

Poverty Reduction in Indonesia: A Brief Institutional History

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I. Introduction

This report tries to capture in a limited space the important information about a unique institutional experiment in improved policy making, to address the challenge of poverty in Indonesia. The initiative has been underway for a few years only, and while those involved are clear in their own minds about what they did and what happened, that knowledge needs to be solidified and kept because it can provide a number of guide posts to future reforms of the policy making machinery in Indonesia. If the information is not written down now it could be lost, and with that an opportunity for significant institutional learning would also be lost.

The challenge of reducing poverty remains one of Indonesia's most pressing issues. Although poverty rates have declined from 23.4% in 1999 to 11.25% in 2014, the number of the population living in extremely poor condition remains high at around 28 million people. That is a relatively large fraction of the population in severe poverty when compared with neighbouring countries.

In addition, a further 30% of Indonesians are considered vulnerable to poverty, which means not only that living standards are very low for a large group of people above the poverty line, of Indonesia, but their vulnerability also implies that a relatively small shock to income and consumption can send those in this group back below the poverty line. Various measures indicate a high degree of "churn" in the numbers of families moving into and out of poverty. The high incidence of chronic poor and the number people vulnerable to poverty shocks underlines the important of both good poverty reduction programs as well as the need for systems of social protection.

The Government of Indonesia (GoI) at national and local levels has developed various anti poverty and social protection programs. However, the increasing numbers of programs have not always corresponded to better welfare and protection for the poor. Many policies were not coherently designed, resulting in gaps of coverage, and also in redundancies where one policy may have crowded out another.

Furthermore, implementation of poverty programs has become more difficult to coordinate. As the numbers of those in poverty have fallen, the efforts needed to address the remaining poor have become more difficult, requiring more complex planning and solutions.

The National Team for the Acceleration of Poverty Reduction (TNP2K) was formed in 2010 as a temporary institutional innovation, to address these problems. TNP2K aimed to develop policy options to improve the coherence of poverty alleviation and social protection policies. It was also mandated to coordinate and oversee the implementation of various poverty reduction and social protection programs as well as apply more advanced techniques for improving their targeting. The idea was to enhance or "supercharge" the whole apparatus of policy making and policy management in an area of high political importance. By implication, key features of the design of TNP2K can be related to the shared understanding of senior officials as to what inhibited and undermined policy management within the traditional bureaucracy. TNP2K was therefore itself the result of earlier "institutional lessons", as well as being itself a likely source of such lessons, for the future.

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This report traces the history of the TNP2K, beginning in 2009 when a small group of scholars in Indonesia proposed a special coordinating body to accelerate poverty reduction. It examines the political economy background and context as well as the rationale of this specific form of intervention. It then identifies challenges it has faced and the steps taken to respond them. By analysing the nature and the evolution of TNP2K this report will try to contribute to a deeper understanding of how to formulate more effective poverty reduction strategies in Indonesia.

II. The Political Economy Background and the Origins of TNP2K

As stated above, the National Team for the Acceleration of Poverty Reduction (TNP2K) was a Gol institutional innovation intended to analyse and set out policy options to improve the coherence and coverage of poverty reduction and social protection programs. This section presents an overview of the history of TNP2K. It discusses some of the political economy background, the actors and origins of TNP2K, and also explains some of the reasoning behind the initial design of the institution.

2.1 The Political Economy Background

Despite Indonesia having a relatively high number of poor households, the technocratic discourse around poverty issues and “poverty reduction” was not common in the public media prior to the general election in 2009. Poverty alleviation discussion was largely the domain of technocrats and planners at the Ministry of National Development Planning (Badan Perencanaan Pembangunan Nasional – Bappenas). These were the officials responsible for designing policies and coordinating the implementation of poverty reduction programs. Inputs and discussions were provided by limited numbers of research institutes, universities and donors that were helping Bappenas in developing an anti-poverty strategy.

The discourse on poverty issues began to get more public attention when the Gol took steps to raise subsidised fuel prices by an average of 125% in 2005. As a net importer of oil since 2004, the Gol needed to increase domestic fuel prices in order to prevent budget deficit explosion caused by a large step change in the prices of crude oil. For the same reason, the subsidised fuel prices were raised again in early 2008, although later downgraded several times before the 2009 general election.

In order to offset the adverse impact of fuel price increases on the poor and near poor households, the Gol prepared a variety of social compensation programs funded from budgetary saving arising from the reduction of fuel subsidies. These programs included an unconditional cash transfer (Bantuan Langsung Tunai-BLT), a rural infrastructure program and a set of social programs in education and health. In the education sector, the Gol issued School Operational Assistance (Bantuan Operasional Sekolah – BOS) which provided block grants for schools. Correspondingly, in the health sector, the Gol introduced Health Insurance for the Poor (Asuransi Kesehatan untuk Masyarakat Miskin – Askeskin)².

However, the rise in subsidised fuel price happened simultaneously with significant increases in prices of some staple food, most notably rice, driven to some degree by the energy-related rise in production costs. The combined price increases of fuel and basic foodstuff caused a double-digit inflation of 17.11% in 2005. At the same time, the compensation programs were only partially effective in protecting the poor and preventing the vulnerable from falling to poverty. This was partly due to problems of coordination in policy implementation by multiple actors, along with problems of targeting the poor. Despite the interventions, the official poverty

² BOS later became a permanent social protection program, while Askeskin developed into the Public Health Insurance (Jaminan Kesehatan Masyarakat-Jamkesmas) in 2008. Other social protection programs developed in the first SBY presidency included the National Program for Community Empowerment (Program Nasional Pemberdayaan Masyarakat Mandiri – PNPMMandiri) and the Family Hope Program/Conditional Cash Transfer program (Program Keluarga Harapan – PKH) (Perdana and Maxwell, 2011).

rates increased significantly from 16.0% in 2005 to 17.8% in 2006. This may not have been the failure that it appears, as the counterfactual is impossible to estimate: we just do not know what levels poverty would have gone to without the interventions that were made. But the result was politically seen as a failure or at least inadequate, and therefore it became a compelling necessity for GoI to do better in future.

At the same time the increase in the number of poor and the subsidised fuel price triggered a public debate on poverty alleviation in the lead up to the 2009 presidential election. It was during this election that a small team of scholars supporting the SBY (Susilo Bambang Yudhoyono)-Boediono's campaign proposed the establishment of a special body to consolidate and improve Indonesia's social assistance and poverty reduction programs to reduce poverty rate to 8% in 2014. The team also proposed that this special body should be placed at the Office of the Vice President in order to increase its effectiveness. From this location at the centre of government it was felt that the group would be more free to generate new ideas on improving social protection programs as well as more able to build cooperation and support from other members of the cabinet for more coordinated implementation.

2.2 The Initial Design of TNP2K and Its Rationale

This idea of a poverty policy coordinating body at the national level was not a completely new concept. During the Megawati Sukarnoputri presidency in 2001, a special committee to coordinate poverty alleviation efforts was first established under the leadership of Jusuf Kalla as Coordinating Minister for People's Welfare. A Coordinating Team for Poverty Alleviation (Tim Koordinasi Pemberantasan Kemiskinan – TKPK) was also in existence throughout the first SBY's presidency. Nevertheless, these earlier bodies accomplished little as far as policy and practical outcomes were concerned. In addition, the idea of placing a poverty policy coordinating body at a very high level had also been previously proposed. According to one of TNP2K's founders, this arrangement was actually suggested at a cabinet meeting during the first term of SBY's presidency, by the Secretary of TKPK at that time³. However, it was dismissed as the cabinet was at that time coming to the end of its working life.

Unlike previous bodies, TNP2K was deliberately designed from the outset to be housed within the Office of the Vice President. As stated above, this was intended to expand its convening power and its ability for cross-ministry coordination. This way it might be possible to solve the problem of competing vested interests, as well as the overlapping or conflicting responsibilities between ministries. To some degree this arrangement was also justified by the personality and reputation of Boediono. He was viewed not only as a political Vice-president but also as an able technocrat who understood what had to be done to address poverty issues. Placing TNP2K within the Vice-president's office thus not only facilitated policy coordination but also enhanced its public profile.

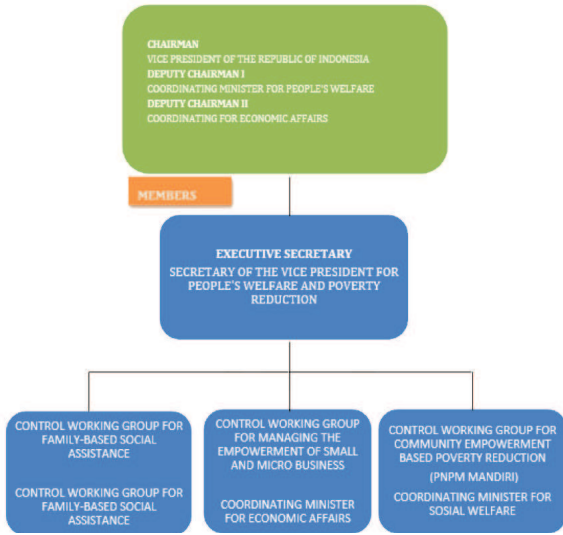
2.3 Structure of TNP2K

The structure of TNP2K is shown diagrammatically in Annex 1. TNP2K is chaired by the Vice of President and assisted by Ministers and Head of Agencies involved in poverty alleviation efforts. As set forth in the Presidential Regulation Number 15 of Year 2010, the Coordinating Ministers for Welfare was appointed as the First Deputy while the Coordinating Minister of Economy and Finance was made the Second Deputy of TNP2K (See Figure 1).

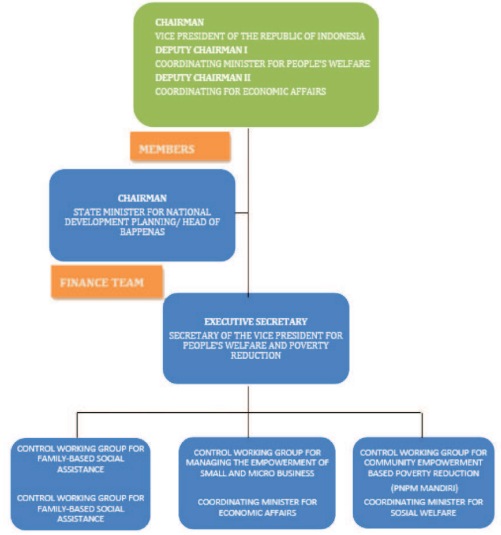
³ The original idea was to place the poverty alleviation policy coordinating body within the Office of the President instead of the Office of the Vice President.

Figure 1. Structure of TNP2K

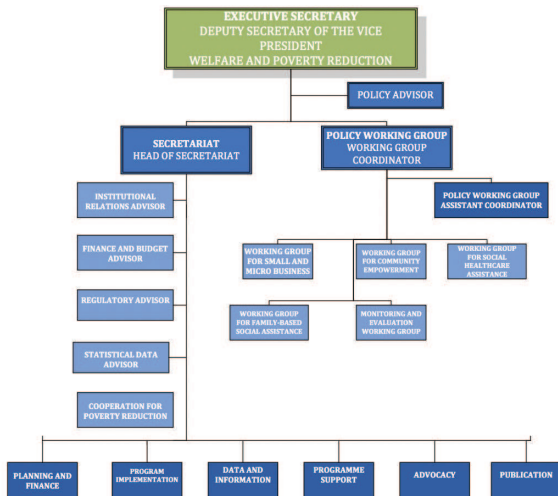
Structure of TNP2K Before 2011



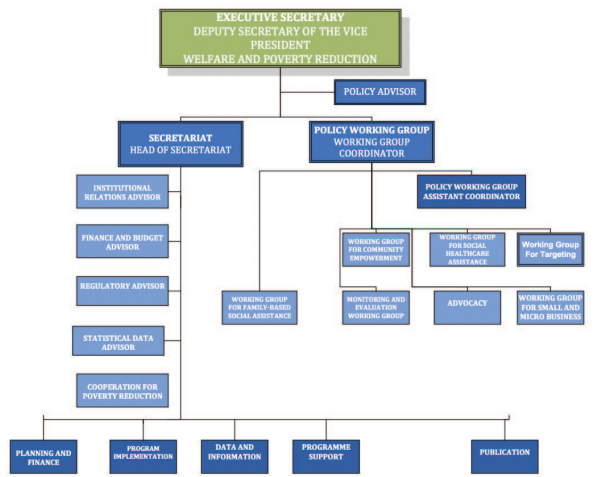
Structure of TNP2K Post 2011



Structure of TNP2K's Secretariat Before 2011



Structure of TNP2K's Secretariat Post 2011



This high level structure has remained relatively unchanged overtime. The only important change made was when the Head of Bappenas was given the role of chairman of the Finance Team. This decision was based on strategic considerations that Bappenas is the government agency responsible for foreign cooperation and has a veto power in foreign funding decisions⁴. Moreover, Bappenas had also closer working relations with donors, and could source and access donor fund more effectively than others.

The high level TNP2K described above is supported by a secretariat headed by an Executive Secretary who is also the Deputy Vice President for Welfare and Poverty. The Executive Secretary runs TNP2K's secretariat on behalf of and reports to the Vice President.

Within the TNP2K's secretariat, there are three basic types of working units, or departments: the Policy Formulation Working Groups, the Taskforce and the Support Secretariat. The Policy Formulation Working Groups are the core professional units of TNP2K. Their purpose is to provide policy advice to the Executive Secretary of TNP2K and through him to the Vice President's⁵ Office.

The division into three Policy Working Groups was based on the three "poverty reduction clusters", with a group for each cluster. Clusters reflect the way Gol originally formulated its poverty reduction acceleration strategy with a tripartite division into focus on the individual and family, focus on the community, and focus on poverty alleviation through market organisations.

- Cluster 1-social assistance programs;
- Cluster 2-community based programs, under the umbrella of the national program for community empowerment (PNPM);
- Cluster 3- micro and small medium enterprises (MSMEs) programs.

Within the TNP2K's secretariat structure framework, Cluster 1 was further divided into Family Based Social Assistance Working Group and Health Social Assistance Working Group. This division was intended to simplify the work load and simplify the effort to get buy-in from specialised implementing ministries/ agencies.

In addition, in support of all the working groups there were special technical units for (a) Targeting of Poverty Reduction Programs (Unit Penetapan Sasaran Penanggulangan Kemiskinan-UPSPK) and (b) the Monitoring and Evaluation Working Group for setting up performance measurement systems.

Special Taskforce units were also created in the TNP2K to link the policy advice produced by the Working Groups with the relevant line agencies or local governments and help them convert that advice into operational programs for implementation. For functional reason, the Task Force for Cluster 1 (Family Based Social Assistance) was placed at the Vice President Office under the Deputy Vice President for Welfare and Poverty. Nevertheless, it has coordination line with the Working Group Coordinator and co-located with other TNP2K Secretariat staff in the same building. Cluster 2 Taskforce was located in the Kemenkokesra and Cluster 3 Taskforce was placed under the Coordinating Ministry for Economic Affairs (Kemenkoekuin).

There are also Control Working Groups, which drew members from the relevant inter-ministerial staff for each Cluster of Policy Working Group. The purpose of these Control Working Groups is to facilitate the coordination and engagement between staff at TNP2K's secretariat and relevant staff at the ministries. Except for Cluster 1 which was headed by the Executive Secretary of TNP2K, the head of the Control Working Group is normally the Deputy Minister of relevant ministries. For instance, the head of Cluster 2 Control Working Groups is the Deputy Menkokesra for Poverty Reduction and Community Empowerment.

The Secretariat Support provided both traditional secretariat activities such as

⁴ See Perpres Number 82 Year 2007 and Government Regulation (Peraturan Pemerintah, PP) Number 10 Year 2011.

⁵ This strategy was first used as a poverty alleviation strategy grouping in Bappenas in 2007 which thereafter adopted in the official Medium Term National Development Plan (Rencana Pembangunan Jangka Menengah-RPJMN).

logistic and personnel support to the TNP2K as well as important coordination roles with national and regional agencies. Specifically the secretariat was tasked to:

- Coordinate with government and non-government organisations, including the private sector and state-owned companies (BUMN) on their poverty reduction support;
- Coordinate with the provincial and district poverty teams and promote the work of TNP2K at the regional level;
- Maintain the database of poverty reduction programs supported by the government (including by sector ministries);
- Maintain the database of poverty reduction programs supported by the non-government organisations;
- Maintain complaint handling mechanisms;
- Provide technical support and administration to the national team;
- Undertake strategic communications and external relations for poverty reduction programs.

This initial structure is shown in Annex 2A, and the structure which evolved from it over time, as is discussed in the following sections, is shown in Annex 2B. It is clear from the task list above that the original TNP2K set out with a broad vision, as well as some particular ideas, of how it would accomplish poverty reduction. This contrasts quite sharply with some of the more recent statements from TNP2K that have defined it more narrowly, and with less range of policy making, as having a mandate simply to improve poverty targeting and the efficiency of some important existing anti-poverty programmes.

In addition to and in parallel with the TNP2K Secretariat, there was created a special donor-funded Poverty Reduction Support Facility (PRSF) designed to enable the TNP2K's organization to be implemented speedily and effectively.

2.4 The Poverty Reduction Support Facility (PRSF)

The PRSF was set up to support TNP2K, in line with the Vice President's request. The PRSF core team included a Team Leader, a Deputy Team Leader for Technical and a Deputy Team Leader for Financial. PRSF staffs were co-located with TNP2K in the same building (but on different floors.) PRSF provides financial and administrative support for TNP2K, as well as support to the commissioning of research activities, surveys, evaluations, pilot studies, conferences and grants as approved by the Facility Steering Committee (FSC).

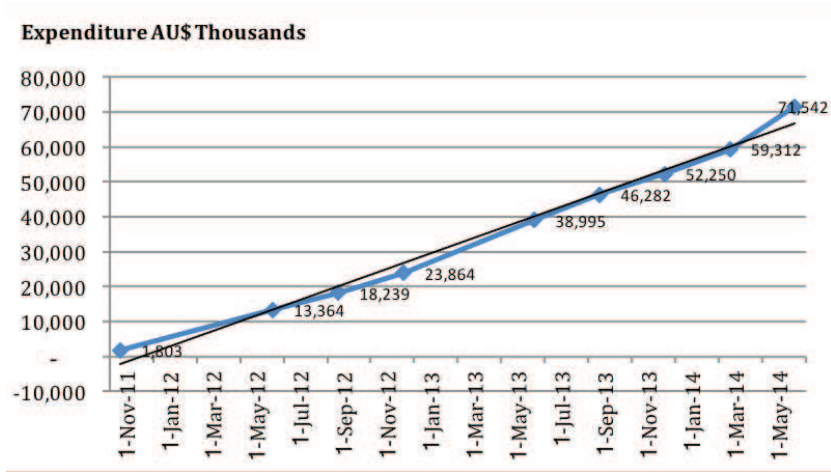
The FSC is co-chaired by DFAT (The Australian Department of Foreign Affairs and Trade) and TNP2K. It was established as a forum for strategic review and decision making on the scope, direction and focus of PRSF. The Steering Committee has to review the major achievements, themes and directions of PRSF, address specific issues and challenges, and formalize the plan for future activities.

In theory, the PRSF was expected by some to be a multi donor support facility but to date it has mainly operated as a conduit for the DFAT (The Australian Department of Foreign Affairs and Trade) funding and technical support⁶. The amounts in support of TNP2K that were offered to the Gol by DFAT were significantly increased early in the life of the project (Figure 2). As a result, there was no strong pressure on Gol or Bappenas to source additional funding from other donor sources⁷.

⁶ Previously the DFAT funding for TNP2K was channelled through Australian AID (The Australian Agency for International Development - AusAID). AusAID was the Australian Government agency responsible for managing Australia's overseas aid program until 31 October 2013, when it ceased to be an executive agency and was integrated into DFAT.

⁷ The United States Agency for International Development (USAID) and the International Labour Organization (ILO) have nevertheless funded some TNP2K activities, mainly for the Cluster 3 Working Group activities. Similarly, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) provided co-funding for some activities to support BPJS analysis of the Health Working Group.

Figure 1. PRSF Expenditures



On one level the relationship between PRSF as a support facility and TNP2K as a reform group operating within the GoI system is quite straightforward to describe and understand; on other levels it is subtler and thus harder to give a crisp picture.

As a general rule, one may say that there are five resources any agency needs to have, to be operational in a government bureaucratic context, and they are: budget, personnel, assets, information, and the mandate or the authority to act. These are the five key “enablers” of an effective organisation. Essentially, PRSF provided “three and a half” of the five key resources namely: budget, personnel, assets, and some of the information requirements. The Presidential mandate and the location in the VP’s Office provided the other key asset, which was authority to act. And of course the highly qualified and experienced staff recruited for TNP2K by PRSF themselves embodied a great deal of practical and relevant information. In practice the PRSF strategy was critical to the success of the TNP2K, as the whole scheme would probably have collapsed within a year if TNP2K had been required to go through standard GoI procedures to source the personnel, the operational budget and assets like offices, furniture and computers. From time to time PRSF was able to provide other support of an intellectual and professional nature, but the really important strategic support to the whole venture was in the way PRSF allowed TNP2K to operate successfully outside the system from some aspects as well as being at the same time fully operational inside the system. In comparison with this absolutely necessary support in terms of operational resources, the rest of the PRSF’s professional and technical support to TNP2K was an optional extra. From an institutional perspective it was the operational support that was truly strategic in its impact. Without it there would have been no breakthrough.

2.5 Adaptation and Change

TNP2K’s secretariat organisational structure proved flexible enough to change over time with organisational needs. For example, in 2012, TNP2K underwent some restructuring. The Secretariat Support was split into three divisions: Publication and Communication, Policy Advocacy, and Office Secretariat. The Division of Publication and Information was devised as dissemination strategies for TNP2K’s research

as well as a public relation unit for TNP2K and the government's anti-poverty programs, particularly in the wake of the government plan to cut fuel subsidies in 2012. Further, the policy advocacy unit was created mainly to engage and educate local governments on poverty alleviation policy designs and the unified database (UDB). At the onset, TNP2K' secretariat had also devised a special multi-stakeholder cooperation unit to cater for resources and initiatives from businesses and non-government organizations to participate in accelerating poverty reduction. It was previously thought this unit would become the focal point of coordinating corporate social responsibilities programs, particularly those related to poverty programs. However, it never took off and eventually it was abolished. TNP2K was proving to be a rigorous test bed for fresh institutional thinking. Not every good idea works out, and then the question is what we may learn from that.

As will be discussed in the later sections, the changes in the TNP2K's secretariat structure were a rational adaptation in response to challenges of the poverty reduction efforts particularly the significant implementation challenges represented by the capacity of existing agencies of government. The Vice President took a close interest in the evolution of the TNP2K, its work programme, and its coping responses in the face of implementation difficulties.

PRSF also changed in the course of time. Initially the support facility just provided an absolutely essential basic service to TNP2K in provision of personnel, budget and assets. However, after a review in the second year DFAT altered the support concept in several fundamental ways. The core PRSF staff was expanded to include advisors on Quality Assurance, Change Management, and Social Protection who could provide further intellectual input to TNP2K work⁸.

DFAT also reinstated the importance of a second funding window (DFAT Window) to be operated by PRSF in support of poverty related activities in ministries and Bappenas. DFAT Window was actually set up at the very beginning of PRSF as a way for DFAT to be able to give support to poverty programs that might not be covered by the TNP2K work-plan. As far as possible, these activities should be nevertheless closely related to TNP2K's work. The shift here was that in the Strategic Plan PRSF was allowed to interact directly, instead of through TNP2K, with line ministries and Bappenas, in order to support a wider GoI social protection agenda. AS TNP2K focused down on the practical problems of achieving results in some key areas of poverty redressal DFAT at the same time gave itself some capacity to widen the scope of policy impacts through the second window arrangement.

Neither of the above changes was particularly welcome to TNP2K; this change of emphasis was not support they felt they needed. However, the changes in PRSF clearly reflected DFAT concerns about the direction of the project. DFAT wanted to ensure that the operation remained true to the original high level TNP2K concept of including other ministries and Bappenas, hence the second window, and also wanted to ensure that standards of good practice were maintained by TNP2K in areas of policy design and implementation, many of whose staff were highly trained academics, but had little actual experience of policy management. DFAT had legitimate concerns but the way these were met, through the changes in PRSF, may represent an institutional "second best" approach. The first best approach would have involved a more strategic level of discussion between DFAT and TNP2K, and an agreement on revised aims and approaches. But the institutional mechanism or platform for such a discussion had not been created in the design. The FSC arrangement was for steering PRSF only.

The next section discusses the stages of development, challenges and responses of TNP2K.

⁸ PRSF core team was restructured twice. Once following the budget increase in Amendment 2 in July 2012 with more operations staff. Then after the inception phase in May 2013 when PRSF strengthened its technical capacities in Change Management, Social Protection and Quality Assurance.

III. TNP2K: Stages of Development, Challenges and Responses

The poverty rate (the percentage of Indonesia's population below the arbitrarily set poverty line) declined from 13.33% in March 2010 to 11.25% in March 2014, covering the first four years of the SBY administration. TNP2K's direct responsibility for this result is hard to assess, although with time it may become clearer. The number of poor people declined from around 31 million to 28 million, meaning that an average 750 thousand people moved out of poverty each year. While positive, this result was below the targets that had been announced by SBY in 2009. However, this result was achieved despite the slowing down of Indonesia's overall economic growth over the period, as well as some specific economic challenges that confronted the economy. It is also evidently harder to maintain any given rate of poverty reduction as the overall numbers in poverty decline, leaving behind a shrinking pool of those families and households that are more embedded in poverty⁹.

TNP2K was forced to build both its structure and its activities in accordance with the changing and dynamic requirements of poverty alleviation in Indonesia. The first major challenge was of course to build the TNP2K Secretariat organisation itself, starting from practically zero in early 2010. The TNP2K's secretariat led by the Executive Secretary responded to this challenge by quickly setting up and staffing the organisation, inviting the best talents to strengthen the organisation and seeking assistance from external donors. Here the support of PRSF was critical to the speed of the process. The second major challenge was to develop a unified database (UDB) as the basis of a system for targeting, followed by outreach to obtain the necessary cooperation and buy-in from relevant ministries and agencies already implementing poverty reduction programs (TNP2K Key dates is provided in Table 1).

A third major exogenous challenge was encountered in 2013 when the Gol decided to reduce fuel subsidies, forcing TNP2K to shift some of its resources to help prepare the social compensation for this plan. In all three cases, the management of TNP2K succeeded in coping with the challenges and preserving the momentum of poverty reductions.

Table 1. TNP2K's Key Dates

Event/Key output	Date
Presidential Regulation 15/2010	Feb-2010
Launch of interim PRSF	Jun-2010
Launch of PRSF	Jun-2011
UDB development - starting date	Sep-2011
PPLS 2011 data availability	Oct-2011
BPJS Law passed	Dec-2011
UDB data availability	Feb-2012
Use of UDB data for Raskin, PKH, BSM, Jamkesmas	Apr-2012
Raskin reform 1 (use of cards)	May-2012

⁹ Over any run of years the ideal rate of reduction in poverty cannot be expressed arithmetically in the way the original SBY goals were, because that actually implies constantly increasing effort, which cannot be indefinitely sustained. The more realistic representation would be in terms of some constant rate of shrinkage of the remaining pool of poverty, which of course will produce the non-linear and 'asymptotic' closure on poverty goals that we have seen actually occurs in practice.

Employment Strategy and National Financial Inclusion Strategy	Jun-2012
BSM reform 1 (cards)	Aug-2012
Integrated MIS development	Oct-2012
PNPM Road Map and Action plan	Nov-2012
Social Protection Food Security and Nutrition Strategy (SPFSNS)	Nov-2012
Distribution of 86m Jamkesmas cards	Dec-2012
Creation of Communication Unit and KM Unit	2012
BSM reform 2 (cards, M&E, socialization)	Mar-2013
PKH 2007/2008 recertification	May-2013
PKH endline	May-2013
PKH Transformation and graduation Strategy	May-2013
Launch of fuel subsidy reduction compensation package (P4S/KPS)	Jun-2013
PKH payment strategy	Jul-2013
Socialization campaign of P4S/KPS	Sep-2013
Youth employment strategy	Sep-2013
Village Law passed	Dec-2013
Raskin grievance and MIS	Sep-2014
BSM grievance and MIS	Sep-2014
PPLS 2015 consultations	Nov-2014

A fourth endogenous challenge (to the policy apparatus of Gol as a whole) emerged as TNP2K proceeded to implement its policy reform agenda. It had been assumed by DFAT and other external stakeholders that the power difference created by the location in the VP's Office, the association of other key ministries and agencies in the higher level structure of TNP2K, and the ability through Bappenas to direct the use of funds, would provide adequate "leverage for cooperation and change". TNP2K also felt that the intellectual superiority of their policy analysis, combined with the proper use of evidence, and especially the persuasive power of an integrated data base o(registry) on individuals, households and families in poverty (the UDB), gave them all the levers to ensure that there would be ready cooperation and coordination from implementing agencies and ministries. All these assumptions were tested, and it turned out that the compliance of key agencies

and ministries was not automatic. The Task Forces responsible for coordinating the implementation of the policy reforms designed by the Working Groups had a much larger job to do in practice than could have been anticipated. This was one of the most significant institutional lessons that to be learned from the whole TNP2K intervention. Not only is it necessary for the policy designers to use superior methods and best practices in policy preparation, and to exploit their power difference at the centre of government to convene the various actors and demand their participation; but when it comes to implementation of policy another set of issues come into play related to the necessary agency and independence of other actors involved. They cannot simply be overridden or instructed. They do have agency. For this reason the process of translating policy designs into operational programmes that will actually work requires intensive staff time, and coherent strategies and techniques. TNP2K had to develop this as a kind of “action research”, and it was still working its way along the learning curve in 2014¹⁰.

3.1 The Formation Period: October 2009–May 2010

From October 2009 to June 2010, TNP2K was in the formation period which was characterised by the preparation of a formal legal basis for TNP2K’s existence, the finalisation of the structure, the recruitment of key staff as well as forging a good working relationship with potential donors.

The idea for a poverty alleviation policy coordinating body was immediately followed up after the election. The Vice President mandated the Deputy for Monitoring and Evaluation of the Bappenas, Mr. Bambang Widianto, to carry out all the necessary preparations for the establishment of TNP2K. Mr. Bambang was the most senior official of the small team of scholars proposing the national team. In carrying out the preparations, he was always able to work in close consultation with the Vice President and was helped by a team of bureaucrat who came from the office of the previous TKPK at Kemenkokesra, as well as several highly qualified personal assistants recruited from universities¹¹.

The first step was preparing the name and the legal foundation of TNP2K. At the direction of the Vice President, the new body was named the National Team for the Acceleration of Poverty Reduction, which abbreviated as TNP2K. This name was taken simply to acknowledge that its main mission was to accelerate poverty reduction in Indonesia. As for the legal foundation, it was agreed that the Presidential Regulation (Peraturan Presiden – or “Perpres”) was the most suitable form of legislation for TNP2K. The previous poverty alleviation coordinating bodies used a Presidential Decree (Keputusan Presiden – or “Keppres”) as legal foundation. Perpres was more in accordance with the law number 10 of year 2004 (Law No. 10/2004) about the hierarchy of legislation in Indonesia¹². Second, it would have required a considerable time as well as political negotiation with the house to legislate a special law as the basis of a Keppres.

The next step was to design the initial structure both for the National Team as well as the TNP2K’s Secretariat. At the National Team level, the structure was intentionally designed to include all ministers and head of national agencies involved in poverty alleviation. At the Secretariat Level, it was decided to align the organization with the strategy for accelerating poverty reduction, i.e. the “cluster strategy” already adopted during the SBY administration. By structuring the Secretariat according to the current prevailing policies and systems, it was expected that the team would be more easily focused on the task at hand as it would simplify direct engagement between TNP2K’s staff and relevant ministerial staffs. Moreover, this arrangement

¹⁰ DFAT’s mid-course alteration of PRSF included the addition of Change Management skills as an additional support for TNP2K, in recognition of this emerging issue.

¹¹ Most of the bureaucrats involved in this team were later accommodated as staff in the office of Vice President as well as in the secretariat of TNP2K.

¹² Perpres is included in the official hierarchy of Indonesia legislation, while Keppres is not.

also facilitated a more straightforward monitoring and evaluation of the progress of each poverty reduction programs and its implementing agencies¹³.

The legal preparations and designs of the initial structure culminated with the legislation of Perpres Number 15 Year 2010 on the Acceleration of Poverty Reduction in February 2010. Other activities at this period included logistic preparations such office and hiring key staff for Coordinator of the Policy Working Group, Advisor to the Policy Working Group and Head of the Monitoring and Evaluation Working Group. In total there were 10 full time consultants and staff working at the TNP2K's secretariat. All of these initial activities were funded by the Gol budget through the Office of the Vice President, and not by the PRSF, which had at this point not yet come into operation.

Another important step made by the Executive Secretary during this period was to approach potential donors. This was agreed from the onset by the team of initiators, after consultation with the Vice President. TNP2K needed donor partners to back up its operations as it could not rely on government budget and its usual procurement process, if it were to be responsive, fast and flexible. A donor partner's funds could facilitate the use of external consultancy and research services, which are often difficult to access under the very strict government procurement rules. In addition, at the stipulated government rates, it was difficult to attract the best available talents¹⁴. These constraints of the system created incentives for outside support to ensure that TNP2K could swiftly procure the expertise and equipment needed to make rapid progress.

In addition, TNP2K would have been subjected to more political scrutiny from house members and political parties if it was funded by the government. As poverty received wider public attention, politicians would naturally have become more interested on understanding and discussing the issues and the approaches being employed. On one hand, a more open architecture of policy making and greater public participation and political voice on poverty issues should result in better policies. On the other hand, too much voice at the early formative stage of TNP2K's creation would have been an unwanted distraction, negatively affecting its poverty alleviation efforts.

In forming partnerships with donors, a pragmatic but nevertheless strategic approach was adopted. Donors were approached based on two practical criteria: the personal relationships with key donors of the Executive Secretary, who had previously been the Head of Monitoring and Evaluation at the Bappenas; and the current involvement of specific donors in poverty alleviation projects in Indonesia. At that time, an example of a well-established cooperation between the Gol and donors on poverty alleviations was the PNPM Mandiri project, where DFAT directly financed and engaged in the management of the World Bank's based Poverty Support Facility (PSF). Therefore it was both a matter of common sense and strategic intelligence to request support from DFAT for TNP2K. Supporting both PNPM and TNP2K was a way to help each program build lessons and achieve some synergy on what works in terms of poverty alleviation efforts in Indonesia. From DFAT's perspective supporting TNP2K was very much in line with its stated goal of helping to encourage and shape processes of evidence-based policy-making within Gol, as was captured by the mantra: "Evidence into Policy"¹⁵, which was often repeated in discussion by key DFAT advisers

At the request of the Vice President working primarily through the Executive Secretary, DFAT agreed to provide financial, technical and logistical support for TNP2K. It took only about three months from the issuance of Presidential Regulation

¹³ Nonetheless, one may argue that it can also cause losing sight of the bigger picture by ignoring other alternative strategies to accelerate poverty alleviation.

¹⁴ One of the TNP2K's initiators described how it was difficult to obtain government funding for a BLT research implementation in 2005 which required hiring a foreign expert.

¹⁵ For DFAT's perspective on the development of evidence based policy-making in Indonesia see Brown, Rudland and Bazeley (2012).

Number 15 Year 2010, officially marking the founding of TNP2K, for DFAT to launch the Interim Facility (Poverty Reduction Interim Facility - PRIF) for TNP2K in June 2010. This was the precursor for the more fully considered PRSF, which came later. The development of TNP2K with the support of the Interim Facility is discussed next.

3.2 The Interim Period: June 2010– June 2011

The establishment of the PRIF (Poverty Reduction Interim Facility) in June 2010 marked the beginning of the second stage of TNP2K development. This facility was set up by DFAT as an interim facility for assisting TNP2K until the tender process for the PRSF completed in June 2011. PRIF initially focused on rapidly establishing the TNP2K office and recruiting the staff for it. It was initially authorised to recruit 60 staff for TNP2K as well as providing financial support for office rent and the acquisition of office equipment.

During this Interim period, TNP2K was relatively occupied with the process of finding the ideal form of structure and activities. Development plans and work agenda were being formulated by the Working Groups. Research activities were quite limited at this point as the funding for activities was still mainly coming from the Gol budget through the office of Vice President. Relationship building with relevant program implementing ministries or agencies was very much based on existing personal networks of recruited personnel and the prior working relationships of individual consultants.

In line with directions that were specifically given by the Vice President to the Executive Secretary, the TNP2K's Secretariat's operational strategy was initially focused on improving targeting of benefits, and improvements in the delivery processes of family-based social protection programs in Indonesia. Accordingly, its activities in this period centred on two strands of activity: the implementation of the Unified Database (UDB) and the assessment of the implementation mechanisms of specific Cluster 1 (Family Based Social Assistance) programs, especially: PKH, Jamkesmas, Subsidised Rice for the Poor (Beras untuk keluarga miskin - Raskin), Scholarship for Poor Students (Beasiswa untuk Siswa Miskin - BSM), as well as emergency social support measures such as BLT.

These two strands were interwoven, as the first step taken by TNP2K to improve targeting for Family Based Social Assistance was to construct the single UDB, and then to develop applications of the UDB data for identifying the poorest households. The use of the same database for all programs was expected to facilitate the consolidation of the various programs and improve the overall consistency of targeting. Previously, the line ministries responsible for implementing the so-called 'Cluster 1 programs' had tended to work in isolation from one another. Each ministry developed its own methodology separately from the others, even though they were in principle supposed to be targeting the same set of poor families. This gave rise to differences of approach that in turn led to wide discrepancies in the selection of beneficiaries from one program to another. For instance, although ideally the BLT, Raskin and Jamkesmas were intended to reach the poorest 30% of all households in Indonesia, in practise considerably fewer than a third of these households were simultaneously receiving all three programs in the period before TNP2K began work.

The UDB included socio-economic information on the poorest households in Indonesia covering all those who currently are, or who in future may be potentially eligible for poverty reduction programs. By the application of specific criteria across the data set this database can be used to extract lists of beneficiaries (by name and address) eligible to receive social protection benefits from any programs targeted at the poor. The development of the system was coordinated by TNP2K working in close partnership together with the BPS, Bappenas, government ministries involved in social protection, and was supported by technical assistance from the World

Bank¹⁶.

The primary data source for the UDB was the PPLS 2011, a survey of roughly 26 million households conducted by BPS in July-October 2011. In this case, the development was not started from scratch. The basis for designing PPLS 2011 already existed in the form of PSE05, which was the data the BPS had collected in preparation for the BLT in 2005, and this was also underpinned by an earlier PPLS 2008. These databases were merged, improved and modified so as to produce the first single registry for beneficiary selection of social assistance programs in Indonesia.

In this Interim period, TNP2K focused mainly on designing the targeting methodology that would guide the PPLS data collection, in partnership with the BPS. It did so through providing technical inputs on the survey design/instruments/operational manuals, by coordinating a poverty mapping exercise using census data as the starting point for PPLS 2011, and by collecting information from different social protection programs to inform the process. This work exemplified the evidence-based approach, at an operational level. It was not “evidence into policy” as the DFAT mantra expressed it – the policy choices having already been made; but it was “evidence into programming” in regard to the implementation of policy. At the same time, during this period TNP2K also started on socialisation and coordination efforts to the levels of the Local Governments, and the relevant Ministries. This was in order to build awareness and secure commitments that social assistance programs would use the new database, particularly the family based programs such as PKH and Jamkesmas.

The task of building awareness of the UDB was carried out concurrently with the empowerment and capacity building of the local Poverty Alleviation Policy Coordinating Body (Tim Koordinasi Pengentasan Kemiskinan – TKPKD) at provincial and district level. Local governments play a pivotal role in ensuring successful implementation of many national poverty alleviation programs. Throughout the life of TNP2K there has been a focus on capacity building of Regional TKPK, and this has been one of the central themes of the periodic directives of the Vice President to the TNP2K Secretariat.

In order to satisfy these instructions from the Vice President, the Advocacy Unit at the TNP2K's Secretariat was established as a separate unit in April 2011, and subsequently upgraded as a full working group in early 2012. The unit had previously been part of the Support Secretariat responsible for liaison with the TKPK team at the provincial and district levels. Nevertheless, it was soon realised that TNP2K needed not only to liaise but also to enhance and increase the capacity of regional governments. This realisation was found out at the National Technical Coordinating Meeting of Poverty Reduction between TNP2K and regional governments at TNP2K building in June 2010. Subsequent to this, a Minister of Home Affairs regulation (Permendagri) Number 42 Year 2010 on Regional Coordination Team for the Acceleration of Poverty Reduction was enacted.

As a result, it was given more importance, and a full time officer was recruited to head up this unit; he was supported by three other staff re-assigned from the Secretariat Support team to support him. The Advocacy unit was mandated to build capacity and support the institutional strengthening of TKPKD at the provincial and district/city level. In particular, its objectives were to promote evidence based planning, budgeting and policy-making processes for poverty reduction at the local level and to provide capacity development support services to TKPKDs.

¹⁶ The statistically informed reader will recognize that this is an old-fashioned registry containing data in a cartesian structure, allowing structured enquiries. In the years since the UDB was created the profession has developed new systems and algorithms permitting unstructured data bases to be precisely interrogated. Future UDB design could well reflect such advances in methodology, permitting a more “big data” approach based on the merging of data sets from various levels of government, and other sources. However, a central registry will remain a fundamental feature of any new UDB for some time to come.

The Cluster 1 Policy Working Group undertook an initial assessment of the family based social assistance programs with a careful look at their short and medium term impacts on poverty reduction. The purpose of this exercise was to analyse the current coverage and identify systematic gaps in the existing social assistance program. The initial emphasis was restricted to issues of coverage and the benefits delivery processes of PKH, Raskin and BSM programs. As part of this assessment the Cluster 1 Policy Working Group reviewed the effectiveness of using different targeting criteria for current social assistance programs, including geographical, categorical, life-cycle approaches and means-testing.

In this period, the Health Social Assistance Group had started to perform a review of the Jamkesmas program and was making some initial recommendations for improvement. At this stage, the operations of the Health Working Group (HWG) were not covered as part of the PRIF, as they were being funded by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Although it did not receive funding from the PRIF at the outset, the HWG was eventually adopted by TNP2K and received funding from PRSF when it replaced the PRIF, and in due course it received co-financing from GIZ.

Cluster 2 Policy Working Group had also started its work by supporting the preparation of a roadmap, in this case to define the future of PNPM Mandiri, with recommendations regarding integration, decentralisation and transition. During this period, the Cluster focussed on drafting these recommendations, particularly the recommendations on mechanisms and protocols for integrations of PNPM Mandiri program at various level of government. As with Cluster 1's work the emphasis was on making improvements in the efficiency and effectiveness of an existing complicated set of policy activities, but not on revising the basic policy.

In parallel with this work by the Cluster working Groups, and in support of their search for improvements in efficiency and effectiveness, the Monitoring and Evaluation Working Group (MONEV) begun regular monitoring for poverty reduction programs to analyse their effectiveness and the quality of implementation. The responsibilities of MONEV embraced the work of all the clusters, and staff from the Monitoring and Evolution Working Group were often required to work directly with the staff of other units.

Unlike the other Working Groups, the Cluster 3 Policy Working Group did not become operational during this interim period, and similarly, the Task Force unit whose mandate was to assist relevant ministries/agencies to translate cluster 3 policy recommendations into action was not immediately or fully activated. Nevertheless, two initial personnel for this Taskforce Unit were recruited in the first half of 2011. At this early stage of TNP2K development, much of the liaison with relevant poverty implementing ministries, in order to get buy-in for the Working Group program reform recommendations, on program implementation was being carried out directly by the Policy Working Group coordinators and staff themselves. The increasing "specialisation" of the Task Forces in handling this translation of ideas into routine practice was something that emerged over time in response to the unexpected challenges in this area.

3.3 UDB Implementation Period: July 2011- December 2012

This was the period where the UDB was first used as a targeting tool in poverty reduction programs. By the end of the period, i.e. within eighteen months, the major family based programs of Raskin, PKH, Jamkesmas and BSM were regularly (if not always systematically) using the UDB data for improved targeting. It was also a period marked with increases in research activities and evaluations on poverty reduction programs. These increases were made possible by the availability of funding provided through the PRSF, which officially began full operation in June

2011. Many of the research programs needed, and designed in the previous period could now be carried out. Similarly, evaluations on the current program targeting and delivery processes were undertaken which required several surveys and pilots to be implemented. As the data from these studies began to come in, it was possible to use the information to make course corrections, resulting in specific recommendations for better targeting and delivery of the anti-poverty programs.

Research and evaluation activities in this period were a particularly visible feature of two of the working groups: the UDB team or Targeting Unit, and the Cluster 1 Policy Working Group. In the second semester of 2011, the PPLS 2011 was undertaken by the BPS. This survey formed the basis for the UDB data set containing socio-economic information from 40% of the poorest families in Indonesia. TNP2K worked closely with BPS to oversee the conduct of the survey in the field and supervised the data analysis process in order to produce the list of beneficiaries for social protection programs by a deadline of January 2012. At this point there were mounting pressures to produce the list as it could be foreseen there would be a need to implement a BLT program as soon as December 2011, to provide a means of compensating poor families for a planned reduction in fuel subsidies.

At the same time, the UDB team developed a Management Information System (MIS) and intensified its efforts to secure commitments from relevant ministries and agencies for using the database, particularly for the Jamkesmas and Raskin. It also produced and circulated drafts of several policy/operational protocols for management of the UDB including protocols for data-sharing agreements, and for maintenance of data security. In conjunction with the Advocacy Unit, the UDB team also produced policy brief and other socialisation materials on unified database for distribution to TKPKD and other stakeholders at the level of local government.

This period was an extremely busy time for the Cluster 1 Working Groups. In February 2012, the Vice President directed that all Family Based Social Assistance programs must start to utilise the UDB as the basis for targeting, and so preparations for the implementation of these reforms had to be carried out quickly. The working Group focussed on the implementation for Raskin and BSM based on performance reports and evaluations of by the World Bank. Afterwards, some reforms of the Raskin program were implemented in first half of 2012 using the new beneficiaries list from the UDB.

Subsequently, TNP2K carried out a survey to evaluate the implementation of Raskin with the new targeting method. This survey resulted in new set of recommendations presented to the Vice President in a limited cabinet meeting. These recommendations included the use of identity cards to track the use of Raskin. It was considered that the use of cards would empower poor households to demand the full subsidy to which they were entitled and gave distributors an easier way to identify the households that were eligible. It was also seen as a way to facilitate the integration of all the family based social assistance programs as the cards entitled beneficiaries not only to Raskin, but also to other programs applicable to the "bottom 30%", including the BLT and BSM programs

At the Vice President request, a pilot study of the Raskin distribution was undertaken to test the effectiveness of the proposed reforms, including the use of cards, in the second half of 2012. This study was carried out to ensure the project actually benefited poor families as expected and that it did not generate unintended consequences on the side. The study was also meant to gather evidence for the Vice President's plan to scale up the use of the identity cards. To that effect, the Research section from the UDB team was working with Cluster 1 and the Monitoring and Evaluation Working Group on the trial use of cards for RASKIN, as well as on a smaller scale of experiment (also on Raskin beneficiaries) with the Abdul Latief Jameel Poverty Action Lab (J-PAL).

Cluster 1 also developed a new mechanism aiming to improve the targeting of BSM beneficiaries using the UDB. The pilot study of this new mechanism was implemented in 3 different provinces for poor students entering class 1, class 7 and class 10 in the academic year of 2012/2013. Subsequently, BSM Reform Part 1 and 2 were carried out nationwide. The first BSM Reform targeted around 281,000 students (Class 7), while the second BSM Reform targeted 270,000 new entrants of Primary School (Class 1) and 450,000 students of Class 7. For PKH programs, Cluster 1 proposed a PKH exit strategy (this was done in close consultation with MoSA, Bappenas, and the GIZ) that would improve the effectiveness of implementation of the PKH program.

Supported by funding from PRSF, the Cluster 1 Working Group had also started carried out many research activities to support the production of the map. These included studies on Elderly and Disabled. These studies produced reports on Social Assistance Needs of Poor and Vulnerable Older People and a Household Survey about Social Insurance for the Elderly (Jaminan Sosial Lanjut Usia-JSLU). Cluster 1 Working Group also commissioned further research involving several studies undertaken by the Oxford Policy Management (OPM) into complaints mechanisms and grievance resolution processes for social assistance programs. In 2012, 'Survey Meter' was commissioned to conduct the first round of the Indonesian Family Life Survey in the eastern part of Indonesian archipelago (IFLS-East). The resulting statistics were used by the Cluster 1 Nutrition Team as a key input for its subsequent policy working paper on health and nutrition outcomes for Eastern Indonesia. These research activities indicate an underlying strategy by which TNP2K was gathering evidence for future policy design and reforms, but was doing so on a platform of close engagement in the business of improving existing poverty programs. It could be classified as institutional learning at the policy level, and in due course, would have led to TNP2K's increasingly close involvement in new policy thinking and designs¹⁷.

The Health Working Group focused on the implementation of UDB in the Jamkesmas program by the Ministry of Health (MoH). After a series of consultation, all the data by name and address corresponding to 86 million individual Jamkesmas beneficiaries were agreed and then used as basis to print Jamkesmas card, by the end of 2012. The group also produced estimates on premium based benefit package scenarios, and analysis of the possible fiscal impact of the BPJS program to be implemented in 2014. Research activities that were carried out also included a Review on Regional Health Insurance (Jaminan Kesehatan Daerah - Jamkesda) and a Study on Catastrophic Diseases.

All of the above activities to extend the use of UDB and reform the welfare program delivery processes involved extensive consultations with program implementers and other national level stakeholders, and with the regional governments and other local stakeholders, primarily through the TKPKDs. A national public information campaign and consultation on the topic of Raskin targeting was launched in late June 2012. Frequent formal and informal meetings between TNP2K staff and programs implementing ministries/agencies were also carried out for Raskin and other Family Based Social Protection programs. Similarly, a number of workshops were conducted and campaigns were undertaken in various regional forums.

Cluster 2 Policy Working Group continued building on its preparation of a roadmap for PNPM Mandiri by developing an Action Plan for the mapped activities. This action plan and its implementation matrix were finalised in November 2012. Cluster 2 also extensively consulted over the action plan with various stakeholders. Cluster 2 staff also undertook coordination meetings in preparations for agreement

¹⁷ When assessing existing programme performance there are typically three levels of institutional learning that result: operational lessons that feed back immediately into the management of particular programmes; strategic lessons that may lead to a rethink of who is implementing the programme and how; and policy level lessons that feed forward into the future development of entirely new policies.

on the implementation matrix. In this period, to clarify its choices, the group initiated a number of studies on various issues of PNPM Mandiri implementation. These included a study on the legality of community institutions, and reviews on PNPM planning processes and the (quite varied) technical capabilities of local government. An evaluation was also undertaken of financing options for continuation of PNPM from 2015 onwards. The Task Force for Cluster 2, which was supposed to be embedded in the Kemenkokesra, did not come into operation and the work of translating the reform designs into implementation activities remained with the Cluster 2 Working Group¹⁸.

In the second half of 2011 the Cluster 3 Working Group was activated. This Cluster began with the formulation of working plan with two major pillars: improving MSMEs' access to finance; and promoting the development of MSMEs. At the end of 2012, as recommended by the TNP2K's steering committee, the focus was shifted more towards job creation, financial inclusion and access to finance. Studies on the impact of a micro credit program (Kredit Usaha Rakyat – KUR), use of 'mobile money' via phones, and PKH electronic disbursement, were carried out in 2012. The Group also prepared an Employment Strategy and a policy paper on National Financial Inclusion Strategy (NFIS) which was submitted to the Vice President whom then formally presented it for support to key ministries.

During this period, the Monitoring and Evaluation Group developed an integrated Management Information System (MIS) across the major social assistance programs. Preliminary stock-taking and mapping exercises were carried out in the last quarter of 2011. This was followed by consultations with programs implementers to compile data and push forward the project. The Group also undertook monitoring of PNPM in both urban and rural contexts, PKH disability and elderly programs, Jamkesmas, and an in-depth impact evaluation of the PKH program. In 2012, it undertook a preliminary assessment of the targeting accuracy in implementing major social protection programs with the UDB, by exploiting the independently derived data from the National Socioeconomic Survey (Susenas). The group also provided professional assistance to all Clusters in the area of design and implementation of research activities.

The UDB implementation period was also a period marked by several changes in the structure of the rapidly expanding TNP2K's secretariat. Many new personnel were recruited, some units were upgraded and new units were created. At least two factors can be identified in explaining this change. First, there was an enforced increase in activity levels resulting from efforts to get buy-in from various ministries and local governments for program improvements, including the use of UDB. The second factor was the creation and the staffing of working groups. The Cluster 3 Policy Working Group was activated this period. The Policy Advocacy Unit was upgraded into a full Working Group. Some other units such as the National Targeting Unit, the Communication Unit and the Knowledge Management Unit were also created to respond to the challenges of program implementations.

Within the TNP2K Secretariat Support, a number of changes were initiated in response to the growth of working liaison and consultation with various stakeholders on improved targeting with UDB and other proposed implementation reforms. These changes included upgrading of the UDB team to become a National Targeting Unit (Unit Targeting, Poverty alleviation - UPSPK) in the first half of 2012. This was to give it the capacity to meet the challenges of advocating and socialising the use of the UDB to the national and local stakeholders.

At the same time, Taskforce Unit supporting the Cluster 1 Working Group

¹⁸ However, the Task Force for Cluster 2 later materialised as Pokja Pengendali PNPM (Oversight Working Group), seated at the same building with TNP2K (but on different floor).

was activated to help engage and consult the implementing national ministries/agencies with the proposed reforms on programs delivery. The Taskforce Unit along with the Advocacy Unit and Monitoring Evaluation Group were all reinforced at this point by increasing the number of full time professional staff engaged on those activities.

At the end of 2012, some refinements within the TNP2K secretariat structure were also carried out. The Data and Information Unit within the Secretariat Support unit was expansively redesigned in order to create a Communications and Knowledge Management Unit. This new unit was created based on the findings of a study commissioned by PRSF on how to improve the business processes within TNP2K. It served as an outlet both for internal and external communications and for the management and preparation of knowledge products.

3.4 Fuel Subsidy Reductions and Compensations: January 2013 – October 2013

The Gol's plans for reducing the level of the fuel subsidy marked, and indeed dominated, the next stage of TNP2K development. At the beginning of 2013, the Vice President signalled that TNP2K should start preparing a comprehensive social assistances package to compensate the poor for the possible increases in subsidised fuel price. In response to this request TNP2K came up with a compensation package that was designed both to palliate the immediate effects of increased fuel prices on the poor (Program Kompensasi Khusus) but also hopefully to provide longer term benefits for the poor (Program Percepatan dan Perluasan Perlindungan Sosial, P4S)¹⁹.

As a result of this high level political demand, many resources of TNP2K were diverted or refocused to assist in designing and coordinating the implementation of the compensation programs. In this period, TNP2K became a de facto coordinator for the Program Kompensasi Khusus and P4S implementations but also a support organisation for all ministries and agencies to do with anything that was related to those programs. TNP2K was responsible for providing technical support to relevant line Ministries. TNP2K used its PRSF support facility to provide and pay for development and dissemination of a range of operational documents and other materials that ministries needed. TNP2K also commissioned PT Pos Indonesia (a key partner in all reform programs) to design, print and distribute millions of cards. Further, TNP2K was tasked to manage enquiry responses and provide a complaints handling mechanism, as well as monitor and evaluate the implementation of the compensation programs. In essence, when Gol as a whole was faced with the need for strong and coherent central management of a complicated policy shock with large implications for society and the poor, the TNP2K was the instrument of choice, and was given the scope to act.

This enforced increase in the intensity of coordination between TNP2K and relevant implementing ministries/agencies during this period also resulted, as a by product, in better coordination arrangements between TNP2K and ministries over each of the key programs. For instance, through the coordination of the Cluster 1 Task Force with the relevant line ministries, TNP2K has managed to improve the Standard Operating Procedures (SOP), operations and technical support for the Raskin and BSM programs. Improvement in coordination was also illustrated by the use of the UDB managed by TNP2K to identify the beneficiaries of the compensation programs, consisting of the poorest 25% of the population or 15.5 million households. This was the first time the government has coordinated social assistance programs

¹⁹ The Program Kompensasi Khusus consisted of three components: an unconditional cash transfer (BLSM) for 15, 5 million households, an increase in the rice allowance under the Raskin program from 15 kg to 30 kg per month for three months for the same 15,5 million households and an allocation to community level infrastructure but not through PNP. Meanwhile, the P4S program was consisted of 2 components: a greatly expanded BSM with an increase from 8.7 million to 16.6 million students benefiting with increased cash supports and an expanded PKH with an increase from 1.5 million households to 2.4 million with increases benefits.

based on a single registry and the results were sufficiently impressive that it paved the way for further integration in the future.

TNP2K also seized the momentum of fuel subsidy reductions to introduce a social protection card (Kartu Perlindungan Sosial – KPS) to ensure the integration of major social protection programs and to improve programs deliveries. The implementation of KPS in the programs resulted in relatively high disbursement rates for BLSM (The Unconditional Cash Assurances – BLSM/ BLT) 93% in phase 1 in June 2013 and 91% in phase 2 as of end of September 2013. In addition, the fuel subsidy reduction campaign helped to raise public awareness of TNP2K and brought to broader attention its role in poverty reduction.

On the other hand, various activities related to the preparation and coordination of the compensation program took a lot of resources away from TNP2K's on-going activities. Four groups in TNP2K were particularly active during this period: the Cluster 1 Task Force, the Monitoring and Evaluation Working Group, the Advocacy Unit and the Communication Unit. The Cluster 1 Task Force was the main load-bearing unit of TNP2K in providing support to ministries and agencies responsible for compensation programs implementations. This unit assisted by the Monitoring and Evaluation Working Group performed spot checks on the implementation of KPS. The Monitoring and Evaluation Working Group together with the Advocacy Unit also carried out socialisation and training for local TKPKs on the P4S and BLSM programs. While TNP2K Communication Unit led at times directly by the Vice President, acted as the main public relation unit of the GoI on fuel subsidy reduction campaign.

Obviously, many ministries and agencies were ill-prepared to deal with the policy shocks related to the preparation and the implementation of social compensation programs following the fuel subsidy reduction. Added to that, several other reforms related to the social protection programs were also being undertaken in this period. For instance, the MoSA has struggled with the implementation of the KPS, and faced a lot of difficulties created by its new responsibilities for the Raskin program. Bappenas was also under-resourced for current workloads to finalise Roadmaps for the Elderly and Disabled, as well as the social protection policy and program design for the Government's 5 year plan from 2014-2019. It turned out that neither of these agencies had good systems for public dialogue or for holding discussions with relevant NGOs.

TNP2K found itself increasingly being asked to fill the resource, knowledge and capability gaps in these two key organizations, usually through the mechanism of the Cluster 1 Taskforce. This critical Unit intensified its support and consultations with all programme implementers during this period: for instance with MoSA on the recertification process of PKH and the implementation of BLSM, with MoEC and MoRA for the BSM reform, and with the MoH over the delivery of Jamkesmas cards, support to Jamkesmas operations, and the preparation for establishment of the BPJS.

Not only providing supporting functions to ministries, TNP2K often found it necessary to carry out tasks that should have been done by the ministries. This was best illustrated in TNP2K Communication Unit's role in socializing fuel subsidy reduction and social compensation. Led personally by the Vice President, the Communication Unit involved was from the very beginning in designing the communication strategy and the plans for development and production of socialization materials for related stakeholders. These should have been performed by the Ministry of Communication and Information. The Unit also implemented a media and social media campaigns for BLSM, with the main intention to explain the targeting mechanism to general public. It also implemented socialisation for BSM program through several outlets from SMS broadcast, Media Roadshow, Radio Campaign and posters distribution. TNP2K Communications Unit also worked closely with PT Pos Indonesia to integrate

the BSM Socialization into the disbursement process of BLSM phase 2 in September 2013.

Another important initiative involving TNP2K communication unit during this period was the effort to boost the take up rate of BSM through the KPS Card. Dismayed by the mere 4% uptake rate of the KPS for BSM purpose, the Vice President instructed TNP2K to disseminate info to encourage beneficiary claiming their BSM entitlement. Following this instruction, TNP2K Communication Unit launch intensive socialization and communication campaign to several target areas, and managed to improve the uptake rate to 60%.

In this period, key programs were now based on the UDB, and many ministries and local governments started to request data, usually for planning purposes. In February 2013, the UPSPK Unit launched a Qualitative Study to gather lesson learned from the several months of the UDB's operations in order to support future developments and making improvements in the system. The Unit also commenced the implementation of Business Intelligence software to give better support to TNP2K and its assorted stakeholders in the use and analysis of this large data base.

While this period was dominated by the fuel subsidy and related issues it was also marked by several studies and research activities undertaken for the Cluster 1. For instance, Cluster 1 Working Group used data from IFLS East to explore existing gaps in healthcare and nutrition programs coverage in the Eastern part of Indonesia to formulate policy recommendations to improve policy implementation. Cluster 1 also developed a survey module on Micro Business and KUBE for inclusion in the PKH Endline survey, in both the quantitative and qualitative research activities. Cluster 1 Working Group also provided policy input and program design support to the MoSA in the implementation of the KUBE-PKH 2013 Pilot. KUBE was a program of the MoSA that distributes grants to groups of very poor individuals to engage in economic productive activities. KUBE PKH was designed to target groups of PKH beneficiaries as part of the PKH graduation policy and transformation strategy. The KUBE-PKH pilot was being implemented in 8 districts among 5 provinces.

Meanwhile, TNP2K Health Working Group has engaged related Ministries in the development of an effective model for extending social health insurance (SJSN) for non-waged workers, as described in the "Road Map to National Health Coverage 2012-2019". TNP2K efforts were aimed at comparing and contrasting various contributory health coverage policy designs (Jamkes Mandiri) in order to be able to include a sizeable number of informal and non-wage earning workers in the coverage. The Health Group together with the UPSPK Group also promoted the general concept of UDB complaint handling mechanism for membership to the JAMKESMAS program. It was considered essential to persuade the JAMKESMAS program to adopt and implement a robust complaint handling system for membership since the program has now printed and distributed membership cards that are based on UDB data received from TNP2K.

Further, at national coordination meeting chaired by the Vice President in Mid-February 2013 concerns were raised over issues of implementation strategy for BPSJ and MOH proposed an immediate plan of action in response. As a result of the MoH's presentation of its action plan to the Vice President, the Health Working Group, assisted by the World Bank, has supported MoH to provide alternative estimates and analysis of the supply side of the health delivery strategy. It developed a model or framework for assessing supply side requirements based on forecasts of health needs. During this period, the Health Group also developed proposals for a Study on the Role of Primary Care under BPJS, and design of a Pilot on Inclusion of Informal Workers in SJSN.

Upon submission of its final report on grievance mechanisms, the subcontractor (OPM) produced four policy briefs on grievance mechanisms for BSM, Raskin,

Jamkesmas and PKH.

During this period, Cluster's PNPM Road Map was discussed in the high level meeting between the Vice President and 15 ministers and resulted in a number of improvements and recommendations governing future implementation. Thereafter, Cluster 2 organized a series of events and workshops for the socialization of the Roadmap.

Cluster 2 has also been asked to provide inputs to the development of Village Law drafting process the legal basis for which was at that time being discussed in the parliament. In the third quarter 2013, the implementation of policies related to PNPM and community-driven empowerment was facilitated through the finalization of a set of standard KPIs (Key Performance Indicator) and the design of a policy for paying salary and basic allowances for local facilitators, both certified and not yet certified.

A new emphasis on employment for the poor led by Cluster 3 was heralded by circulation of a concept note both internally and to a range of outside experts for comments. In addition, the ILO seconded an employment specialist to produce a draft concept note for TNP2K outlining a rationale for what and how to engage with government on improving employment for the poor. Cluster 3 Working Group has also developed an impact evaluation of the KUR which included proposed interventions and pilot studies, and at the same time it continued the development of reforms to improve access to finance and financial inclusion activities for the poor. A Letter of Agreement was signed between BI and TNP2K that sets out the areas of cooperation between the two institutions in the field of financial inclusion. This partnership has contributed to progress in undertaking several research activities in the area of financial inclusion.

During the fuel subsidy reduction period, the Advocacy Group of TNP2K helped formulating the P4S guidelines for TKPK as well the socialisation of the programs. The Group also formulated Operational Guidelines for the development of Local Poverty Reduction Strategy (Strategi Pengentasan Kemiskinan Daerah - SPKD). In collaboration with the TNP2K KM (Knowledge Management) team, the Unit developed a compilation of Best Practices of local poverty reduction and worked collaboratively with SMERU to develop a Tool Kit and Practical Information Package for the mainstreaming of activities to address poverty and vulnerability.

Apart from assisting in the design and implementation of the compensation programs, the Monitoring and Evaluation Working Group together with the UPSPK Unit helped to edit the Raskin beneficiaries list, also supervised the Raskin reform monitoring study conducted by LP3ES and the BSM reform study conducted by the Centre for Population and Policy Studies, Gadjah Mada University (CPPS-UGM). Finally, in conjunction with the UPSPK Unit, the Group assessed the effectiveness of KPS distribution using the PPLS data matching with Civil Registry Data of the MoHA.

At the end of this period, all working groups and units within the TNP2K Secretariat have become fully functional. These included the two additional units created in 2012: the Communication Unit and the Knowledge Management Unit. As discussed above, the strengthening of TNP2K capacities and the pace of recruitment in the previous period proved to be worth. Beside its roles in the fuel subsidy reduction campaign, all the new units such as the Communication Unit has played vital function in increasing public awareness of TNP2K and its role in poverty reductions through the publication of TNP2K website as well as distribution of other publication materials. Similarly, the Knowledge Management Unit has provided Library and Information Services and conducted regular Monday Sharing Session for TNP2K stakeholders. This unit too played as an interface for distribution and dissemination of knowledge products of TNP2K. If there are weaknesses in this overall story they relate to the way in which neither Cluster 2 nor Cluster 3 Working Groups were able to depend upon relevant Task forces within their related ministries to handle the

translation of policy reform designs into actual implementation. Without a good counterpart Task Force to assist them both the Cluster 2 and 3 Working Groups had to undertake this function themselves, and probably as a result they were not as overall efficient as Cluster 1 in implementation.

3.5 The Election and Uncertain Future: November 2013 - Present

In this final stage of its current life, TNP2K had to prepare for the transition into the new administration after the election in 2014. These preparations included producing a series of institutional reports on BSM, Raskin, PKH, and Jamkesmas as well as on the PNPM and the work of Cluster 3 Working Group. The reports on these activities also explored the evolution of social assistance and social protection in Indonesia. They provide an insight into the challenges of delivering social assistance in the pre-TNP2K era, and describe the reforms initiated and critical lessons learned by TNP2K to inform the future direction of social assistance in Indonesia. These reports document the legacy of TNP2K. A catalogue of all TNP2K publications was also developed for publication, in mid-2014.

In addition, TNP2K developed a strategy to sustain the UDB under a range of scenarios that the PRSF can support. This was to some degree an effort to anticipate the new administration's policy direction on poverty reduction strategy. A report describing the research, evidence, policy, and strategy behind the creation and implementation of the UDB was written. The recommendations of this report provide a frame and a strategy for the migration of the UDB to a new institutional home. From a technical viewpoint, SOPs for maintaining the day-to-day operation and running of the UDB were also developed.

TNP2K's UDB team also updated the poverty pre-list for the next Social Protection Programmes Survey (PPLS). The UDB team managed or oversaw the data entry arising from the complaints or updating that were part of the community participation processes used to undertake beneficiary review of the operations of Raskin and the KPS program. This exercise of updating added around half a million new households to the pre-list to be surveyed in 2015²⁰.

Further, TNP2K performed the second qualitative assessment of local governments' use of the UDB in Pekalongan, Bintan, Cirebon, and Bandung. The first assessment in November 2012 found that the UDB data have been used for the planning and implementation of local programmes. Nonetheless, the use of the UDB at that time had been done without enough preparation and socialization, which created some implementation issues at the local level. The second assessment was to further inform future developments and improvements to the UDB system, by evaluating the evolution of the UDB users' experience after two years of UDB use and comparing it with their experience after a few months of implementation of the UDB.

At the same time, TNP2K continued its efforts in building the capacity of counterpart agencies to manage reforms already initiated. This task was largely carried out by the Cluster 1 staff and the Task Force teams. They assisted ministries and agencies on implementing program reforms. For instance, a J-PAL pilot investigation using randomised controls was used to evaluate community engagement and bidding systems for the distribution of Raskin rice, in nearly 200 villages. TNP2K also undertook an analysis that explored the option for splitting the (traditional) price stabilisation functions of Raskin from its more recently added poverty alleviation role.

Similarly, TNP2K through its Cluster 1 Taskforce worked with the MoEC and MoRA to enhance their capacities for MIS and Grievance-Handling Mechanisms of the BSM program. TNP2K discussed with the relevant implementing agencies the need for uniform monitoring and evaluation (M&E) tools for the program. In

²⁰ The survey was actually scheduled in 2014; nonetheless it was postponed in 2015 due to the election.

addition, Task Force BSM team carried out spot checks in 36 schools and visited 360 households in 7 provinces and 9 districts.

On the PKH program, an endline survey for the nutrition program has been completed and followed up. Cluster 1 teams also finalised the assessment of PKH graduation and the KUBE program (Productive Activities Program). The KUBE program was recommended for households graduated from PKH. The Health Working Group busy supported the evidence base for government health services funding—with special emphasis on the costs of provision to the poor—under the new national health insurance scheme.

Cluster 2 team recovered its footing and focussed on provided technical advice for the drafting of relevant regulations for the implementation of the new Undang Undang Desa (Village Law). For instance, TNP2K though Cluster 2 Working Group provided technical support for the Ministry of the Finance on the drafting of guidelines for the Village Transfer Funds. All of these supports have resulted in significant improvements in the Regulations on Governance for the Implementation of the Village Law, signed by the President (Peraturan Presiden Number 43/ 2013). TNP2K also prepared materials on future options for PNPM which were presented for the Vice-president's consideration, and hopefully would inform the New Administration.

In this period, Cluster 3 continued to carry out studies on policy reform options for micro, small, and medium enterprises, which it did jointly with the World Bank. These studies included MSME stakeholder mapping; design and implementation of an analytical framework for MSME policy reform; and communications strategy for MSME policy reform. It is expected that these studies will help to develop policies that can support the development of emerging 'winners' (which is not the same as picking winners) and at the same time reduce MSME's costs of doing business. Work with Bank Indonesia on development of regulations for the use of mobile money also continued, and a pilot project to make payments using mobile money for PKH recipients was started in June.

Cluster 3 also carried out researches on access to finance and insurance for MSME development. In this area, three studies have been completed. One was on a partial credit guarantee system designed to improve MSME access to finance. The second was on an increase of the number of participating banks to KUR. The third was an historical study of KUR.

The TNP2K's Advocacy Unit also continued its efforts in building capacities of local governments through the development of Local Poverty Reduction Strategy (Strategi Pengentasan Kemiskinan Daerah - SPKD) and training for TKPK on Poverty Analysis. The TNP2K Communications Unit has completed implementation of program socialisation included the socialization on Jamkesmas.

Many of the key staff of TNP2K became actively engaged in discussions with members of the incoming administration, and with their advisers, on their experiences in TNP2K and possible lessons for the future. All of the transitional work described in this section was of obvious importance. Though it is too soon to say at this point it would appear that many aspects of the work of TNP2K are likely to be maintained, as the utility and efficacy of this institutional intervention has been clearly understood by the incoming administration. However, at the time of writing that is merely an assertion, which remains unsettled for now.

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