat Miskin: Studi Kasus dari Tiga Provinsi (Pro-Poor Planning and Budgeting: Case Studies from Three Provinces)
7. Kajian Kesejahteraan Keluarga dan Pemberdayaan Gender di Provinsi Nusa Tenggara Timur, Jawa Tengah dan Sumatera Selatan (Planning and Budgeting for Improved Family Welfare)

**The project also produced the following publications in cooperation with BAPPENAS:**

- Pro-Poor Planning and Budgeting Newsletters (Volumes 1 – 3)
- Buku Panduan – Perencanaan dan Penganggaran yang Berpihak pada Masyarakat Miskin (Handbook on Pro-Poor Planning and Budgeting) (2008)
- Kumpulan Bahan Latihan Pemantauan dan Evaluasi Program-Program Pengetasan Kemiskinan (Resource Book of Training Materials for Monitoring and Evaluation of Poverty Reduction Programs) (2008)
- MDGs Scorecards for District Governments (11 were produced in collaboration with the district governments of Manggarai, Sumba Barat, Sumba Timur and Kupang in East Nusa Tenggara, Semarang, Wonosobo, Banjarnegara, and Purbalingga in Central Java, and Palembang, Ogan Komering Ilir and Ogan Ilir in South Sumatra).

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# Abbreviations and Acronyms

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ADD	Alokasi Dana Desa [Village Development Grants]
APBD	Anggaran Pendapatan dan Belanja Daerah [District/Municipal Annual Budget]
BAPPEDA	Badan Perencanaan Pembangunan Daerah [District/Municipal Development Planning Agency]
BAPPENAS	Badan Perencanaan Pembangunan Nasional [National Development Planning Agency]
CSO	Civil Society Organization
DPRD	Dewan Perwakilan Rakyat Daerah [District/Municipal Legislature]
KDP	Kecamatan Development Program (a World Bank funded bottom-up development program and approach), known as PPK in Indonesian
MDGs	Millennium Development Goals [Tujuan Pembangunan Milenium]
Musrenbang	Musyawahar Perencanaan Pembangunan [Development Planning Consultation Forum]
NGO	Non Government Organization
NTT	Nusa Tenggara Timur Province [East Nusa Tenggara]
P3DM	Program Penguatan dan Pengembangan Desa Menuju Desa Mandiri [East Sumba district program for village strengthening and development]
PKK	Pembinaan Kesejahteraan Keluarga [government-sponsored family welfare organization/approach]
PPK	Program Pengembangan Kecamatan [see KDP]
PNPM	Program Nasional Pemberdayaan Masyarakat (National Community Empowerment Program)
RAPBD	Rencana Anggaran Pendapatan dan Belanja Daerah [Local Government Annual Budget Plan]
RKPD	Rencana Kerja Pembangunan Daerah [annual district development plan]
RPJMD	Rencana Pembangunan Jangka Menengah Daerah [district/municipal mid-term development plan]
SKPD	Satuan Kerja Pemerintah Daerah [Local Government Agency]
SPKD	Strategi Penanggulangan Kemiskinan Daerah [District/Municipal Poverty Alleviation Strategy]
OI	Ogan Ilir District
OKI	Ogan Komering Ilir District

# Abstract

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Rapid assessments and surveys were undertaken in the three participating provinces (South Sumatra, Central Java, East Nusa Tenggara) to provide better understandings of the nature, challenges and potentials of the current development planning and delivery system as mandated by national government regulations. The studies reported on in this paper examine the degree to which current practices, and their results, can be considered responsive to the needs and aspirations of local communities, in particular the poorer components of society. A large number of weaknesses were detected, and while proposals emanating from the village level were much more successful in obtaining approval and funding than had been expected, there is little indication that poorer communities obtain any special attention through the conventional planning system. On the other hand, with decentralization there is much room for local experimentation with improved processes and practices, some of which are reported on in this paper. In particular, there is evidence to suggest that programs which provide enhanced information and support improved, planning processes, facilitation and funding at the village level are producing results that better respond to the needs of the poor. The paper concludes with a set of recommendations for improving the process and substance of local-level planning, and suggests that a “grand strategy” for capacity building at the district/municipal level as well as a program of further research deserve serious consideration.

# 1. Why the Study was done and how

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## 1.1. The Issue: Poor Annual Planning Processes Leading to Poor Results

The Pro-Poor Planning and Budgeting (P3B) Project was designed to build capacity in eleven districts and municipalities in three provinces of Indonesia (South Sumatra, Central Java, East Nusa Tenggara) to reduce poverty and to achieve the Millennium Development Goals.

The Project employed a variety of approaches in the building of capacity, both for government and civil society, but they were all ultimately linked to the government-mandated mid-term and annual development planning, budgeting and implementation cycles. The Ministers of Home Affairs and National Development Planning (BAPPENAS) in recent years have issued annual guidelines to all provinces, districts and municipalities to structure and direct the annual planning and budgeting process. In 2008 these joint circulars were replaced by a generalized Government Regulation (No. 8 of 2008).

The mandated planning system in theory integrates community aspirations with national, regional and sectoral policies and plans. Current guidelines recommend that planning consultations and processes focus more on general issues or “themes” than on traditional sectoral plans. The guidelines also provide for the generation of three-year budgeting horizons, thus giving broad support for the regions to formulate a three-year Poverty Reduction Action Plan that could be integrated into the district planning and budgeting system. **The basic assumption espoused by the P3B Project is that improving planning processes in specific ways --- including assisting them to become more inclusive, responsive and participatory --- will contribute significantly to accelerated and more sustainable poverty reduction and improved livelihoods for the poor.**

While attempts have been made over the years in Indonesia to make the planning process more efficient, effective and responsive, many problems remain and new challenges are being created by frequent modifications to instructions and regulations emanating from the national level. During the inception phase of this Project, several BAPPEDA heads and other local officials expressed a desire for the Project to provide technical assistance to improve the current or upcoming annual planning process in their districts, in particular the district-level *musrenbang* (*musyawarah perencanaan pembangunan* – development planning consultation forum). It was also hoped that the Project would assist in improving the *musrenbang* processes that take place at the village and sub-district (*kecamatan*) levels prior to the district forum.

In the post-New Order era of decentralized government administration, all sub-national levels of government are enjoying considerably more freedom than they have ever had to experiment with new approaches to development. However, old top-down and technocentric habits of thinking and acting still dominate in many areas, and widespread capacity building programs to overcome these have not yet been initiated. Complaints frequently heard include the lack of serious attention to the reduction of poverty, inadequate reflection of local aspirations and needs (especially of the poor) in plans and

programs, a lack of synergy between programs of different sectors, and an overly high portion of regional budgets allocated to routine (administrative) expenses compared to development activities<sup>1</sup>.

In responding to requests for technical assistance, the Project felt that simply attending and providing input to selected upcoming *musrenbang* forums was not the most effective use of its resources. Instead, a program of “action research” was adapted that would review and assess current procedures and practices, and their results, and develop an improved set of guidelines. These new guidelines and procedures would be tested out, to the extent possible, during the upcoming planning cycle. In this manner, capacity building could be initiated via a process of mutual learning through study and action.

Subsequent to the initial studies, the Project funded a more quantitative review of the “success rate” of village proposals actually being approved, funded and implemented through the annual planning process, in order to determine the extent to which commonly held opinions (and frustrations) concerning the ineffectiveness of the bottom-up planning system are valid. Attempts were made to compare the level of responsiveness of the conventional *musrenbang* process with that of the Kecamatan Development Program (KDP, or PPK in Indonesian). It was also intended to elicit opinions and early data concerning the effectiveness of the recently revived direct village grants program, now known as *ADD* or *Alokasi Dana Desa*<sup>2</sup>, though in the end little data on ADD was forthcoming.

This document reports on the main results of the two phases of the research, synthesizing findings from South Sumatra, Central Java and East Nusa Tenggara (NTT).

## 1.2. Approach to the Research

The **initial phase** of the research was designed to examine **procedures** for and **results** of the development planning process currently in use. Focus was on the district/municipal level *musrenbang* annual planning forums, including the potentially important interagency planning meetings (*forum gabungan SKPD*) that may precede them. It was also felt necessary to pay some attention to the earlier stages of the bottom-up planning process as well (i.e. the planning processes that take place at the hamlet/neighborhood, village and sub-district levels), since higher levels of government generally are quite critical of project proposals coming from those levels and quite often reject them.

Researchers were asked to identify **constraints** faced by local planners and communities as well as **good practices** they have developed. New understandings arising out of this research would help in the formulation of improvements to the *musrenbang* process. These improvements would be tested out directly in participating districts and eventually

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<sup>1</sup> In fact these, and many other, problems in the development planning and delivery system are not new, and have been discussed and studied since the 1970s, when BAPPEDAs at the provincial level were established. One must always keep this long-term perspective in mind when assessing the current situation and in evaluating the prospects for significant change. A long-term perspective also helps to identify where long-standing problems may require deep, as opposed to cosmetic, change in approaches, procedures and practices.

<sup>2</sup> *ADD* is in many respects the old *INPRES Subsidi Desa* program of the New Orde regime dating back to the 1970s, with substantially enhanced funding and in a number of cases provided with significant technical/facilitation assistance.

delivered to BAPPENAS for wider dissemination and use. The results of this work would also produce input for improved Ministerial guidelines governing the planning process.

The *outputs* of this research were defined as follows:

1. Case study reports for each of the selected districts chosen for research documenting the work carried out, its results and recommendations for follow-up actions (including any training that might be identified as necessary or useful)<sup>3</sup>.
2. A summary report synthesizing the case studies and presenting a set of recommendations for improved guidelines and procedures for the preparation and implementation of district *musrenbang* as well as for the preparation of future District Poverty Reduction Action Plans.

It was intended that this work should produce *practical recommendations* relating to procedures and practices at the district level, particularly as regards designing and facilitating effective planning forums.

Based on P3B team members' lengthy professional experience and on inputs gathered from government colleagues during the inception phase, the Project identified major areas of concern and included them in guidelines for the three local research teams hired to carry out the work<sup>4</sup>. First of all, researchers were asked to review and critique current or recent district Annual Development Plans, as examples of the *results* of the planning process. Researchers were asked to assess the extent to which the content or substance of these documents

- is pro-poor and identifies root causes of poverty
- shows that poor beneficiaries are well identified
- indicates any direct or indirect input from poor segments of the population
- has well identified outputs, outcomes and impacts
- has budgets that reflect pro-poor planning needs
- shows evidence of *intersectoral* integration
- is in line with district/municipal general policy and mid-term plans (RPJMD)
- shows evidence of following provincial and national policies and integrating national, provincial and donor programs into local-level planning
- shows evidence of integration with the programs and plans of neighboring jurisdictions (where necessary or useful).

All of these aspects of the planning process in one way or another can have direct impact on the extent to which the poverty alleviation agenda is incorporated into overall planning. Based on the results of this assessment, the researchers were then asked to review the processes and procedures used for the preparation and implementation of *musrenbang* (at all sub-provincial levels) that led to the results mentioned above<sup>5</sup>.

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<sup>3</sup> The Phase I research reports from each of the three provinces have not been published as formal Project documents but their findings and recommendations have been used directly in various Project capacity building activities with partners in the eleven participating districts and municipalities. Phase II research reports have similarly not been published as Project documents.

<sup>4</sup> A number of useful studies and project documents also informed the guidelines for the research as well as the synthesis presented in this paper. Though not cited directly, these studies are listed in the References section at the end of this paper.

<sup>5</sup> In addition to the above-mentioned joint Ministerial guidelines on the annual planning process, a major reference used in this work was the document entitled *Pedoman Penilaian dan Evaluasi Pelaksanaan Penyelenggaraan Musyawarah Perencanaan Pembangunan (Musrenbang)* [Guidebook for Assessing and Evaluating the Implementation of District/Municipal Musrenbang for Annual Planning] prepared by the

Among other aspects, researchers were asked to assess the extent to which

- appropriate and useful budget and program information is provided to villages and sub-districts well before these levels undertake their own planning activities
- effective processes involving the poor and other marginal groups are utilized to facilitate and document thorough, structured discussion, modification and decision-making concerning proposed development activities
- adequate time is available, and well scheduled, to allow the processes to be carried out effectively and efficiently
- NGOs and CSOs play a useful role
- members of the local legislative council (DPRD) play an appropriate role.

In a **second phase** of research (from February to April 2008), quantitative surveys were carried out in each of the three provinces to obtain more concrete data on the effectiveness of current practices. In particular, an effort was made to ascertain the “success rate” of village-generated proposals (i.e. the percentage of proposals actually approved, funded and implemented) that were prepared during the 2006 planning cycle for implementation in 2007.<sup>6</sup> Data was gathered to indicate whether poorer or less accessible villages were less successful in gaining approval for proposed activities than better off or more accessible villages. Similarly, the question of whether “enhanced” bottom-up programs, in particular the Kecamatan Development Program (KDP/PPK, or its new national umbrella program PNPM) delivered a higher “success rate” than the conventional planning system.

The quantitative survey undertaken during the second phase research, with its small scope and other limitations, can be considered pioneering research, as to date no other research has been located that attempts to quantify the extent to which the current bottom-up planning processes respond to the needs and aspirations of the poor (or of villages in general). Its results make no pretence to describe conditions across Indonesia but rather illustrate what appears to be happening in a small number of selected locations and to point the way towards (a) further, broader research, and (b) needed improvements in development delivery systems at least in the districts in question, but likely far beyond these as well.

## **1.3. Implementation of the Research**

### **1.3.1. Phase I Research**

To conduct this “action” research, teams of researchers from local universities and NGOs were contracted in early 2007 and thoroughly briefed and assisted in their work by the Project’s provincial coordinators and facilitators. The bulk of the work was carried out between March and May 2007. In order to investigate why supposedly poor quality input

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USAID-funded Local Government Support Program, Jakarta, December 2006 and subsequently issued as Keputusan Menteri Dalam Negeri No. 050-187/Kep/Bangda/2007.

<sup>6</sup> Many villages tend to submit more than one proposal each year, possibly on the grounds that the more proposals submitted the greater the likelihood of seeing at least one of them approved. The range noted among villages surveyed was from 1 to 22. No analysis was done to discover whether this “gambling” strategy works to the benefit of villages. The success rate percentages mentioned in this report refer to the collective totals of all projects proposed and approved, not to the average of success rates per individual village.

into the planning process was emanating from the lower levels of government administration, researchers were directed to choose two sub-districts in each province, and in each sub-district to choose (at least) two villages that represented a range of levels of general well-being, different ecosystems and other relevant factors. Care was to be taken not to choose only villages and sub-districts that were close to district capitals. In the end, a number of other factors influenced the choice of fieldwork locations, in particular planning events that presented themselves for direct observation (or intervention) as well as the degree of receptiveness on the part of government counterparts to this action research activity.

In East Nusa Tenggara, Kupang district was chosen as the research location. Recently separated from the provincial capital of the same name, the district (*kabupaten*) though adjacent to an urban area is largely rural. In that district six sub-districts, both periurban and rural, were visited since planning activities were being implemented at the time in all six. A total of six villages, all poor and lacking in good access roads, were visited. More remote parts of the district were not accessible, however, due to extremely poor transportation conditions.

In Central Java, action research activities were carried out in all four participating jurisdictions (Wonosobo, Banjarnegara and Purbalingga districts and Semarang city) but with most emphasis on Wonosobo. In Wonosobo, one sub-district (Kepil) was chosen for study because of its relative isolation, while another (Selomerto) was chosen because of its location near to the district capital. In Purbalingga, Bojongsari sub-district was visited, while four sub-district planning events were also observed in Semarang city.

In South Sumatra, all three participating jurisdictions (Ogan Komering Ilir - OKI, Ogan Ilir – OI, and Palembang city) were included in the research. Two sub-districts, one in OKI and one in OI, were studied, while five villages, all in OKI, were chosen for examination. Of these, between 45% and 65% percent of the population are classified as poor. One of the villages, Suka Darmo, is accessible by land but only with difficulty, while two others, Banyu Biru and Kerta Mukti, can only be accessed by water transport.

The research teams generally commenced with reviewing relevant documents, and then conducted interviews with key stakeholders within government agencies and sub-district and village administrations. As well, informal discussions were held with community members, including some of the poorer residents, either individually or in groups. Overall one could characterize this phase of the research as **rapid assessment**.

In practice, given the timing of the fieldwork, researchers were in a number of cases almost immediately drafted into assisting with the preparation and in some cases the implementation of district-level planning sessions (*musrenbang kabupaten/kota* and or *forum SKPD*) without having had the ideal amount of time to complete the basic preliminary field research. In other cases, researchers were observers but not participants in the planning forums. It proved quite challenging to not only undertake the research and provide immediate input to local governments but to simultaneously record the process and results of initial capacity building efforts.

Several drafts of reports describing the process and results of the research were prepared by the individual teams and subsequently revised based on substantial input from Project team members.

### **1.3.2. Phase II Research**

A total of 130 villages in 18 sub-districts in three districts, one in each participating province, were surveyed. Of these, 74 were selected as being among the relatively poorest villages in their districts, while 56 were considered relatively better off.

In East Nusa Tenggara, East Sumba district was chosen for the research, with 50 villages selected in 10 sub-districts. Villages were classified as relatively better off or less well off (20 vs. 30)<sup>7</sup>, with higher or lower access to main highways (18 vs. 20) and benefiting or not from the local government's enhanced village development program known as P3DM (38 vs. 12). Unfortunately information on the KDP/PPK program was not forthcoming as originally requested.

In Central Java, Banjarnegara district was surveyed, with 40 villages (16 better off, 24 less well off) in four sub-districts (two relatively prosperous and two relatively poor). Similarly in South Sumatra, OKI district was chosen, with 40 villages being selected in two relatively prosperous sub-districts and two less well-off sub-districts. Of the 40 villages, 20 were classified as poor and 20 as "not poor".

Data was largely gathered through group discussions with local leaders, and in some cases ordinary community members, in each village, using a discussion guide. Based on experience in East Sumba, the first district surveyed, the discussion guide was clarified and revised for use in the two other locations. Sample data summary tables were also prepared by the Project for use in those two districts (though these were generally ignored by survey teams in initial drafts of their reports). Data was gathered for two budget cycles (2005 and 2006) in East Sumba but (at the Project's request) only for one cycle (2006) in the other two districts.

### **1.3.3. Limitations and Constraints**

Working in a country the size of Indonesia, in three widely separated provinces, one of which itself involved several districts with less than easy access, provides particular logistic challenges. Working within the context of a donor-assisted project (especially one of limited duration) brings with it its own special set of management challenges, particularly regarding timely approvals of activities and timely cash flows. Timing research in such a way that its results can immediately feed into on-going planning and implementation is also not something that can be relied on to actually happen.

Most critically, the Project espoused the principle of, to the extent possible, utilizing local resources including researchers from local universities and NGOs. But the quality of many researchers is not high, and the results of research must be used with caution and quantitative data checked and recalculated. High quality researchers can indeed be found, but tend to have many commitments, and at times farm out work to others while providing some quality control. In a number of cases, clear instructions on research procedures were given and explained, but were not followed. Whatever the case, close supervision of and input into the research process is required.

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<sup>7</sup> Most villages in Sumba are classified as poor. For the survey purposes, villages with 80% or more of its residents classified as poor according to figures from PODES (Potensi Desa) reports were categorized as "very poor" while the rest were "less poor".

P3B ran into all these constraints and attempted to ameliorate them. In the analysis below, much circumspection has been needed in using and interpreting the results of the research undertaken. Though the Phase II research tool called for the collection of qualitative as well as quantitative data, it was generally the latter that became the focus of the draft research reports prepared by the individual teams. Qualitative data was generally very poorly summarized and analyzed, and thus could not be used in this synthesis document. Quantitative data could only be utilized after checking and in some cases recalculating.

Nevertheless, the survey results do assist in filling in the broad-stroke picture, though it could not be as nuanced and detailed as one might have wished.

## 2. Matters of Substance: Issues and Good Practices

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### 2.1. Introduction

This chapter summarizes research findings concerning the quality of plans, proposed or approved, in the selected field locations. The focus is mainly on **annual plans**, with some reference to mid-term plans (RPJMD). Plans from the village, sub-district, individual government agency (SKPD) and district/municipal levels are covered to varying degrees. Findings are summarized according to the list of issues presented in section 1.2 above, with the addition of a number of other findings that appeared during the course of the research.

### 2.2. Are plans pro-poor? Do they identify and deal with the root causes of poverty?

#### Status / Issues

Pro-poor plans and programs are those in which the poor are identified as a target group to receive special attention and the proportion of beneficiaries who are poor is greater than their proportion in the general population. Pro-poor plans identify and address root causes of poverty and empower the poor to efficiently use all resources to overcome their poverty. They are involved in identifying, planning, implementing and monitoring program activities.

**In general, plans and programs reviewed do not have a high pro-poor content.** Some planning documents have excellent vision and mission statements or general policies: Wonosobo's mid-term RPJMD plan, for example, expresses clear pro-poor policies focusing on fulfillment of basic needs, development of the local economy, community empowerment and provision of rural roads and electricity. However others, e.g. Kupang district's RPJMD, include pro-poor policy statements but do not adequately translate these into pro-poor activities. Palembang's first priority for 2008 is improving public services, and poverty reduction, health and compulsory schooling is next --- but there is no direct correlation with budget allocations.

Part of the reason for this failure is the lack of clear, common understandings of the nature of poverty, and its multiple causes and dimensions. This is found at all levels of the planning system. In some cases, indicators of poverty are confused with causes, leading to solutions that attack the "surface phenomena" instead of its roots. A clear case of this is the use of dirt floors by one district as a locally-relevant indicator of poverty leading to a massive program to assist the poor to install cement floors in their houses: some small improvements in health status may result, but poverty will not be directly reduced because dirt floors are not a cause of poverty.

Lack of understanding of the nature and causes of poverty naturally leads to a variety of more or less effective strategies for its reduction. Some officials interviewed, for example, felt that direct cash grants to the poor would be a good solution, while others

focused on the need to provide more physical infrastructure. In general, proposed or actual approaches are partial, not comprehensive.

In fact data from all three provinces, and from all levels of the planning system, indicates an enduring emphasis on the provision of physical infrastructure compared with other, “softer” activities such as improvement of health services or facilitation of economic activities. As much as 60% or more of local budgets examined in Central Java cases were devoted to physical infrastructure. Proposals from villages frequently involve infrastructure, as well, rather than, for example, economically productive activities or skills training. In part this is due to a long legacy of development practice dating from the early years of the New Order regime, a lack of experience and guidance concerning other types of possible activities, and the desire to have concrete, visible or monumental results of *pembangunan* (which after all is a cognate of the word *bangunan*, a building, and *membangun*, to build). This is not to say that physical infrastructure has no positive impact on poverty --- it certainly may, though its effects may not be evenly and equally felt. It is to point out that a wide variety of other activities, many of them much less expensive, are needed as well.

Finally, it is still a common phenomenon that sectoral agencies (*SKPD*) prepare their plans based on their standard list of tasks and functions (*tupoksi – tugas pokok dan fungsi*) rather than on clear poverty-reduction principles and priority local needs. In many cases, routine functions of agencies (e.g. issuing of licenses) become turned into specially funded development activities, in an attempt to obtain a share of the development (or “public expenditure”) budget. Yet even routine functions of government can be made pro-poor, often with little additional expenditure (e.g. by taking mobile population registration services such as the making of ID cards and birth certificates to the poor residents of hard-to-access villages).

### **Good Practices**

With greater freedom to experiment under decentralized government, and with poverty alleviation an increasingly high profile national and regional agenda, there is also good news to report. Some districts have followed national government appeals to prepare detailed local Poverty Reduction Strategies (SPKD), and to turn these into concrete action plans. Other regions, as indicated above, have enunciated policies that are explicitly or implicitly pro-poor, e.g. OKI district’s focus on four main “themes”, overcoming poverty, unemployment and isolation; improving the capacity of public service institutions and human resources; and stimulating local economic activities. Kupang district has extended nine years of compulsory education to twelve and provided subsidies to poor families so that their children can complete senior high school.

## **2.3. Are poor beneficiaries clearly defined?**

### **Status / Issues**

In general, beneficiaries of government activities are not well defined, if at all. Even where they are, there are few if any examples of clear delineation of poor segments of communities for whom enhanced levels of government services and assistance are to be provided. Commonly not even physical locations of proposed activities are specified. In part this is due to past practice and planning forms that do not require such information (or to the lack of sanctions for not providing this information). It is also due to the

general lack of understanding of poverty mentioned in 2.2 above, and a lack of analysis of (and ability to analyze) existing data. In the Kupang district mid-term and annual planning documents reviewed, for example, only average figures for such factors as poverty incidence were given instead of a description of ranges and distributions of poverty throughout the district that would help better target activities.

Better analysis of data for Kupang district would likely show that some very isolated areas with poor transportation access have some of the highest concentrations of poor people. But a review of plans for the health sector for 2007, for example, indicated no special emphasis being given to these isolated areas. Similarly, the results of the 2007 sub-district level *musrenbang* in OKI district indicated a certain bias in favor of villages easy to access instead of the more isolated and poorer villages.

## **2.4. Do plans incorporate direct input from poor and marginal people, and from villages in general?**

### **Status / Issues**

Little information gathered by the research demonstrated that the poorer and more marginal people in communities were routinely involved directly in identifying priorities for development assistance for their communities. It appears to be the general case that village-level planning activities involve mainly community leaders and the better-off “elites”, who may or may not have the interest, ability or imagination to incorporate a special focus on the poor in their deliberations. There are of course exceptions to this, some of which are noted elsewhere in this report.

It was also noted by various respondents during Phase I research that input into the planning process from the village (and sub-district) level, whether pro-poor or otherwise, was commonly not incorporated into district-level plans. A village head in Central Java, for example, reported that his village had proposed assistance to improve a local road for the past eight years but the request had been ignored every year. Proposals from the community level may also be overridden by powerful political forces at the district level (on the other hand, influential individuals at the community level may bypass the entire system and take requests directly to the district level). See further details in Chapter 3, Matters of Process, below.

Phase II survey results present a slightly different picture, perhaps representing recent improvements in processes, and increases in available funds for village development. “Success rates” for many categories of surveyed villages (e.g. both poorer and less poor villages in Banjarnegara, via the conventional *musrenbang* process) were as high as 50% or even 60% --- much higher than one might have anticipated based on common complaints about the unresponsiveness of the system. No category of village proposals enjoyed a success rate of less than 25% (all villages in East Sumba in 2006 via the conventional *musrenbang*, where the low rate was probably due to most surveyed villages benefiting from enhanced attention and facilitation via the local governments P3DM program)<sup>8</sup>.

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<sup>8</sup> The surprisingly high number of villages showing a success rate of 0% should also be noted. In OKI district, for example, 12 out of 40 surveyed villages saw *none* of their project proposals approved in the 2006 planning cycle.

In general, however, the survey results provided little evidence that poorer villages in general are receiving special attention: success rates for village-generated proposals, in particular through the conventional bottom-up system, are roughly the same or slightly biased in favour of better-off villages (see Table 1 below)<sup>9</sup>. In other words, the principle of even distribution of government largesse (*asas pemerataan*) still appears to be holding sway.

**Table 1. Success Rates (%) of Proposals Submitted through Conventional Musrenbang**

District	Year Proposed	Poor Villages	Less Poor	Poor Access	Better Access
East Sumba	2005	46	41	38	53
East Sumba	2006	29	39	30	46
Banjarnegara	2006	60	60	n/a	n/a
OKI	2006	26	31	28	29

### Good Practice

Through a donor-assisted project and led by a Jogjakarta-based NGO, Wonosobo district prepared its own Poverty Reduction Strategy. Major input for the Strategy came from a Participatory Poverty Assessment exercise carried out in the district, and thus incorporated views and aspirations of the poorer segments of society. The Strategy document was being completed at a stage in the annual district planning cycle when it could become input into the formulation of the district's annual plan. District sectoral agencies (SKPD) supported this strategy. More recently Banjarnegara district developed a SPKD with much input deriving from discussions with poor people; later the strategy was turned into a Poverty Reduction Action Plan.

## 2.5. Do plans clearly identify expected outputs, outcomes and impacts?

### Status / Issues

In general, they do not. Focus is still largely on inputs and to some extent outputs. Where outcomes and impacts are mentioned, they tend not to be clearly defined. Performance-based programming and budgeting is not widely practiced. Despite the national policy of adherence to the MDG agenda, this set of targets (adjusted as needed to local realities) is not yet used for planning, monitoring and evaluation purposes. Without detailed descriptions of expected results of programs and activities, it is difficult to conceive how governments and communities will ever be able to determine whether the money spent has the poverty reduction results desired.

### Good Practice

Manggarai district in East Nusa Tenggara has drawn up an RPJMD which has clear annual targets for various sectors and activities. These targets are used as reference points in the preparation of annual district plans.

<sup>9</sup> In fact, in East Sumba villages with better access to main highways (i.e. probably enjoying better links with government centers and possibly somewhat higher levels of prosperity) showed significantly higher success rates in both planning cycles, though no such difference showed up in OKI villages.

## 2.6. Do related budgets adequately reflect pro-poor needs?

### Status / Issues

Budgets were not a major focus of this research, largely because the crucial phases of budget formulation did not take place until several months after the Phase I research was concluded. Draft budgets reviewed, however, did not generally show clear evidence of a focus on the poor and their needs. A number of cases were noted of activities that lie far from a pro-poor agenda. One case noted (in East Nusa Tenggara) was a proposed allocation of Rp 2 billion for the purchase of uniforms for public security guards (*hansip*). In general it was noted that technical agencies (SKPDs) tended to put high emphasis on obtaining funding for their own internal and routine needs as opposed to making their services more responsive to the poor. Furthermore, many complaints were noted about the high levels of funding allocated to routine expenditures (civil servant salaries and emoluments, for example) compared to expenditures on capital items (*belanja publik*).

### Good Practice

Kupang district's budget for 2007 indicated an implicit recognition of the need to work towards achieving the MDGs. Of the total district budget, 38% was devoted to education. This figure includes both capital and routine expenditures (mainly salaries); of the district's total capital expenditure, 19% was allocated to education. Some 10% of the total budget went to health, and 11.5% of the total capital budget. These are nationally quite respectable figures. For economic sectors including agriculture, on the other hand, only 5% of the total budget (9% of the capital budget) was allocated, while infrastructure received 10% of the total budget.

## 2.7. Are plans integrated cross-sectorally and spatially?<sup>10</sup>

### Status / Issues

There are many reasons for promoting intersectoral and spatial integration of development activities, in particular for greater general efficiency, effectiveness, synergy and sustainability. For example, a concentrated multiyear intersectoral program to improve livelihoods in an isolated and poor part of a district can have far greater impact than the more "traditional" Indonesian approach of scattering small and unrelated activities across districts in the name of "equity". Area focused approaches were popular in the 1980s but fell out of fashion in part because of the inability of local governments, in particular BAPPEDAs, to effectively integrate the programs of the stronger local and national agencies. This task, in fact, was why BAPPEDAs were originally established, in the provinces in the 1970s and somewhat later in the districts and municipalities.

Basically, the sectoral agencies are still strong ("*egosektor*" is a critical term frequently heard) and no one, including the BAPPEDA, appears to have made integration an important part of their agenda or package of planning tools<sup>11</sup>. Some BAPPEDAs are still structured on sectoral lines, with divisions for economic activities, for infrastructure,

<sup>10</sup> Included here is the question of whether district/municipal plans incorporate cross-border issues, i.e. those that involve neighboring jurisdictions. In fact, however, virtually no cases of such cross-border integration were noted.

<sup>11</sup> The OKI BAPPEDA, under its previous head, is an exception to this statement; see Chapter 3 below on planning processes.

social services, etc., which does not contribute towards an integrated approach. Other BAPPEDAs, it should be noted, have restructured themselves along different lines, e.g. with divisions for strategic planning, budgeting, monitoring and evaluation.

There is very little evidence that intersectoral integration is being planned for or happening. There are indeed some substantive discussions among agencies concerning each other's proposed projects, during the Forum SKPD (technical agency discussions) and district *musrenbang* meetings, but, as was noted in Kupang district, the main emphasis appears to be on avoidance of duplication of activities rather than identifying ways to support each other.

Spatial planning, another approach employed by BAPPEDAs in past decades, seems also to have fallen by the wayside<sup>12</sup>. Project documents give little evidence of well-founded spatial analysis, so spatially integrated planning is not likely to happen. In fact one researcher pointed out the contradiction between plans or proposals emanating from villages and sub-districts, which are spatial units, and top-down sectoral plans which do not necessarily take spatial considerations into account. Similarly, much emphasis at the village level is on physical infrastructure (e.g. village roads) but is not explicitly linked to wider spatial considerations in the district as a whole.

#### **Good Practice: From Sectoral to Thematic or Issue-Based Planning in Wonosobo**

The Phase I research team in Wonosobo district was successful in involving itself in the preparations for and implementation of the important "Forum SKPD" technical agency discussions that follow the village and sub-district consultations and feed into the district/municipal *musrenbang*. Two main problems with the SKPD planning sessions were that (a) agencies focused only on their own narrow set of interests, with the aim of securing as much funding as possible for all of them, and (b) their plans generally paid little attention to the district's mid-term plan (RPJMD) or to poverty reduction. It was felt that the Forum SKPD was a useful venue to push for more participatory, poverty-oriented and intersectoral content to supplement the largely technocratic approach traditionally espoused by the agencies.

The research team offered three alternative models, ranging from the incremental to the "radical", to increase the poverty-reduction content of district plans. After lengthy discussions, the Wonosobo BAPPEDA agreed to implement the more "radical" approach, which basically involved the agencies setting aside their original narrow sectoral/agency based proposals and agreeing, first of all, on a common poverty-reduction agenda based on a set of key issues or "themes". Once these key issues or "themes" had been identified and agreed on, programs would be identified to attack them and agencies would be grouped together to further define the programs where they had a particular role. Only after this was complete would the sectoral agencies identify the key activities they would individually "contribute" to the implementation of the programs (and which would form the basis of their budget submissions.)

At the first session of the SKPD Forum, the BAPPEDA head presented the findings of the research team concerning the lack of effectiveness of current planning processes and

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<sup>12</sup> Note that the recently issued Government Regulation No. 8 / 2008 on local-level development planning gives much emphasis to the need for taking spatial planning more seriously in developing mid-term and annual plans in the regions.

presented the idea of “theme-based” planning. Participants indicated no resistance to the suggested new approach but gave substantial input into the identification of relevant “themes”. A small working group consisting of BAPPEDA, the Finance Office, and several members of selected sectoral agencies and the district legislature was formed to prepare a basic draft document containing the “themes”, “sub-themes” and main programs to be further developed in the Forum. The four themes of the poverty reduction strategy were identified as provision of improved basic services, development of local-level economy, improvement of infrastructure and improved governance/government management. The intent was to take this document further by preparing an overall logical framework analysis indicating expected outputs, outcomes and impacts, but time did not permit.

When the Forum resumed, now with SKPDs grouped according to the agreed individual planning “themes”, difficult discussions still emerged concerning the potential loss by some agencies of some of their “normal” (and routine) activities and funding. It was reiterated that the intent was rather to improve and increase the poverty reduction content of agreed on programs. Secondly, it was expected that by emphasizing focused, relevant, high quality and innovative approaches, agencies would be motivated to drop or reduce planned activities that did not further an anti-poverty agenda. Unfortunately, at the time of writing this paper, the actual impact of this “breakthrough” in planning on the final shape of the district budget was not clear. What is certain is that it will only be effective if it has a “champion” who will not only initiate it but give it sustained support until it becomes routine practice.

## **2.8. Do annual plans reflect general district/municipal policy and mid-term plans (RPJMD)?**

### **Status / Issues**

Mid-term plans (RPJMD) often seem to be prepared merely to fulfill a planning or political requirement. There is not a lot of evidence that annual plans or proposals emanating from different levels of the planning system are identified, selected or approved based on their alignment with overall mid-term or even annual policy guidelines. Until this changes, it is hard to see how the “mainstreaming” of poverty reduction in the RPJMD will have much impact on the preparation of pro-poor annual plans and budgets.

### **Good Practice**

As mentioned in 2.5 above, Manggarai is one district which clearly uses its RPJMD as a major reference in the development of its annual plans (RKPD). Interestingly, Manggarai is the only one of the four participating districts in East Nusa Tenggara where the RPJMD was prepared by BAPPEDA staff and not contracted out to consultants.

## 2.9. Do plans reflect provincial and national policy and integrate provincial and national programs with district/municipal plans?

### Status / Issues

No evidence was forthcoming to give a positive answer to this question. What was clear, and frequently complained of by local government officials and others, is that **very little concrete, detailed information on any upcoming programs of the higher levels of government is provided to the districts, and below, in a timely manner** such that all activities can be “harmonized” and integrated. Again, this is an old problem in Indonesia, which should in theory decrease significantly as decentralized management of development becomes the norm (see section 3.2 below for further on this issue). Under the current financial/budgetary system, lack of (timely) information on national programs and budget particularly refers to *dana dekonsentrasi*, central government funds entrusted directly to provincial government agencies to carry out specific national government tasks in the districts. Information about these funds and activities is never available at the time of the district *musrenbang* and thus district-level planning can only be partial and not completely integrated.

Of particular interest, and concern, at the community and sub-district level, is the World Bank initiated Kecamatan Development Program (KDP, or PPK in Indonesian). While having achieved much success in implementing a model of inclusive, participatory, transparent, accountable and effective development delivery (largely but not only small-scale infrastructure) at the local level, it stands outside the mandated government bottom-up/top-down planning system and does not seem well integrated with it. In fact, when enquiring about the *musrenbang* process in villages in East Sumba recently, researchers were asked which *musrenbang* they meant, the “regular” one, or the “PPK” one? Certainly there are missed opportunities for mutual learning, synergy and transfer of new approaches that can enrich and make standard government systems and processes more effective. The newly formulated PNPM program aims, among other things, to “harmonize” and integrate KDP, its urban counterpart program and others into a single national approach.

### Good Practice

Annual plans in some districts in East Nusa Tenggara now generally follow national priorities in setting levels of budget allocations for education and health sectors (see section 2.5 above).

## 2.10. Summary

In reviewing the quality of plans, this research indicates that in general they contain very limited pro-poor content and rarely base planning on an analysis of the causes of poverty. Intended beneficiaries of programs are not well-identified, if at all, thus leading to difficulties in targeting the poor (and poor regions). Equally, there is little evidence of direct input from poor segments of society in planning documents. While surveys showed a much higher rate of approval of village proposals than expected, there was no evidence of special attention being paid to proposals emanating from poor villages --- in fact, the opposite was more likely to be true. Plans do not adequately, if at all, specify clear

outputs, outcomes and impacts expected, and are not integrated across sectors nor routinely with plans of other levels of government. Budgets, too, do not appear to be particularly pro-poor: it is quite easy to find instances of budget items that reflect a significant lack of priority being given to the pro-poor agenda.

On the other hand, change does appear to be underway in some areas, and examples of good practice were not hard to identify. The development of Poverty Alleviation Strategies and Poverty Reduction Action Plans, which tend to incorporate input from the poor, is one example of this.

# 3. Matters of Process:

## Issues and Good Practices

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### 3.1. Introduction

This chapter summarizes research findings concerning the quality and effectiveness of the processes by which plans (and to some extent budgets) are prepared. Again, the focus is largely on annual plans. The village, sub-district, individual government agency (SKPD) and district/municipal levels are again covered to varying degrees. Findings are summarized according to the list of issues presented in section 1.2 above, with the addition of a number of other findings that appeared during the course of the research.

### 3.2. Is appropriate and useful policy, program and budget information provided to villages, sub-districts and technical agencies well before they undertake their planning activities?

#### Status / Issues

A general observation, and a widespread complaint from participants, is that little useful information concerning district and national priorities, programs, plans and budget information is made available as reference material for lower levels of government in time to guide them in their own planning processes. Where such information exists (e.g. in the RPJMD or draft RKPD) it is either not available at the lower levels, is made available only at the last minute, or is in a form that is not “user-friendly”. A further common complaint is that detailed information concerning centrally funded “deconcentrated” programs (and other programs such as KDP not managed through “normal” planning processes) is also not widely and easily available. Well integrated plans are therefore almost impossible to formulate. Even the key annual joint ministerial guidelines on the implementation of *musrenbang* were not available in many areas, or were made available too late to be useful.

It is not surprising, then, to note the common feeling reported that many of the proposals emanating from the village and sub-district levels are never incorporated into final district plans because they are judged at the district level not to be in accordance with higher level policies and programs. In some cases, the same activity is said to be proposed year after year by communities but never approved. Apparently there is little or no feedback given to these communities as to why their proposals were not approved, nor guidance as to how to prepare and promote proposals in such a way as to ensure greater likelihood of approval.

#### Good practices

In one or two cases, attempts by district administrations to provide at least some useful information at earlier stages of the annual cycle were noted. For example, in OKI district in South Sumatra the BAPPEDA did provide general information and guidance in advance of village-level *musrenbang* in certain areas.

### **3.3. Are effective processes in place to facilitate and document thorough, structured discussion, modification and decision-making concerning proposed development activities?**

#### **Status / Issues**

At the *community level*, in some areas, only certain villages carried out *musrenbang* exercises. In OKI district during the first phase research only two to four villages per sub-district were reported to have carried out *musrenbang*, the reason given being that inadequate funds were available to conduct these exercises in all villages or that villages not covered were located in remote areas. In one case (probably a transmigration area), six adjacent villages held a joint *musrenbang*.

At all levels in many of the research areas a lack of ability, methodology or even attempt, to establish clear *priorities* (for activities, locations, social groups, etc) was noted. In some cases (e.g. certain sub-districts in Kupang district), priority rankings were made among proposals but without any clear and agreed upon criteria. Few attempts were noted of proposed activities being dropped from plans because they did not match clearly stated development priorities. At the sub-district level, for example, it was noted in South Sumatra that *musrenbang* planning forums simply compiled all village proposals for presentation at the district *musrenbang* rather than reviewing and selecting them based on previously agreed upon criteria and priorities. This seems to be common in many other areas as well. At the sub-district level in OKI district, proposals from sub-district government institutions were also added into the compilation. However, proposals were sorted and grouped according to the four main policy themes selected by the district government.

Commonly there was a lack of identification of which desired activities could (and would) actually be carried out by communities with their own resources and which would require outside assistance.

At the *district level*, much variation in the types of processes used in *musrenbang* was noted. No formal sets of criteria for screening and ranking proposals in priority order were noted. There was no indication that evaluation of past performance was used as a basis for the approval or rejection of new proposals.

At all levels a major weakness noted was the lack of good meeting facilitation processes and skills that would help ensure wider participation in discussions, more thorough deliberations and more effective decision-making. Again, it was noted that speech-making sometimes took up a significant part of these forums. In some cases (e.g. Palembang municipality), there was a public process that largely consisted of speeches followed by more internal interagency discussions that were not public.

It is also not clear whether actual binding decisions are made at these forums. Proposals are presented, sometimes discussed or critiqued and then recompiled for “further processing” by the BAPPEDA prior to the budgeting phase of the annual cycle. There is no obvious mechanism to ensure that the “sense of the meeting” is actually incorporated into this “further processing”.

In at least one case (OI district), major direct interventions were made by technical agencies directly to the Bupati after the conclusion of the *musrenbang*, in order to ensure that favorite projects were incorporated into the overall plan to be put forward to the DPRD. In OKI, despite the Bupati's policy stipulation that the largest share, 40%, of the 2008 draft budget should be dedicated to the area of poverty reduction, employment generation and development of isolated areas, the actual draft plan dropped this area to second priority more or less "by accident" rather than through any systematic discussion and clear decision-making. At the very least, this demonstrates the relative power of certain technical agencies and their lack of real interest in working to support an integrated poverty reduction policy. While a certain amount of "politicking" on the part of sectoral agencies, and powerful individuals, is to be expected, it is clear that in particular areas the *musrenbang* process is being bypassed.

The result of these and other procedural weaknesses is the lack of improvement in the quality of plans as they travel up the administrative hierarchy. Much discussion at the different levels is devoted to funding details.

### **Good practices**

Certain districts, and certain villages, are the locations of "enhanced" bottom-up planning programs and processes, whether as part of a national program such as KDP/PPK (now being incorporated into the PNPM program) or through initiatives of the local government such as the P3DM approach in East Sumba. Similarly, the OKI district BAPPEDA selected certain villages in its area to be provided with some direct assistance ("*pembinaan*") in their planning process. Researchers noted that one result of this assistance was that proposals emanating from these villages tended to be more focused on dealing with root causes of poverty compared to proposals from other villages.

In mid 2007, as well, OKI district hired 72 recent university graduates, trained them and posted them to selected villages to work with community members on participatory development planning and to strengthen the bottom-up planning process. In particular, these facilitators help communities plan and manage the use of their direct village grants (ADD - *Alokasi Dana Desa*)<sup>13</sup>. Similarly, East Sumba district has provided facilitators for 30 "model" villages to assist them with their ADD planning and implementation, with more villages to be added each year.

Further, OKI experimented with a joint SKPD forum, as suggested by the joint ministerial guidelines, with four separate groups (including sub-district heads) based on the four major planning "themes" working to integrate agency proposals with those proposed by the sub-districts. OKI district also inserted a "pre-*musrenbang*" into its planning cycle in order to conduct a final review of bottom-up and sectoral proposals, to integrate them and to do some prioritizing. This additional step, in fact, was carried out based on a suggestion by the research team. One result of this process was some reduction in planned expenditures.

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<sup>13</sup>The P3B Project team provided important pro-poor planning input to the training of these individuals.

At the Kupang district *musrenbang* in 2007, sub-district representatives were given clear explanations as to why certain of their proposals were not accepted. This rather commonsense practice is in fact rather uncommon and thus worthy of mention.

The Phase II surveys attempted to discover whether villages receiving special attention through either the KDP/PPK or a locally developed bottom-up planning program achieved higher success rates in seeing their proposals approved and implemented. The evidence is mixed. In East Sumba, success rates for P3DM proposals were 43% in both planning cycles surveyed, while rates through the conventional process fell from 48% in 2005 to only 25% in 2006. As mentioned earlier, this could possibly be due to the enhanced efforts and attention being paid to the P3DM process and relative neglect of the conventional process<sup>14</sup>.

In OKI district, PPK proposals scored a considerably higher success rate than conventionally identified proposals, 43% vs. 29%. In Banjarnegara overall success rates were roughly the same (60% for conventional proposals, 55% for PPK proposals). However, when broken down by categories of village well-being, under PPK poorer villages saw a high 72% of their proposals approved vs only 43% for better-off villages, compared with a figure of 60% for both categories of village under the conventional planning process. In East Sumba in 15 villages receiving PPK funding, almost 60% of proposals in 2005 were approved while in 2006 the figure rose to 80%.

**The results thus suggest that outcomes of improved processes established under enhanced programs such as KDP/PPK and P3DM may indeed be more responsive to village-identified initiatives, and perhaps to the needs of poorer villages as well.** This is certainly a good sign --- suggesting that the results of “grand experiments” such as KDP/PPK in terms of improved processes are worthy of incorporating into the conventional development planning system. However, these results should be treated with caution and be further surveyed on a much wider scale.

### **3.4. Are the processes transparent and inclusive of disadvantaged and marginal elements of communities?**

#### **Status / Issues**

In terms of representative participation from community members, most village-level *musrenbang* do not appear to be community-wide events. In OKI, for example, village meetings had 12 – 20 participants on average. Most meetings were dominated by community leaders and elites (a common criticism from across Indonesia). There were no participants formally representing women’s interests. Where women are formally involved, it is sometimes considered that the PKK government-organized women’s organization represents all women’s interests, something factually not correct. The involvement of the PKK, as well, is sometimes limited to food preparation and serving. In some cases (e.g. Kupang district), neighborhood/hamlet meetings are held prior to the village-level *musrenbang*, thus to a certain extent widening the level of participation in the process. In no cases recorded (with the special exception of the Wonosobo and

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<sup>14</sup> There may well be a political element in such local programs as P3DM. In the case of East Sumba, the P3DM program was apparently a campaign promise of the newly elected district head, thus increasing the likelihood that selected villages would see their proposed projects funded. This program may actually be temporary (it has been in existence for three years but funding is declining as ADD funding increases).

Banjarnegara poverty reduction strategy processes) were significant efforts made to elicit the “voices of the poor” during the planning process.

At the sub-district level, generally speaking representatives of each village are selected to attend the sub-district *musrenbang*. Generally, too, the *musrenbang* is attended by the chief civil and security authorities (*muspika*), and frequently by representatives of the district BAPPEDA and in a number of cases by members of the district council (DPRD). In only a couple of cases (certain sub-districts in East Nusa Tenggara) were representatives of local CSOs/NGOs present and actively involved (see section 3.6 below).

### **3.5. Is adequate time available, and well scheduled, to allow the processes to be carried out effectively and efficiently?**

#### **Status / Issues**

Information on the amount of time planned for and actually utilized in preparing and implementing the different *musrenbang* is inadequate to draw firm conclusions. Reports on sub-district *musrenbang* from Semarang municipality and Wonosobo district in Central Java indicate that a mere 2 to 3.5 hours was the common length of the *musrenbang*. Given that much speech-making was involved, this amount of time hardly seems sufficient for thorough discussions. Scheduling problems have also been noted: sudden changes in timing of particular *musrenbang* have occurred, in other cases events have been held too close to each other to allow for adequate processing of the results of one *musrenbang* before being taken to the next higher level. In one case, at least, in Wonosobo district, village proposals were not complete and ready for discussion at the time of the sub-district *musrenbang*. Certainly not all *musrenbang* take place at the times laid out in the Joint Ministerial Circular.

#### **Good Practice**

On the other hand, OKI district allowed four full days of deliberations for the joint SKPD forum meetings, a further two days of “pre-*musrenbang*” discussions and two more days for the district *musrenbang* itself. OI district followed a similar pattern, without the pre-*musrenbang* meetings. Such a pattern allows for much fuller discussion and deliberation than is commonly the case.

### **3.6. Do NGOs and CSOs play a useful role in the *musrenbang* process?**

#### **Status / Issues**

It appears that civil society organizations still play only a limited role in the *musrenbang* process, though their involvement is encouraged in the regulations. In some cases noted in East Nusa Tenggara province, NGOs were invited to opening ceremonies but not otherwise involved, or else felt that their presence at actual planning meetings would not produce much effect. Involvement of NGOs/CSOs in theory could measurably increase the pro-poor content of locally-developed plans and thus result in better poverty reduction outcomes.

### **Good Practice**

In a few cases (e.g. at the sub-district level in Kupang and West Sumba districts) a small number of local CSOs and NGOs were invited to attend and gave comments on the various proposals under discussion. NGOs/CSOs were also invited to attend the *musrenbang* in OKI district. At the district level in East Sumba, an interesting case was noted where CSOs jointly protested at the Health Service's proposal for funds to develop gardens around the district hospital. The result of this intervention was that a more appropriate activity was substituted: the construction of a guest house for relatives of patients who have to travel long distances from their villages and stay overnight to look after the sick.

Several district BAPPEDAs (e.g. West Sumba) expressed interest in using NGO staff to provide effective facilitation services for *musrenbang* sessions. This would take advantage of needed skills that exist in the NGO/CSO community but are less common in government agencies. In the end, however, this was not done.

## **3.7. Does the local legislative council (DPRD) play an appropriate role?**

### **Status / Issues**

In a number of cases, it was noted that DPRD members attended *musrenbang* at the sub-district level, generally in the sub-districts where they reside. It is not known, however, precisely what role they played, though in one case (in Wonosobo district) the DPRD representative put forth a proposal in the education sector. In South Sumatra, some DPRD members complained that it was difficult for them to attend as the recess periods from their normal DPRD duties did not coincide with the timing of the *musrenbang*, thus making their attendance difficult.

A more general complaint heard (but not backed up by solid information in the research reports) is that DPRD members are mostly interested in obtaining (large) projects for their constituents and relatively little in overall district-level planning. It is also commonly stated that DPRD members in general have very limited understanding of poverty, its causes and appropriate ways of alleviating it through the development of pro-poor budgets.

### **Good Practice**

In Kupang district, DPRD members attended sub-district *musrenbang*, played an active role and signed off on the official results of the meeting. In East Sumba, DPRD representatives played an important role in district *musrenbang* deliberations and had a significant impact on the outcome.

## **3.8. Summary**

What appears to be a good planning system on paper has been bedevilled since its inception by either a lack of interest or lack of imagination concerning ways to make it open, transparent, inclusive, democratic .... and oriented towards poverty alleviation. Processes employed at different stages of the planning cycle for deliberation and decision-making are either not planned, not clear or not used. Rarely are clear criteria used to select and rank proposals. Little if any useful information is provided (e.g. on

national priorities and funding projections) to planning forums to assist in their decision-making. Little if any feedback is given to lower levels of government concerning why particular proposals were rejected for funding, so that learning can take place and proposals in subsequent years can have a greater chance of being accepted. With some exceptions, there is little evidence that concrete steps are taken to involve the poor or marginal groups in society or to otherwise solicit their interests. While the regulations encourage the involvement of civil society organizations, this is not yet common.

On the other hand, quite a number of regions are now experimenting with various improved approaches including the use of trained facilitators to help with community (and higher-level) planning processes, and the provision of special earmarked grants for community-planned projects (i.e. the ADD approach). There is evidence to suggest that these enhanced approaches are resulting in better outcomes for villages.

# 4. How to Do Better Musrenbangs

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## 4.1. Introduction

The studies reported on in this paper demonstrate clearly many of the challenges faced in improving the effectiveness of the current local development planning and delivery mechanism to achieve accelerated and sustained poverty reduction. Many will argue that the whole approach to development, and to poverty alleviation in particular, needs to be radically redesigned. In the meantime, the experience of P3B and many other projects indicates that important changes and improvements *are* being effected, piece by piece, with initiatives coming from both the national and local levels. Decentralization has certainly opened the way towards greater experimentation with new approaches at the local level. This paper mentions some of these. The concluding section of the paper gathers together a number of suggestions for improved planning that can lead to better poverty reduction outcomes.

Based on these suggestions, and others emanating from other sources and experiences, the Project presented BAPPENAS with a set of recommendations for improving the joint ministerial guidelines for the 2008 planning cycle. In the end, however, no new joint guidelines were issued and instead a less detailed Government Regulation (No. 8 of 2008) governing the local planning process was formulated and issued. More importantly, at request of BAPPENAS, the P3B Project prepared an 80-page Handbook, or Resource Book, for local level pro-poor planning and budgeting for use throughout the country. This Handbook is largely based on the experiences of P3B (and similar projects), and incorporates the recommendations outlined below.<sup>15</sup>

## 4.2. Recommendations Concerning Substance of Plans, and Planning in General

- √ **Poverty alleviation should become a more central focus of local-level planning.** It needs, in other words, to be “mainstreamed”. This refers to mid-term planning (RPJMD), annual policy determination, formulation of regulations, sectoral planning and bottom-up community-based planning. A convenient tool in making planning more poverty-oriented is the MDG framework and locally relevant MDG targets.
- √ In order to do this, **greater attention needs to be given to the collection and analysis of relevant data as a basis for planning.** Proper **poverty data bases** are necessary if appropriate targeting of poor individuals and families is to be carried out. Aggregate/average figures are not particularly useful in understanding variations in socioeconomic and physical conditions in any particular area; data should be collected and presented in such a way as to illustrate variation and diversity. **Spatial analysis is essential** in this process, **as is in-depth analysis of**

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<sup>15</sup> The Phase I researchers did not in the end produce complete sets of practical guidelines, tools and improved procedures for preparing and implementing *musrenbang* at different levels, as originally requested. During the action research, they did provide significant input and direct assistance to local governments in preparing and implementing selected *musrenbang* and SKPD forums, and included many recommendations in their reports. Many of these are reflected in this paper.

**the causes** (and not just the obvious indicators) of poverty. Program planning should then be related to attacking these causes rather than simply providing temporary solutions.

- √ **Strong efforts are needed to move away from the current sector-focused basis of planning towards an approach that is based more on major issues or “themes”.** These should be clearly identified during the mid-term planning process and reiterated each year, modified as necessary, in the form of policy guidelines made available in a timely manner to all actors in the planning process. This change in emphasis or approach will require a significant effort to reorient the “mindset” and planning practices of the sectoral agencies, but experience on this Project has indicated that it is possible.
- √ **One useful means of achieving issue-based planning is the “forum gabungan SKPD”,** the district-level pre-musrenbang forum that brings together sectoral agencies and other parties who have a role to play in dealing with the particular issue at hand. Sectoral agencies will come to this forum not to discuss their “pet project proposals” but to examine ways in which their particular functions can be planned to contribute to solving the particular issue. This forum can be a major tool for integrating development programs intersectorally as well as spatially and financially. It is also a forum where development needs and desires identified at the community and district levels can be incorporated into district-level planning. It needs to be emphasized that the roles of each sectoral agency are not diminished through this process but rather made more effective.
- √ **Each stage of the annual planning cycle needs to start with an evaluation of results to date of previous years’ activities. In order to do this, all plans have to include appropriate statements of the outputs, outcomes and impacts expected, as well as details concerning the intended beneficiaries and the locations of the activities. Where possible and relevant, such information should be related to MDG targets.**
- √ In terms of substantive issues, it is time to **balance the emphasis on physical construction activities with a greater emphasis on “soft” projects** such as the promotion of small and medium enterprises, various types of technical training, provision of credit and the like, along with, of course, a greater emphasis on and better targeting and a higher *quality* of basic social services. It has become increasingly clear, too, that **a much greater emphasis needs to be returned to the agriculture sector**, the backbone of livelihoods of the vast majority of people living in the poorer regions of Indonesia.

### **4.3. Recommendations Concerning Planning Processes and Procedures**

- √ One of the most important needs is for **a locally-determined and binding set of criteria** for determining the acceptability, and/or priority ranking, of proposed development activities at all levels. Many of these criteria obviously flow from the discussion in the previous section. These should be drawn up and agreed on by all stakeholders and made widely available well before planning activities begin.
- √ Equally important is the formulation of **a clear definition of exactly what decisions are to be made, and what outputs to be produced, at each musrenbang** from the community level up.

- √ Further, **appropriate decision-making processes should be agreed upon** for *musrenbang*. Decisions should be binding and not subject to inappropriate interventions and changes “outside the system”. **Results of all planning forums should be published in local media.**
- √ **Appropriate information concerning current policies, national and provincial programs, district program ideas, indicative budget figures and general planning and procedural guidelines should be provided, in appropriate language and format, to all stakeholders well before their annual planning activities begin.**
- √ **At the village level, there should only be *one* planning process and forum**, not two (or more) as is the case in many areas today where, for example, the KDP/PPK program is involved. **Best practices from programs such as KDP/PPK can and should be incorporated into the “regular” planning process and forums, as is being promoted under the PNPM program.**
- √ As capacities increase, **villages should be given increasing amounts of funds and responsibilities for planning and managing locally-determined development activities on their own, using Alokasi Dana Desa. Capacity building to plan and manage these funds should be a large and continuing routine program of the district/municipal government.** Decisions made at the village level need not be referred to higher levels of government for approval, but higher levels of government would have a supervisory and technical assistance role to play.
- √ **Governments should utilize the services of professional facilitators for all *musrenbang*** to help ensure that systematic, inclusive and effective discussions and decision-making result. Funding needs to be provided routinely for these services.
- √ Most critically, **creative and culturally appropriate approaches must be devised to ensure that in one way or another all elements of society, and in particular disadvantaged and unrepresented individuals and groups, are given the opportunity to make their voices heard**, both in the identification of development activities, in their implementation and in monitoring their progress. NGOs are often an excellent source of process or facilitating skills that can help solve this major challenge.

#### 4.4. The Way Forward

Based on the general findings of the studies, on the recommendations presented above, and on the general experiences of the P3B Project, two major follow-up actions suggest themselves:

##### 1. **Develop and implement a “grand strategy” for capacity building for enhanced pro-poor planning and budgeting.**

There is an obvious need to develop a “grand strategy” that will prepare or refine training and other capacity building approaches and then “install” them in regional/local institutions that have a mandate to carry out human resource development in their local areas. The role of the national government would be to continue to provide relevant materials, to provide support for these institutions and to carry out random quality control and evaluation activities. What is needed is the institutionalization of approaches developed under P3B (and elsewhere), and the sustainability of their use, further development and application.

The content of the capacity building strategy should, as outlined in the P3B Handbook, be a mix of “technical” analytical and planning skills, managerial skills and “soft” or “people” skills (and attitudes). In particular, there is a huge need to develop excellent communication skills that enable planners and implementers to deal with the poor on their own terms, to treat them respectfully and to assist them in their efforts to make good use of government services. This to a large extent involves working to change the mind-set of local bureaucrats --- and certainly is part of the overall process of democratization of society. It will also assist government to better respond to increasing, and increasingly organized, demands for improved services on the part of communities. The content of the P3B Handbook, much of it derived from the experiences presented in this paper, can constitute the “core material” for this “grand strategy”.<sup>16</sup>

**2. Plan and implement a broader research program to support capacity building and planning system reform.**

The studies reported on in this paper only begin to scratch the surface in terms of understanding the realities, constraints and potentials of the current development planning and delivery system as it operates in the “real world”. Due to time constraints and capacity limitations, the raw data from the Phase II surveys has not been adequately mined for useful information, and an effort to further analyze it would be well rewarded. Second, a much broader survey of the responsiveness of the current system (both in its conventional form and as improved under various enhanced approaches such as PNPM and local initiatives including special ADD funding, would be extremely useful, both in providing input into national policy as well as supporting improvements to systems at the local level.

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<sup>16</sup> This suggested “grand strategy” for capacity building is further elaborated in the end of assignment report of the Local Government Capacity Development Advisor (April 2007).

# Basic Research Reports Undertaken for this Study

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